

**REPORT ON  
LOWER SAUCON TOWNSHIP  
BETHLEHEM, PA  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014**

**LOWER SAUCON TOWNSHIP**  
**Financial Statements - Modified Cash Basis**  
**For the Fiscal Year Ended December 31, 2014**

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**LOWER SAUCON TOWNSHIP**

**Financial Statements - Modified Cash Basis**

**For the Fiscal Year Ended December 31, 2014**

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**FINANCIAL SECTION**

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July 10, 2015

Township Council  
Lower Saucon Township  
3700 Old Philadelphia Pike  
Bethlehem, PA 18015

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lower Saucon Township as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2(B), this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **LOWER SAUCON TOWNSHIP**

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lower Saucon Township as of December 31, 2014, and the respective changes in financial position-modified cash basis, and, where applicable, cash flows and budgetary comparison of the General Fund for the year then ended in accordance with the basis of accounting as described in Note 2(B).

### ***Basis of Accounting***

We draw attention to Note 2(B) of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### ***Other Matters***

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

Lower Saucon Township has presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the basic financial statements.

Lower Saucon Township has presented the Schedule of Funding Progress for the Pension Funds that accounting principles generally accepted in the United States of America has determined is required to be part of 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 Lower Saucon Township'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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the basis of accounting described in the notes to the financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## LOWER SAUCON TOWNSHIP

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards we have also issued our report on July 10, 2015, on our consideration of Lower Saucon Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lower Saucon Township's internal control over financial reporting and compliance.

Respectfully submitted,

***Hutchinson, Gillahan & Freeh, P.C.***

July 10, 2015

**LOWER SAUCON TOWNSHIP**  
**Bethlehem, Pennsylvania**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**For the Year Ended December 31, 2014**

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The discussion and analysis of Lower Saucon Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the Township's financial performance as a whole. The reader should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Township's financial performance.

The Discussion and Analysis does not include the discretely presented component unit Lower Saucon Authority. The Township management is not involved in the operations of the Authority; therefore, they are unable to provide any meaningful information as it relates to the operations of the Authority.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

***FINANCIAL HIGHLIGHTS***

The Township's overall financial position, as reflected in total net assets, increased by \$153,634 including special and extraordinary items.

During the year, the Township refinanced their entire debt and additionally financed storm water mitigation projects on Fire Lane and Black River Road. A general obligation note was issued in the amount of \$4,750,000 with a \$4,198,298 current outstanding balance as of December 31, 2014.

**LOWER SAUCON TOWNSHIP**  
**Management's Discussion and Analysis (MD&A)**

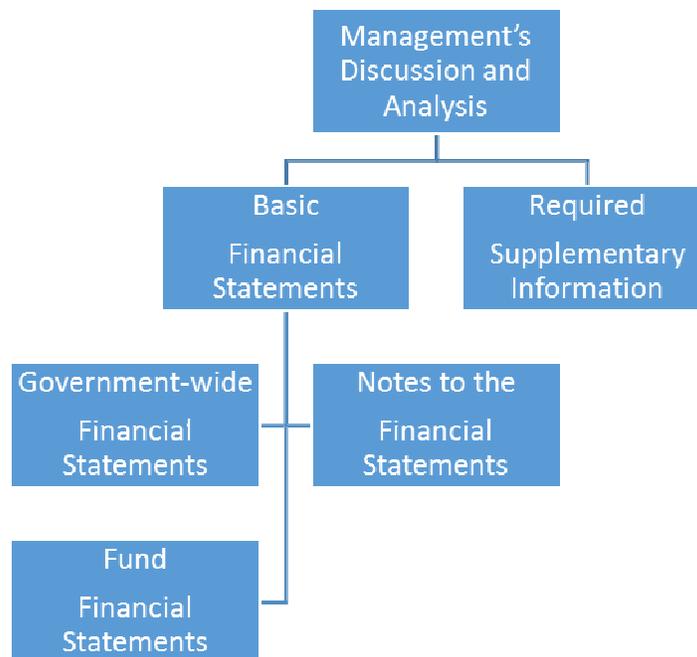
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The remaining statements are fund financial statements that focus on individual parts of the Township's operations in more detail than the government-wide statements. The governmental funds statements tell how general Township services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the Township acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

**Figure A-1**  
**Required Components of**  
**Lower Saucon Township's**  
**Financial Report**



**LOWER SAUCON TOWNSHIP**  
**Management's Discussion and Analysis (MD&A)**

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Figure A-2 summarizes the major features of the Township's financial statements, including the portion of the Township they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2**  
**Major Features of Lower Saucon Township's**  
**Government-wide and Fund Financial Statements**

	Fund Statements		
	Government-wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire Township (except fiduciary funds)	The activities of the Township that are not proprietary or fiduciary	Instances in which the Township is the trustee or agent to someone else's resources – Developers Escrow Fund
Required financial statements	Statement of net position Statement of activities	Balance Sheet, Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position, Statement of changes in fiduciary net position
Accounting basis and measurement focus	Modified cash basis	Modified cash basis	Modified cash basis
Type of asset/liability information	Cash and Investments and Interfund receivables and payables	Cash and Investments and Interfund receivables and payables	Cash and Investments and Interfund receivables and payables
Type of inflow-outflow information	All Revenues received and all expenses paid in the time period when cash is received or expenses paid	All Revenues received and all expenses paid in the time period when cash is received or expenses paid	All Revenues received and all expenses paid in the time period when cash is received or expenses paid

**LOWER SAUCON TOWNSHIP**  
**Management's Discussion and Analysis (MD&A)**

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**OVERVIEW OF FINANCIAL STATEMENTS**

***Government-wide Statements***

The government-wide statements report information about the Township as a whole using the modified cash basis, which is a comprehensive basis of accounting other than accounting principles, generally accepted in the United States of America. The statement of net assets includes only cash, investments and interfund receivables and payables. All of the current year's revenues and expenses are accounted for in the statement of activities when revenues are received rather than earned and expenses are paid rather than when incurred.

The government-wide statements report the Township's net assets and how they have changed. Net assets, the difference between the Township's assets and liabilities are one way to measure the Township's financial health or position.

Over time, increases or decreases in the Township's net assets are an indication of whether its financial health is improving or deteriorating, respectively, based upon the basis of accounting used.

To assess the overall health of the Township, you need to consider additional non-financial factors, such as changes in the Township's property tax base.

The government-wide financial statements of the Township are divided into two categories:

*Governmental Activities*

All of the Township's basic services are included here, such as General Government, Public Safety, Public Works and Parks. Property Taxes, Earned Income Taxes and Other Public Taxes finance most of these activities.

*Business-Type Activities*

The Township does not have any business-type activities.

The Township's fund financial statements, which begin on page 15, provide detailed information about the most significant funds - not the Township as a whole.

*Governmental Funds*

Most of the Township's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified cash basis of accounting. Under this method revenues are recognized when received rather than earned and expenses are recognized when paid rather than when incurred. The governmental fund statements provide a detailed short-term view of the Township's operations and services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

**LOWER SAUCON TOWNSHIP**  
**Management's Discussion and Analysis (MD&A)**

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*Fiduciary Funds*

In August 2005, all of the plan assets for the uniform and non-uniform pension funds were transferred to the PA State Association of Boroughs Municipal Retirement Trust. These activities have been excluded from the Township's financial statements because the Township cannot use these assets to finance their operations. The Developer's Escrow Fund is the only fiduciary fund of the Township.

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE**

The Township's total net assets were \$11,374,592 at December 31, 2014.

**Table A-1**  
**Year Ended December 31, 2014 and 2013**  
**Net Position**

	2014			2013		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
Current and Other Assets	<u>\$ 11,379,366</u>	<u>\$ -</u>	<u>\$ 11,379,366</u>	<u>\$ 11,225,725</u>	<u>\$ -</u>	<u>\$ 11,225,725</u>
Current and Other Liabilities	<u>\$ 4,774</u>	<u>\$ -</u>	<u>\$ 4,774</u>	<u>\$ 4,767</u>	<u>\$ -</u>	<u>\$ 4,767</u>
<b>Net Position</b>						
Capital Projects	\$ 2,140,271	\$ -	\$ 2,140,271	\$ 1,817,456	\$ -	\$ 1,817,456
Unrestricted	9,234,321	-	9,234,321	9,403,502	-	9,403,502
<b>Total Net Position</b>	<u><b>\$ 11,374,592</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 11,374,592</b></u>	<u><b>\$ 11,220,958</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 11,220,958</b></u>

Most of the Township's net assets are invested in cash and cash equivalents.

The results of this year's operations as a whole are reported in the statement of activities on page 14. All expenses are reported in the first column. The two largest revenues are provided by landfill revenue and general public taxes.

**LOWER SAUCON TOWNSHIP**  
**Management's Discussion and Analysis (MD&A)**

Table A-2 takes the information from that statement, rearranges it slightly, so that you can see our total revenues and expenses for the year.

**Table A-2**  
**Fiscal Year Ended December 31, 2014 and 2013**  
**Change in Net Position**

	2014			2013		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
<b>Revenues</b>						
<i>Program Revenues</i>						
Charges for Services	\$ 2,249,679	\$ -	\$ 2,249,679	\$ 2,421,071	\$ -	\$ 2,421,071
Operating Grants and Contributions	623,720	-	623,720	642,433	-	642,433
Capital Grants and Contributions	373,835	-	373,835	350,762	-	350,762
<i>General Revenues</i>						
Property Taxes	1,944,134	-	1,944,134	1,944,169	-	1,944,169
Other Taxes	3,764,292	-	3,764,292	3,810,034	-	3,810,034
Investment Earnings	18,350	-	18,350	20,064	-	20,064
Other Revenue	178,681	-	178,681	140,151	-	140,151
Loan Proceeds	4,750,000	-	4,750,000	-	-	-
<b>Total Revenue</b>	<b>13,902,691</b>	<b>-</b>	<b>13,902,691</b>	<b>9,328,684</b>	<b>-</b>	<b>9,328,684</b>
<b>Expenses</b>						
<i>Governmental Activities</i>						
General Government	1,236,146	-	1,236,146	1,163,919	-	1,163,919
Public Safety	2,342,767	-	2,342,767	2,383,765	-	2,383,765
Public Works	1,471,800	-	1,471,800	1,025,687	-	1,025,687
Culture and Recreation	2,443,157	-	2,443,157	1,250,440	-	1,250,440
Insurance	245,163	-	245,163	254,272	-	254,272
Employee Benefits	1,306,412	-	1,306,412	1,245,856	-	1,245,856
Debt Service Payments	4,703,612	-	4,703,612	868,444	-	868,444
Other Expenses	-	-	-	-	-	-
<b>Total Expenses</b>	<b>13,749,057</b>	<b>-</b>	<b>13,749,057</b>	<b>8,192,383</b>	<b>-</b>	<b>8,192,383</b>
<b>Increase in Net Position</b>	<b>\$ 153,634</b>	<b>\$ -</b>	<b>\$ 153,634</b>	<b>\$ 1,136,301</b>	<b>\$ -</b>	<b>\$ 1,136,301</b>

**LOWER SAUCON TOWNSHIP**  
**Management's Discussion and Analysis (MD&A)**

**DEBT ADMINISTRATION**

As of January 1, 2014, the Township had a total outstanding debt of \$4,004,847. During the year, the Township refinanced all existing debt into the General Obligation Note – Series 2014. In addition, the Township paid principal of \$551,702 resulting in ending outstanding debt as of December 31, 2014, of \$4,198,298.

**Table A-3**  
**Outstanding Debt**

	2014	2013
General Obligation Note – Series 2001	\$ -	\$ 801,732
General Obligation Note – Series 2005	-	2,116,735
General Obligation Note – Series 2006	-	1,086,380
General Obligation Note – Series 2014	4,198,298	-

**General Fund Budget**

The Township adopts an annual budget for its General Fund. This adoption, by law, occurs prior to December 31 of each year for the subsequent year. A comprehensive budgetary comparison, original to final is provided in this report. Below is a summarized version of the budget comparison.

**Table A-4**  
**Budgetary Comparison 2014 and 2013**

	2014			Variances with Final Budget Positive (Negative)
	Budgeted Original	Budget Amounts Final	Actual (Budgetary Basis)	
Revenues	\$ 9,564,683	\$ 9,564,683	\$ 12,667,036	\$ 3,102,353
Expenditures	16,247,526	16,247,526	12,899,843	3,347,683
Net Change in Fund Balance	(6,682,843)	(6,682,843)	(232,807)	6,450,036
Fund Balance – January 1, 2014	6,682,843	6,682,843	8,437,339	1,754,496
Fund Balance – December 31, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,204,532</u>	<u>\$ 8,204,532</u>

	2013			Variances with Final Budget Positive (Negative)
	Budgeted Original	Budget Amounts Final	Actual (Budgetary Basis)	
Revenues	\$ 9,011,361	\$ 9,011,361	\$ 8,919,552	\$ (91,809)
Expenditures	16,035,458	16,035,458	8,068,316	7,967,142
Net Change in Fund Balance	(7,024,097)	(7,024,097)	851,236	7,875,333
Fund Balance – January 1, 2013	7,024,097	7,024,097	7,586,103	562,006
Fund Balance – December 31, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,437,339</u>	<u>\$ 8,437,339</u>

**LOWER SAUCON TOWNSHIP**  
**Management's Discussion and Analysis (MD&A)**

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

The following capital improvements completed or started in 2014.

Continued support to Local Volunteer Fire Companies - \$200,000. Discussions continue with consolidating the Township's three local fire companies.

Purchase of a Police Cruiser and supporting equipment, funding for an officer, a license plate recognition system for the Police Department and security cameras in the municipal building and grounds. Funding for these purchases came from NCGRERA Funding which totaled \$132,434 in 2014.

Installation of a Tot Lot and Pavilion at Polk Valley Park for the final phase to complete at \$92,040 grant award from Northampton County. Total expended for this construction was \$111,071.

The Township approved and ordered three Public Works Vehicles and major equipment totaling \$417,606. Part of the expense of these vehicles were recognized in part in 2014. Final delivery of the vehicles in 2015 where the final payments will be recorded as we are on a modified cash basis.

Prepared roads for repaving in Lower Saucon - \$186,353. This includes the repaving project and the installation of a parking lot at the Hellertown Area Library.

Started the first year transition with the Hellertown Area Library where by 2016 the Township will realize an estimated savings of approximately \$90,000 annually once improvements are made to the library to meet the needs of the increased resident patronage. A grant was submitted to help defray the cost of the project.

The Township received two grants, a \$300,000 grant from the Northampton County Open Space Program and \$742,000 from PA DCNR to purchase 178 acres once known as Woodland Hill Golf Course. The 1.8 million dollar expense was paid from the Open Space funding. Also purchased was an easement of over 28 acres for \$161,305.

Council approved the revising and developing the Township's previous budget and fund classification approach by approving the recommendations of an accounting consultant's recommendations. Council approved streamlining financial reporting in accordance to GASB (Governmental Accounting Standards Board) and GFOA (Governmental Finance Officers Association). Implementation of the recommendations was initiated in 2014 in the 2015 budget development and full implementation in 2015. Financial report modifications will show in the 2015 audit to be completed in 2016.

Council also approved a storm water mitigation project on Fire Land and Black River Rd. The estimated cost of this project was over \$500,000. Council approved the refinancing of the existing debt and incurring more debt to pay for the project. Debt for \$4,750,000 was approved at a fixed rate of 2.78% for a period of 10 years.

The Township did not experience any significant growth in its real estate tax base in 2014. Council did approve a one mill increase to help mitigate the potential loss of revenue from the current operator of the landfill. Real Estate tax revenue only grew 1.4% over budget and earned income tax .09%. We lost approximately 16% of the budgeted revenue of the hosting fees from the Landfill. In 2015 we are projected to receive less. The continuation of stagnant revenues is expected to continue in 2015. Subdivisions that have received approval from the township are limited in construction due to these market conditions. As expected, developers are delaying building or have filed for bankruptcy protection. Northampton County continues to see assessment appeals and sheriff sales. Depending on the courts determination, any increase we may see in assessments due to new construction could be offset by lowered assessment values through these appeals.

**LOWER SAUCON TOWNSHIP**  
**Management's Discussion and Analysis (MD&A)**

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Management is not only looking into the revenue received, but also the expenses paid. This will continue in the budgeting process.

In 2013 Lower Saucon Township created an Economic Development Task Force with the goal of increasing the Township's tax base and employment opportunities for Township residents. The Task Force presented their report to the Township Council with their recommendations. Council approved continuing the review process by reviewing policies and permitting procedures for developers.

The Landfill operations may be extended by an alternate proposal presentation that Council has not approved or denied at this time.

Despite these challenges, Lower Saucon Township continues to provide the same services to the residents and is working on developing a more

In comparison to 2013, the Township's general budget for 2014 increased from \$6,798,328 to \$7,128,878 primarily due to the availability of the surplus fund balance and appropriating those surpluses to pay for improvements needed for departments and the buildings. The non-uniform and uniformed contracts were still in negotiation as of the end of 2014. Management continues to maintain a slow rate of growth in personnel expenditure costs. With improvements in our pension fund investments, the Township pension plans have earned an additional \$572,267; the Township contributing \$204,464. It is Management's hope to limit the Township's future liability exposure in our pension plans as well as our medical coverage and develop options mutually agreed upon. These two expenses alone account for 17% of the Township's annual budget for 2014.

**Contacting the Township Financial Management**

The Township's financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show Township Council's accountability for the money it receives. If you have questions, please contact the Township Manager, Jack Cahalan, 3700 Old Philadelphia Pike, Bethlehem, PA 18015, phone (610)-865-3291, email: [manager@lowersaucontownship.org](mailto:manager@lowersaucontownship.org).

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**BASIC FINANCIAL STATEMENTS**

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**LOWER SAUCON TOWNSHIP**  
**Statement of Net Assets – Modified Cash Basis**  
**As of December 31, 2014**

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and Cash Equivalents	\$ 11,379,366	\$ -	\$ 11,379,366	\$ 2,720,548
Investments	-	-	-	1,028,127
Internal Balances	-	-	-	(1) -
Other Receivables	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>11,379,366</b>	<b>-</b>	<b>11,379,366</b>	<b>3,748,675</b>
<b>NON-CURRENT ASSETS:</b>				
Restricted Cash and Cash Equivalents	-	-	-	36,814
<b>TOTAL NON-CURRENT ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,814</b>
<b>TOTAL ASSETS</b>	<b>\$ 11,379,366</b>	<b>\$ -</b>	<b>\$ 11,379,366</b>	<b>\$ 3,785,489</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Internal Balances	\$ -	\$ -	\$ -	(1) \$ -
Other Payables	4,774	-	4,774	-
Due to Developers	-	-	-	36,904
Total Current Liabilities	4,774	-	4,774	36,904
<b>TOTAL LIABILITIES</b>	<b>4,774</b>	<b>-</b>	<b>4,774</b>	<b>36,904</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET POSITION</b>				
Reserved for Capital Projects	2,140,271	-	2,140,271	-
Unrestricted	9,234,321	-	9,234,321	3,748,585
<b>TOTAL NET POSITION</b>	<b>\$ 11,374,592</b>	<b>\$ -</b>	<b>\$ 11,374,592</b>	<b>\$ 3,748,585</b>

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances, if any, are eliminated in the "total" column (GASB Statement No. 34, para. 58).

The Accompanying Notes are an integral part of these financial statements.

**LOWER SAUCON TOWNSHIP**  
**Statement of Activities – Modified Cash Basis**  
**For the Year Ended December 31, 2014**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			COMPONENT UNITS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>GOVERNMENTAL ACTIVITIES:</b>								
General Government	\$ 1,236,146	\$ 123,950	\$ 1,550	\$ -	\$ (1,110,646)	\$ -	\$ (1,110,646)	
Public Safety	2,342,767	62,421	291,757	-	(1,988,589)	-	(1,988,589)	
Public Works	1,471,800	1,815,819	31,598	373,835	749,452	-	749,452	
Culture and Recreation	2,443,157	134,375	93,540	-	(2,215,242)	-	(2,215,242)	
Miscellaneous	-	-	-	-	-	-	-	
Insurance	245,163	-	-	-	(245,163)	-	(245,163)	
Employee Benefits	1,306,412	113,114	205,275	-	(988,023)	-	(988,023)	
Debt Service	4,703,612	-	-	-	(4,703,612)	-	(4,703,612)	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>13,749,057</b>	<b>2,249,679</b>	<b>623,720</b>	<b>373,835</b>	<b>(10,501,823)</b>	<b>-</b>	<b>(10,501,823)</b>	
<b>BUSINESS-TYPE ACTIVITIES:</b>								
No Activities	-	-	-	-	-	-	-	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 13,749,057</b>	<b>\$ 2,249,679</b>	<b>\$ 623,720</b>	<b>\$ 373,835</b>	<b>\$ (10,501,823)</b>	<b>\$ -</b>	<b>\$ (10,501,823)</b>	
<b>COMPONENT UNITS:</b>								
Lower Saucon Authority	\$ 1,679,299	\$ 1,794,331	\$ -	\$ -				\$ 115,032
<b>GENERAL REVENUES:</b>								
Property Taxes Levied for General Purposes, Net					\$ 1,944,134	\$ -	\$ 1,944,134	\$ -
Other Taxes for General Purposes					3,764,292	-	3,764,292	-
Grants, Subsidies, & Contributions Not Restricted					-	-	-	-
Investment Earnings					18,350	-	18,350	5,429
Miscellaneous Income					144,255	-	144,255	6,079
Sale of Fixed Assets					34,426	-	34,426	-
Loan Proceeds					4,750,000	-	4,750,000	-
<b>TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS</b>					<b>10,655,457</b>	<b>-</b>	<b>10,655,457</b>	<b>11,508</b>
<b>CHANGE IN NET POSITION</b>					<b>153,634</b>	<b>-</b>	<b>153,634</b>	<b>126,540</b>
<b>NET POSITION - BEGINNING</b>					<b>11,220,958</b>	<b>-</b>	<b>11,220,958</b>	<b>3,622,045</b>
<b>NET POSITION - ENDING</b>					<b>\$ 11,374,592</b>	<b>\$ -</b>	<b>\$ 11,374,592</b>	<b>\$ 3,748,585</b>

The Accompanying Notes are an integral part of these financial statements.

**LOWER SAUCON TOWNSHIP**  
**Balance Sheet – Modified Cash Basis**  
**All Governmental Funds**  
**As of December 31, 2014**

	<u>GENERAL</u>	<u>STATE LIQUID FUELS FUND</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 8,204,886	\$ 1,029,789	\$ 2,144,691	\$ 11,379,366
Investments	-	-	-	-
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 8,204,886</u></b>	<b><u>\$ 1,029,789</u></b>	<b><u>\$ 2,144,691</u></b>	<b><u>\$ 11,379,366</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>LIABILITIES:</u></b>				
Due to Other Funds	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Other Payables	354	-	4,420	4,774
<b>TOTAL LIABILITIES</b>	<b><u>354</u></b>	<b><u>-</u></b>	<b><u>4,420</u></b>	<b><u>4,774</u></b>
<b><u>FUND BALANCES:</u></b>				
- Nonspendable	-	-	-	-
- Restricted	232,750	1,029,789	-	1,262,539
- Committed	-	-	-	-
- Assigned	-	-	2,140,271	2,140,271
- Unassigned	7,971,782	-	-	7,971,782
<b>TOTAL FUND BALANCES</b>	<b><u>8,204,532</u></b>	<b><u>1,029,789</u></b>	<b><u>2,140,271</u></b>	<b><u>11,374,592</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 8,204,886</u></b>	<b><u>\$ 1,029,789</u></b>	<b><u>\$ 2,144,691</u></b>	<b><u>\$ 11,379,366</u></b>

**Reconciliation to Statement of Net Assets:**

Amounts recorded for governmental activities in the statement of net assets are the same as the amounts recorded in all governmental funds, since both financial statements are prepared on the modified cash basis of accounting.

The Accompanying Notes are an integral part of these financial statements.

**LOWER SAUCON TOWNSHIP**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis**  
**All Governmental Funds**  
**For the Year Ended December 31, 2014**

<u>REVENUES</u>	<u>GENERAL</u>	<u>STATE LIQUID FUELS FUND</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Taxes	\$ 5,603,616	\$ -	\$ -	\$ 5,603,616
Licenses and Permits	103,295	-	-	103,295
Fines and Forfeits	96,312	-	-	96,312
Intergovernmental	527,304	373,835	100,983	1,002,122
Charges for Services	2,022,225	-	126,524	2,148,749
Investment Earnings	14,005	1,679	2,666	18,350
Miscellaneous	55,787	-	611	56,398
<b>TOTAL REVENUES</b>	<b>8,422,544</b>	<b>375,514</b>	<b>230,784</b>	<b>9,028,842</b>
<u>EXPENDITURES</u>				
<b>CURRENT:</b>				
General Government	1,236,122	24	-	1,236,146
Public Safety	2,334,693	-	8,074	2,342,767
Public Works	748,505	311,864	411,431	1,471,800
Culture and Recreation	2,323,251	-	119,906	2,443,157
Miscellaneous	-	-	-	-
Insurance	245,163	-	-	245,163
Employee Benefits	1,306,412	-	-	1,306,412
<b>DEBT SERVICE:</b>				
Principal	4,556,549	-	-	4,556,549
Interest	147,063	-	-	147,063
<b>TOTAL EXPENDITURES</b>	<b>12,897,758</b>	<b>311,888</b>	<b>539,411</b>	<b>13,749,057</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,475,214)</b>	<b>63,626</b>	<b>(308,627)</b>	<b>(4,720,215)</b>
<u>OTHER FINANCING SOURCES (USES)</u>				
Refund of Prior Year Outflows	92,582	-	-	92,582
Refund of Prior Year Inflows	(2,085)	-	-	(2,085)
Sale of Fixed Assets	-	-	33,352	33,352
Loan Proceeds	4,151,910	-	598,090	4,750,000
Interfund Transfers In	-	-	-	-
Interfund Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>4,242,407</b>	<b>-</b>	<b>631,442</b>	<b>4,873,849</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(232,807)</b>	<b>63,626</b>	<b>322,815</b>	<b>153,634</b>
<b>FUND BALANCES - BEGINNING</b>	<b>8,437,339</b>	<b>966,163</b>	<b>1,817,456</b>	<b>11,220,958</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 8,204,532</b>	<b>\$ 1,029,789</b>	<b>\$ 2,140,271</b>	<b>\$ 11,374,592</b>

**Reconciliation to Statement of Activities:**

Amounts recorded for governmental activities in the statement of activities are the same as the amounts recorded in the statement of revenues, expenditures, and changes in fund balances of all governmental funds, since both statements are prepared on the modified cash basis of accounting.

The Accompanying Notes are an integral part of these financial statements.

**LOWER SAUCON TOWNSHIP**  
**Statement of Net Assets – Modified Cash Basis**  
**Fiduciary Funds**  
**As of December 31, 2014**

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	<b>AGENCY FUNDS</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 221,721
Investments	-
Due from Other Funds	-
Other Receivables	-
<b>TOTAL ASSETS</b>	<b>\$ 221,721</b>
 <b>LIABILITIES</b>	
Due to Other Funds	\$ -
Due to Developers	221,721
Pension Fund Liability	-
Accrued Investment Expense	-
<b>TOTAL LIABILITIES</b>	<b>221,721</b>
 <b>NET POSITION</b>	
Unrestricted	-
<b>TOTAL NET POSITION</b>	<b>\$ -</b>

The Accompanying Notes are an integral part of these financial statements.

**LOWER SAUCON TOWNSHIP**  
**Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances – Budget and Actual –**  
**Modified Cash Basis – General Fund**  
**Year Ended December 31, 2014**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH	BUDGET TO	ACTUAL
	ORIGINAL	FINAL	(BUDGETARY BASIS)	FINAL BUDGET POSITIVE (NEGATIVE)	MODIFIED CASH DIFFERENCE	AMOUNTS MODIFIED CASH BASIS
<b>RESOURCES (INFLOWS):</b>						
Taxes	\$ 5,529,200	\$ 5,529,200	\$ 5,603,616	\$ 74,416	\$ -	\$ 5,603,616
Licenses and Permits	100,000	100,000	103,295	3,295	-	103,295
Fines and Forfeits	104,986	104,986	96,312	(8,674)	-	96,312
Intergovernmental	534,901	534,901	527,304	(7,597)	-	527,304
Charges for Services	2,336,701	2,336,701	2,022,225	(314,476)	-	2,022,225
Miscellaneous	22,400	22,400	55,787	33,387	-	55,787
Interest Received	20,995	20,995	14,005	(6,990)	-	14,005
Refund of Prior Year Outflows	85,000	85,000	92,582	7,582	-	92,582
Proceeds From Debt Refunding	-	-	4,151,910	4,151,910	-	4,151,910
Sale of Fixed Assets	500	500	-	(500)	-	-
Transfers from Other Funds	830,000	830,000	-	(830,000)	-	-
<b>TOTAL RESOURCES</b>	<b>9,564,683</b>	<b>9,564,683</b>	<b>12,667,036</b>	<b>3,102,353</b>	<b>-</b>	<b>12,667,036</b>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>						
<b>General Government:</b>						
Legal	223,350	223,350	168,697	54,653	-	168,697
Mayor, Legislative, Borough Manager	300,452	300,452	289,272	11,180	-	289,272
Finance and Accounting	159,443	165,443	155,387	10,056	-	155,387
Data Processing	61,762	61,762	23,049	38,713	-	23,049
Engineering	161,500	139,500	178,707	(39,207)	-	178,707
Buildings and Plant	472,827	511,284	421,010	90,274	-	421,010
<b>Public Safety:</b>						
Police	1,888,502	1,904,502	1,752,024	152,478	-	1,752,024
Fire	365,941	365,941	350,047	15,894	-	350,047
Inspections	193,590	239,090	228,436	10,654	-	228,436
Other	14,500	14,500	4,186	10,314	-	4,186
<b>Public Works:</b>						
Public Works Administration	112,173	112,173	63,763	48,410	-	63,763
Sanitation and Recycling	140,500	140,500	27,148	113,352	-	27,148
Street Maintenance and Lighting	716,415	716,415	657,594	58,821	-	657,594
<b>Culture and Recreation:</b>						
Parks	2,503,296	2,505,339	2,152,118	353,221	-	2,152,118
Library	183,467	183,467	171,133	12,334	-	171,133
<b>Non-Departmental:</b>						
Miscellaneous	56,100	50,100	-	50,100	-	-
Debt Service	888,977	888,977	4,703,612	(3,814,635)	-	4,703,612
Insurance	274,150	274,150	245,163	28,987	-	245,163
Employee Benefits	1,303,213	1,303,213	1,306,412	(3,199)	-	1,306,412
Contingencies	5,137,368	5,057,368	-	5,057,368	-	-
Refund of Prior Year Inflows	5,000	5,000	2,085	2,915	-	2,085
Transfer to Other Funds	1,085,000	1,085,000	-	1,085,000	-	-
<b>TOTAL CHARGES TO APPROPRIATIONS</b>	<b>16,247,526</b>	<b>16,247,526</b>	<b>12,899,843</b>	<b>3,347,683</b>	<b>-</b>	<b>12,899,843</b>
Excess (Deficiency) of Inflows Over Outflows	(6,682,843)	(6,682,843)	(232,807)	6,450,036	-	(232,807)
<b>FUND BALANCE - JANUARY 1, 2014</b>	<b>6,682,843</b>	<b>6,682,843</b>	<b>8,437,339</b>	<b>1,754,496</b>	<b>-</b>	<b>8,437,339</b>
<b>FUND BALANCE - DECEMBER 31, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,204,532</b>	<b>\$ 8,204,532</b>	<b>\$ -</b>	<b>\$ 8,204,532</b>

The Accompanying Notes are an integral part of these financial statements.

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

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**Note 1 - Description of the Township and Reporting Entity**

The Township of Lower Saucon was incorporated in 1743 and adopted its first Administrative Code on September 20, 1976, under the provision of Act 62 of 1972, Public Law 184, as amended (Home Rule Charter). The Township operates under a council-manager form of government and provides the following services as authorized by its Administrative Code: Public Safety-Police, Highways and Streets, Sanitation, Health and Social Services, Culture - Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

***Reporting Entity***

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

Lower Saucon Township is a municipal corporation governed by an elected council. As required by generally accepted accounting principles, these financial statements are to present Lower Saucon Township (the primary government) and organizations for which the primary government is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the Township in that the Township approved the budget, the issuance of debt, or the levying of taxes. The Lower Saucon Township has one component unit. The Lower Saucon Township Authority is a component unit.

***Component Units***

In conformity with accounting principles, generally accepted in the United States of America, the following component unit has been included in the financial reporting entity as a discretely presented component unit.

***Lower Saucon Authority***

The Authority owns and operates the water and sewer systems, reservoir, and treatment plants. Operation of the water system by the Authority began on January 1, 1996, and operation of the sewer system by the Authority began on July 28, 2000. Any capital improvements are approved jointly by the Township Council and the Authority Board. The Township Council appoints the members serving on the Authority Board.

Copies of separate financial statements of Lower Saucon Authority may be obtained at the Township office, 3700 Old Philadelphia Pike, Bethlehem, PA. 18025.

**Note 2 - Summary of Significant Accounting Policies**

**A. *Basis of Presentation***

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

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

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**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds, and discretely presented component units. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Township at year-end, along with the discretely presented component units. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities of the Township and the discretely presented Component Unit. There are no business-type activities of the Township. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township and the Component Unit, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each Township governmental function or Component Unit is self-financing or draws from the general revenues of the Township or Component Unit.

**Fund Financial Statements** During the year, the Township segregates transactions related to certain government functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

**B. Basis of Accounting**

Lower Saucon Township prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles, generally accepted in the United States of America. Under the modified cash basis of accounting, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred, with the exception of certain receivables and liabilities. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

**C. Fund Accounting**

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

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The following are the Township's **major** governmental funds:

General Fund

The General Fund is the general operating fund of the Township. Substantially all tax revenues, Federal and State aid (except aid restricted for use in Special Revenue Funds) and other operating revenues are accounted for in the General Fund. This Fund also accounts for expenditures and transfers as appropriated in the budget which provides for the Township's day-to-day operations.

Capital Project Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major equipment and facilities. The Township has three Capital Project Funds.

Special Revenue Fund

The Township has one major special revenue fund consisting of the State Liquid Fuels Fund. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Proprietary Funds**

The focus of Proprietary Fund measurement is upon determination of net income, financial position, and changes in cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Township's Proprietary Funds:

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Township does not have any major Enterprise Funds, except for the discretely presented component unit:

*Lower Saucon Authority*

The operations of the water and sewer systems owned and operated by the Lower Saucon Authority are shown as a discretely presented component unit on the modified cash basis of accounting.

The Township follows alternative #1 under GASB Statement No. 20 which requires following the FASB Statements and interpretations, APB opinions, and ARB's issued on or before November 30, 1989, except those that conflict with a GASB Statement.

**Fiduciary Funds** Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

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***D. Budgets and Budgetary Accounting***

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the Township Code and Township procedures, the Township Manager submits to the Council, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year commencing the following January 1. The budget must be advertised and available for public inspection before adoption. The budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year. Departments for budgetary purposes are general government, public safety, public works, culture and recreation, and insurance, employee benefits and miscellaneous.
2. Public hearings are conducted to obtain taxpayer comment.
3. By December 31, the budget is approved by motion of the Council. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves. This is done as a level of budgetary control.
4. All modifications, transfers and amendments must be approved by the Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The legally adopted budgets of the Township are for the General Fund.
7. The budgets are adopted on the modified cash basis of accounting discussed above. (The basis of accounting for budget purposes is the same as for financial statement reporting purposes.)
8. The Council may authorize supplemental appropriations during the year. The Council must approve all expenditures of appropriations or transfers of appropriated amounts.

***E. Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Since these financial statements are prepared on the modified cash basis, no estimates have been used.

***F. Investments***

In accordance with GASB Statement 31, investments are stated at fair value, except:

- a) Non-participating interest earning investment contracts are recorded at amortized cost;
- b) Money market investments and participating interest earning investment contracts that mature within one year of acquisition are recorded at amortized cost; and,

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

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- c) Investments held in 2a7-like pools (Pennsylvania Local Government Investment Trust and Pennsylvania Treasurer's Invest Program) are recorded at the pool's share price.

**G. Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to 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". Any residual balances outstanding between the primary government and discretely presented component units are shown as a separate line item on the Government-wide Statement of Net Assets.

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.

**H. Real Estate Taxes**

The total taxable assessed real estate valuation for the year ended 2014 is \$447,601,500 at a rate of 4.39 mills that includes a .25 mill fire tax assessment. Real estate taxes are levied on January 1 and are payable by June 30.

Real estate taxes paid by April 30 are subject to a 2% discount and after June 30 are subject to a 10% penalty. Delinquent real estate taxes are generally lienied by January 1 of the following year.

**I. Fund Balance Classifications**

GASB Statement No. 54, effective for financial statements for periods beginning after June 15, 2010, established accounting and financial reporting standards for all governments that report governmental funds. The statement established criteria for classifying fund balances into the following specifically defined classifications:

- **Nonspendable** fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts that are restricted externally by creditors (such as through debt covenants), grantors, contributors, laws or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. The Township's highest level of decision making is the Township Council.
- **Assigned** fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

**LOWER SAUCON TOWNSHIP  
Notes To Financial Statements  
Year Ended December 31, 2014**

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**Note 3 - Stewardship, Compliance and Accountability**

**A. Compliance with Finance Related Legal and Contractual Provisions**

The Township has no material violations of finance related legal and contractual provisions.

**B. Deficit Fund Balance or Retained Earnings of Individual Funds**

There are no deficits in fund balances or net assets at December 31, 2014.

**C. Excess of Expenditures over Appropriations in Individual Funds**

No individual fund, which has a legally adopted budget, had an excess of expenditures over appropriations.

**D. Budgetary Compliance**

The Township has a legally adopted budget for the General Fund. The Township does make budget transfers between expenditure/expense accounts.

**Note 4 - Cash**

**Primary Government**

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of December 31, 2014, \$11,456,996 of the Township's bank balance of \$11,956,996 was exposed to custodial credit risk as:

Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the Township's name	11,456,996
<b>TOTAL</b>	<b><u>\$ 11,456,996</u></b>

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$ 11,456,996
Plus: Insured Amount	500,000
Deposits in Transit	-
Less: Outstanding Checks	(391,950)
Carrying Amount – Bank Balance	<u>11,565,046</u>
Plus: Petty Cash	300
Deposits in Pooled Investments Considered Cash Equivalents	35,741
Less: Certificates of Deposit considered Investment by the Township	-
<b>Total Cash per Financial Statements</b>	<b><u>\$ 11,601,087</u></b>

Restricted Cash

The cash balance includes \$221,721 held as developer's escrow funds. These funds are held by the Township to guarantee the completion of various construction projects by the developers.

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

**Component Unit**

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does have a policy for custodial credit risk.

As of December 31, 2014, \$3,260,666 of the Authority's bank balance of \$3,510,666 was exposed to custodial credit risk as:

Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the Authority's name	3,260,666
<b>TOTAL</b>	<b>\$ 3,260,666</b>

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$ 3,260,666
Plus: Insured Amount	250,000
Less: Outstanding Checks	(38,191)
Plus: Deposits in Transit	200
Carrying Amount – Bank Balance	3,472,675
Plus: Petty Cash	700
Pooled Cash Equivalent in Enterprise Funds	312,114
Less: Certificates of Deposit shown as investments Restricted Cash	(1,028,127)
<b>Total Cash per Financial Statements</b>	<b>\$ 2,757,362</b>

Restricted Cash

Cash and Cash equivalents have been categorized on the financial statements as either unrestricted or restricted. The restricted cash balance includes \$36,814 held as developer's escrow funds. These funds are held by the Authority to guarantee the completion of various water and sewer lines by the developers.

**Note 5 - Investments**

**Primary Government**

The permitted investments for Pennsylvania Township are defined in the Township Code as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share of accounts of institutions insured by the F.D.I.C.; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania, or any of its agencies or instrumentalities.

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

As of December 31, 2014, the Township had the following investments:

<u>Investments</u>	<u>Fair Value</u>
PA Local Government Investment Trust	\$ 35,741
Certificates of Deposit	-
<b>TOTAL</b>	<b>\$ 35,741</b>

Interest Rate Risk

The Township does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Township has no investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2014, the Township's investment in the PA Local Government Investment Trust was rated AAA by Standard & Poors.

Concentration of Credit Risk

The Township places not limit on the amount the Township may invest in any one issuer. The Township does not have any investments at December 31, 2014.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Township had no investments subject to custodial credit risk.

Reconciliation to Financial Statements

Total Investments Above	\$ 35,741
Less: Deposits in Investment Pool Considered Cash Equivalents	(35,741)
<b>Total Investments per Financial Statements</b>	<b>\$ -</b>

**Component Unit**

As of December 31, 2014, the Authority had the following investments:

Investment

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
PA Local Government Investment Trust		\$ 312,114
Certificates of Deposit	12-18 Months	1,028,127
<b>TOTAL</b>		<b>\$ 1,340,241</b>

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**LOWER SAUCON TOWNSHIP  
Notes To Financial Statements  
Year Ended December 31, 2014**

Credit Risk

The Authority has no investment policy that would limit its investment choices to certain credit ratings. The investments in the PA Local Government Investment Trust were rated AAA by Standard & Poor's.

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. Of the Authority's investments, 100% is in certificates of deposit at Lafayette Ambassador Bank.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Authority had no investments subject to custodial credit risk and has adopted a formal custodial credit risk policy.

Reconciliation to Financial Statements

Total Investments Above	\$ 1,340,241
Less: Deposits in Investment Pool Considered Cash Equivalents	(312,114)
<b>Total Investments per Financial Statements</b>	<b><u>\$ 1,028,127</u></b>

**Note 6 – Long-Term Debt Commitments**

Long-term liability balances and activity for the year ended December 31, 2014, were:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<b>General Obligation Debt:</b>					
<i>Bonds and Notes Payable:</i>					
Capital Projects	\$ 4,004,847	4,750,000	4,556,549	4,198,298	433,059
<b>Total Governmental Activities</b>	<b>\$ 4,004,847</b>	<b>\$ 4,750,000</b>	<b>\$ 4,556,549</b>	<b>\$ 4,198,298</b>	<b>\$ 433,059</b>

Payments on bonds and notes were made by the Landfill Revenue Fund.

Total interest paid during the year:

	Paid
<b>Governmental Activities</b>	
General Obligation Debt	\$ 147,063
Capital Leases	-
Short-Term Borrowings and Other Liabilities	-
<b>TOTAL</b>	<b><u>\$ 147,063</u></b>

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

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**Primary Government Debt**

*General Obligation Note - Series of 2001*

On May 4, 2001, the Township issued a \$4,000,000 general obligation note purchased by Lafayette Ambassador Bank. The purpose of this note was to finance the construction of the new township building facility. The original interest rate was 5.25%; however, effective November 12, 2011 the interest rate has been modified to 3.45%. During the current year, this note was refinanced into the General Obligation Note – Series 2014. The current outstanding balance at December 31, 2014 is \$0.

*General Obligation Note – Series of 2005*

On May 13, 2005, the Township issued a \$4,650,000 general obligation note purchased by Lafayette Ambassador Bank. The purpose of this note is (1) to refinance the existing General Obligation Note – Series of 2002, and (2) to acquire real property and make land improvements for recreational facilities. The effective interest rate is 3.55% for the initial sixty (60) months and to be reset by the bank at 65% of the prime rate for the remaining loan term never to exceed 6.0%. On May 20, 2010, the effective interest rate on this General Obligation Note was reset to 3.78%. The loan term was adjusted from 10 years to 15 years on November 16, 2005. During the current year, this note was refinanced into the General Obligation Note – Series 2014. The current outstanding balance at December 31, 2014 is \$0.

*General Obligation Note – Series of 2006*

On January 10, 2006, the Township issued a \$2,000,000 general obligation note purchased by Lafayette Ambassador Bank. The purpose of this note is to acquire real property and make land improvements for recreational facilities. The effective interest rate is 4.25% for the initial sixty (60) months and to be reset by the bank at 65% of the prime rate for the remaining loan term never to exceed 6%. On February 19, 2011, the effective interest rate on this General Obligation Note was modified to 3.75%. The loan term is 15 years. During the current year, this note was refinanced into the General Obligation Note – Series 2014. The current outstanding balance at December 31, 2014 is \$0.

*General Obligation Note – Series of 2014*

On December 22, 2014, the Township issued a \$4,750,000 general obligation note purchased by Lafayette Ambassador Bank. The purpose of this Note is (1) to refinance the existing General Obligation Note – Series of 2001, (2) to refinance the existing General Obligation Notes – Series of 2005, (3) to refinance the existing General Obligation Note – Series of 2006, and (4) to finance storm water mitigation projects on Fire Lane and Black River Road. The effective interest rate is 2.78% for ten (10) years. The Note matures December 31, 2023. The current annual payment is \$551,702.44. The future debt service obligations are:

YEAR	PRINCIPAL	INTEREST
2015	\$ 433,059	\$ 118,644
2016	444,973	106,729
2017	457,807	93,896
2018	470,711	80,992
2019	483,978	67,724
2020-2023	1,907,770	130,744
<b>TOTAL OUTSTANDING</b>	<b>\$ 4,198,298</b>	<b>\$ 598,729</b>

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

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*Alternative/Clean Energy Program Note*

On January 28, 2011, the Township issued a General Obligation Note in the amount of \$87,748 for the purpose of modifying the Township buildings to be energy efficient. The Note was approved and purchased by the Pennsylvania Commonwealth Financing Authority as a 10 year loan at a fixed rate of 1%. The Township is to submit invoices associated with this energy project to the Authority for reimbursement and drawdown of loan funds. As of December 31, 2014, no invoices have been paid or submitted to the Authority. As a result, the liability related to this Note is \$0 at December 31, 2014.

**Note 7 - Pension Plans**

***General***

The Township maintains two pension plans, the Non-Uniformed Pension Plan, which covers substantially all full-time and permanently part-time non-police employees of the Township and the Police Pension Plan for full time police employees, the plans are members of the statewide Pennsylvania Municipal Retirement System (PMRS) which is an agent multiple-employer public employee retirement system. PMRS was created by the Pennsylvania General Assembly to administer pension plans on a contract basis. PMRS is trustee of the pension plans. PMRS maintains separate records for each plan and issues separate financial statements for each plan which can be obtained from the Township at 3700 Old Philadelphia Pike, Bethlehem, PA 18015. PMRS also issues a publicly available Comprehensive Financial Report (CAFR) that may be obtained by writing to PMRS, P.O. Box 1165, Harrisburg, PA 17108-1165 or by calling 1-800-622-7968. The Authority under which the benefit provisions have been established, or may be amended, remains with the Council members of Lower Saucon Township.

***Non-Uniformed Pension Plan***

**Plan Description**

The Lower Saucon Township Non-Uniformed Pension Plan is an agent multiple-employer defined benefit pension plan controlled by the provisions of Ordinance 79-7, 86-3, 93-2, 96-13, 99-11, 2002-08 and 2003-05 adopted pursuant to Act 69 of the Commonwealth of Pennsylvania. Act 205, the Municipal Pension Plan Funding Standard and Recovery Act, provides the authority for the Township to establish and amend the plan.

All full-time salaried non-police employees are eligible to participate in the plan. Benefits vested after five years of service. Normal retirement is at age 65 with five years of vesting service. Early retirement is available after 10 years of service.

Upon normal retirement, employees should receive a benefit of 1.75% of their average compensation multiplied by all years of service. Average compensation is calculated as the average of compensation pay over the final 36 months of employment. For employees eligible for early retirement, the benefit will equal to the benefit accrued at the date of termination reduced actuarially. If a member continues employment after his normal retirement date, he will be eligible to receive a monthly pension payable at his late retirement date equal to the benefit accrued at the date of actual retirement. There is no social security offset. The plan also provides certain death and disability benefits.

**LOWER SAUCON TOWNSHIP  
Notes To Financial Statements  
Year Ended December 31, 2014**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the plans are prepared on the accrual basis of accounting. Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended. Benefits and expenses are recognized when due and payable in accordance with the terms of the plan. Benefit payments are paid from the current income of the plan. Pension consultant, actuarial fees and trustee fees are paid by the Township's General Fund.

Method Used to Value Investments

Investments are reported at fair value. The plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by Statements 25, 27 and 50 of the Government Accounting Standards Board for aggregate PMRS investments are included in PMRS's separately issued CAFR and the separate plan statements issued by PMRS.

Funding Policy

Act 205, of the Commonwealth of Pennsylvania, requires that the annual contributions be based on the plans' annual minimum municipal obligation (MMO). The MMO is based on the plans' biennial actuarial valuations, which were performed as of January 1, 2013. As of January 1, 2013, department leads are required to contribute 1% of their salary to the plan; other members are not required to contribute any of their compensation to the plan.

The Plans may also be eligible to receive an allocation of state aid from the General Municipal Pension System Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of aid must be paid by the municipality in accordance with Act 205.

Plan Membership

Plan membership of the plan consisted of the following at December 31, 2013:

Active Plan Members	20
Inactive Plan Members	0
Retirees and beneficiaries currently receiving benefits	1
Terminated plan members entitled to benefits but not yet receiving them	3
<b>TOTAL</b>	<b><u>24</u></b>

Annual Pension Cost and Net Pension Obligation

The Township's annual pension cost and net pension obligation for the year are:

Annual Pension Costs per MMO	\$ 88,962
Contributions made	88,862

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

***Three-Year Trend Information***

<u>Fiscal Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2012	\$ 86,983	100%	\$ -
12/31/2013	82,475	100%	-
12/31/2014	88,962	99.9%	-

The required annual contribution for the current year was determined as part of the January 1, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at January 1, 2013 included (a) 7.0% rate of return, and (b) projected salary increases of 4.0% which includes an inflation component for moderate cost of living increases. The assumptions did not include post-retirement benefits. The actuarial value of the plan's assets was determined using market values as determined by the trustee. The unfunded accrued liability (AAL) is being amortized on the level dollar method on a closed basis over 15-20 years. The remaining amortization periods at December 31, 2014 were 5-13 years.

**Funded Status and Funding Progress**

As of January 1, 2013, the most recent actuarial valuation date, the plan was 97.0% funded. The actuarial accrued liability for benefits was \$1,466,945 and the actuarial value of the assets was \$1,422,701, resulting in an unfunded actuarial accrued liability (UAAL) of \$44,244. The covered payroll (annual payroll of active employees covered by the plan) was \$903,029 and the ratio of the UAAL to the covered payroll was 4.9%.

As a result of the plan being 97% funded at January 1, 2013, the plan is considered to be not distressed.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial valuation of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Changes in Net Assets**

<b>REVENUES</b>		
State Aid	\$ 81,318	
Employee Contributions	5,080	
Employer Contributions	18,737	
Investment Income Net of Investment Fees	28,148	
Realized Gains on Investment Sales	104,815	
Unrealized Loss on Investments	(29,909)	
<b>TOTAL REVENUE</b>		\$ 208,189
<b>EXPENDITURES</b>		
Pension Payments	19,412	
Administrative Fees	14,895	
<b>TOTAL EXPENDITURES</b>		34,307
<b>Change in Net Assets</b>		173,882
<b>Net Assets January 1, 2014</b>		1,674,987
<b>Net Assets December 31, 2014</b>		<b>\$ 1,848,869</b>

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

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***POLICE PENSION PLAN***

*Plan Description*

The Lower Saucon Township Police Pension Plan is an agent multiple-employer defined benefit pension plan controlled by the provisions of Ordinance 79-7 and 79-8, adopted pursuant to Act 62 of the Commonwealth of Pennsylvania. Act 600, the Police Pension Act, provides the authority for the Township to establish and amend the plan.

All full-time police employees are eligible to participate in the plan. Benefits vested after 12 years of service. Retirement age is 50 with at least 25 years of credited service. Retirement is mandatory at age 65. Early retirement is available after 20 years of service.

Upon normal retirement, employees should receive a benefit of 50% of their average compensation plus a service increment of \$100 per month for each completed year of service in excess of 25 years to a maximum service increment of \$500 per month. Average compensation is calculated as the total compensation paid and earned over the final 36 months of employment. If a member retires after 20 years of service and prior to his normal retirement date, he will be eligible to receive his accrued pension reduced actuarially. If a member continues to work beyond his normal retirement date, he will be eligible, if a member continues employment after his retirement date; he is eligible to receive his accrued pension payable at his retirement date. There is no social security offset. The plan also provides certain death and disability benefits.

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

*Basis of Accounting*

The financial statements of the plans are prepared on the accrual basis of accounting. Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended. Benefits and expenses are recognized when due and payable in accordance with the terms of the plan. Benefit payments are paid from the current income of the plan. Pension consultant, actuarial fees and trustee fees are paid by the Township's General Fund.

*Method Used to Value Investments*

Investments are reported at fair value. The plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by Statements 25, 27 and 50 of the Government Accounting Standards Board for aggregate PMRS investments are included in PMRS's separately issued CAFR and the separate plan statements issued by PMRS.

*Funding Policy*

Act 205, of the Commonwealth of Pennsylvania, requires that the annual contributions be based on the plans' annual minimum municipal obligation (MMO). The MMO is based on the plans' biennial actuarial valuations, which were performed as of January 1, 2013. In accordance with the plan's governing resolution, officers are required to contribute 2.0% of their compensation to the plan. The police chief contributes 1% of his compensation to the plan.

**LOWER SAUCON TOWNSHIP  
Notes To Financial Statements  
Year Ended December 31, 2014**

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The Plans may also be eligible to receive an allocation of state aid from the General Municipal Pension System Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of aid must be paid by the municipality in accordance with Act 205.

Plan Membership

Plan membership of the plan consisted of the following at December 31, 2013:

Active Plan Members	15
Retirees and beneficiaries currently receiving benefits	6
Terminated plan members entitled to benefits but not yet receiving them	0
<b>TOTAL</b>	<b>21</b>

Annual Pension Cost and Net Pension Obligation

The Township's annual pension cost and net pension obligation for the year are:

Annual Pension Costs per MMO	\$ 272,162
Contributions made	272,162

**Three-Year Trend Information for the Police Pension Plan**

Fiscal Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 256,470	100%	\$ -
12/31/2013	258,715	100%	-
12/31/2014	272,162	100%	-

The required annual contribution for the current year was determined as part of the January 1, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at January 1, 2013 included (a) 7.0% rate of return, and (b) projected salary increases of 4.0% which does not include an inflation component for moderate cost of living increases. The assumptions did not include post-retirement benefits. The actuarial value of the plan's assets was determined using market values as determined by the trustee. The unfunded accrued liability (AAL) is being amortized on the level dollar method on a closed basis over 17 years. The remaining amortization periods at December 31, 2014 were 7-14 years.

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was 85.6% funded. The actuarial accrued liability for benefits was \$5,323,791 and the actuarial value of the assets was \$4,556,557, resulting in an unfunded actuarial accrued liability (UAAL) of \$767,234. The covered payroll (annual payroll of active employees covered by the plan) was \$1,085,736 and the ratio of the UAAL to the covered payroll was 70.7%.

As a result of the plan being 85.6% funded at January 1, 2013, the plan is considered to be in minimal distress. As a result of this designation, the Township has chosen to utilize a valuation method for valuing assets that produces a result that is between 80% and 120% of fair value for the valuations dated January

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

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1, 2013. However, this has no effect on the January 1, 2013 valuation as the actuarial value is 103.1% of the market value at January 1, 2013.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial valuation of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**REVENUES**

State Aid	\$ 116,189	
Employer Contributions	185,727	
Employee Contributions	27,146	
Investment Income Net of Investment Fees	85,949	
Miscellaneous Income	-	
Realized Gains on Investment Sales	321,348	
Unrealized Loss on Investments	<u>(91,965)</u>	
<b>TOTAL REVENUE</b>		<b>\$ 644,394</b>

**EXPENDITURES**

Pension Payments	206,088	
Administrative Fees	<u>39,921</u>	
<b>TOTAL EXPENDITURES</b>		<b><u>246,009</u></b>

<b>Change in Net Assets</b>	398,385
<b>Net Assets January 1, 2014</b>	<u>5,175,994</u>
<b>Net Assets December 31, 2014</b>	<b><u>\$ 5,574,379</u></b>

**Note 8 - Deferred Compensation Plan**

The Township has adopted the Deferred Compensation Plan for voluntary participation of eligible municipal employees. The plan is in accordance with Internal Revenue Code Section 457 and permits the employees to defer a portion of their current salary until future years. The deferred amounts are not available to employees until termination, retirement, death or unforeseeable emergency.

All compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to such amounts, are solely the property and rights of the participants. Participants' rights created under the plan are equivalent and in an amount equal to the fair market value of the deferred account maintained with respect to each participant.

**Note 9 - Insurance**

The Township is subject to risk of loss from employee act, property damage, personal injury, auto accidents, theft, etc. The Township covers those risks through the purchase of commercial insurance. The Township's workmen's compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance company. Any settlements received by the Township or its employees did not exceed insurance coverage in any of the last three years.

**LOWER SAUCON TOWNSHIP**  
**Notes To Financial Statements**  
**Year Ended December 31, 2014**

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**Note 10 - Short-Term Debt**

***Interfund Receivables, Payables, and Transfers***

The Township did not record any interfund receivables and payables at December 31, 2014.

The Township did not record any interfund transfers in and out during the 2014 year.

**Note 11 – Fund Balance**

Detailed information about aggregated fund balances:

**Assigned Fund Balances**

Capital Fund	\$ 2,005,706
Polk Valley Park Fund	104,056
Land Acquisition and Parks Fund	30,509
<b>TOTAL CAPITAL PROJECTS FUNDS</b>	<b>\$ 2,140,271</b>

**Restricted Fund Balances**

The restricted fund balance represents contributions that are externally restricted for specific purposes;

Fire Equipment Replacement	\$ 232,750
State Liquid Fuels Fund	\$ 1,029,789
<b>TOTAL</b>	<b>\$ 1,262,539</b>

**Note 12 – Joint Venture – “Saucon Valley Compost Center”**

In accordance with Ordinance 2007-11, Lower Saucon Township entered into an agreement with the Borough of Hellertown to establish the Saucon Valley Compost Center. All expenses attributed to this joint venture will be divided equally between the two municipalities. Each municipality contributes to this joint venture to finance the day to day operations of the Saucon Valley Compost Center. A separate bank account was opened in order to track the expenditures of this joint venture. Recordkeeping and reporting will be the responsibility of Lower Saucon Township. In the event of closure, any remaining balance will be distributed to the two municipalities evenly.

**Note 13 – Contingencies**

There is a continuing issue regarding the closing of the landfill located in Lower Saucon Township. As of the report date, no Board decision has been reached. Any decision to close the landfill would negatively impact the Township’s future net position.

**Note 14 - Litigation**

In accordance with the solicitor's legal letter to the auditors, there is no pending litigation that would materially affect the Township's financial position.

**Note 15 – Subsequent Events**

The subsequent events have been evaluated through July 10, 2015, which is the date of the financial statements were available to be issued.



July 10, 2015

Township Council  
Lower Saucon Township  
3700 Old Philadelphia Pike  
Bethlehem, PA 18015

**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Lower Saucon Township, as of and for the year ended December 31, 2014, which collectively comprise the Lower Saucon Township's basic financial statements and have issued our report thereon dated July 10, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control over Financial Reporting***

In planning and performing our audit, we considered the Lower Saucon Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lower Saucon Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lower Saucon Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect, and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## TOWNSHIP COUNCIL

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Lower Saucon Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Lower Saucon Township in a separate letter dated July 10, 2015.

This report is intended solely for the information and use of management, the Township Council, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

***Hutchinson, Gillahan & Freeh, P.C.***

July 10, 2015

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**REQUIRED SUPPLEMENTAL INFORMATION**

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**LOWER SAUCON TOWNSHIP**  
**Pension Funds**  
**Required Supplemental Information**  
**December 31, 2014**

**SCHEDULE OF FUNDING PROGRESS**

<u>ACTUARIAL VALUATION DATE</u>	<u>ACTUARIAL VALUATION OF ASSETS</u>	<u>ACTUARIAL ACCRUED LIABILITY ENTRY AGE PENSION</u>	<u>FUNDED (UNFUNDED) AAL</u>	<u>FUNDED RATIO</u>	<u>COVERED PAYROLL</u>	<u>UAAL AS A % OF COVERED PAYROLL</u>
<b><u>NON-UNIFORMED PENSION PLAN</u></b>						
1-1-2005	\$ 755,298	\$ 842,340	\$ 87,042	89.7%	\$ 696,426	12.5%
1-1-2007	955,413	1,106,200	150,787	86.4%	802,364	18.8%
1-1-2009	971,143	1,139,351	168,208	85.2%	921,512	18.3%
1-1-2011	1,258,815	1,410,742	151,927	89.2%	970,417	15.7%
1-1-2013	1,422,701	1,466,945	44,244	97.0%	903,029	4.9%
<b><u>POLICE PENSION PLAN</u></b>						
1-1-2005	\$ 3,004,951	\$ 2,871,589	\$ (133,362)	104.6%	763,539	-17.5%
1-1-2007	3,455,999	3,615,017	159,018	95.6%	933,343	17.0%
1-1-2009	3,738,283	4,341,068	602,785	86.1%	950,288	63.4%
1-1-2011	4,127,761	5,035,073	907,312	82.0%	1,011,579	89.7%
1-1-2013	4,556,557	5,323,791	767,234	85.6%	1,085,736	70.7%

**SCHEDULES OF EMPLOYER CONTRIBUTIONS**

<u>NON-UNIFORMED PENSION PLAN</u>				<u>POLICE PENSION PLAN</u>		
<u>YEAR ENDED DECEMBER 31,</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>	<u>CONTRIBUTIONS FROM EMPLOYER</u>	<u>PERCENTAGE CONTRIBUTED</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>	<u>CONTRIBUTIONS FROM EMPLOYER</u>	<u>PERCENTAGE CONTRIBUTED</u>
2005	\$ 36,096	\$ 47,414	131.4%	\$ 63,616	\$ 84,291	132.5%
2006	86,322	86,322	100.0%	112,489	112,489	100.0%
2007	88,302	88,302	100.0%	126,385	126,385	100.0%
2008	96,307	96,307	100.0%	159,486	159,486	100.0%
2009	95,115	95,115	100.0%	162,193	162,193	100.0%
2010	93,110	93,110	100.0%	177,635	177,635	100.0%
2011	91,646	91,646	100.0%	183,105	183,105	100.0%
2012	86,983	86,983	100.0%	256,470	256,470	100.0%
2013	82,475	82,475	100.0%	258,715	258,715	100.0%
2014	88,962	88,862	99.9%	272,162	272,162	100.0%

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**OTHER SUPPLEMENTAL INFORMATION**

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**LOWER SAUCON TOWNSHIP**  
**Combining Balance Sheet - Modified Cash Basis**  
**All Capital Project Funds**  
**For the Year Ended December 31, 2014**

	CAPITAL PROJECT FUNDS			TOTAL
	CAPITAL FUND	POLK VALLEY PARK FUND	LAND ACQUISITION AND PARKS FUND	
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 2,010,126	\$ 104,056	\$ 30,509	\$ 2,144,691
Investments	-	-	-	-
Due from Other Funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,010,126</b>	<b>\$ 104,056</b>	<b>\$ 30,509</b>	<b>\$ 2,144,691</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES:</b>				
Other Payables	\$ 4,420	\$ -	\$ -	\$ 4,420
<b>TOTAL LIABILITIES</b>	<b>4,420</b>	<b>-</b>	<b>-</b>	<b>4,420</b>
<hr style="border-top: 1px dashed black;"/>				
<b>FUND BALANCES:</b>				
Assigned	2,005,706	104,056	30,509	2,140,271
<b>TOTAL FUND BALANCES</b>	<b>2,005,706</b>	<b>104,056</b>	<b>30,509</b>	<b>2,140,271</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,010,126</b>	<b>\$ 104,056</b>	<b>\$ 30,509</b>	<b>\$ 2,144,691</b>

**LOWER SAUCON TOWNSHIP**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance –**  
**Modified Cash Basis**  
**All Capital Project Funds**  
**For the Year Ended December 31, 2014**

	CAPITAL PROJECT FUNDS			TOTAL
	CAPITAL FUND	POLK VALLEY PARK FUND	LAND ACQUISITION AND PARKS FUND	
<b>REVENUES</b>				
Investment Earnings	\$ 2,482	\$ 152	\$ 32	\$ 2,666
Developers Fees	123,214	3,310	-	126,524
Casino Impact Fees	-	-	-	-
Alternative Fuels Incentive Grant	8,943	-	-	8,943
State Grants	-	92,040	-	92,040
Miscellaneous	611	-	-	611
<b>TOTAL REVENUES</b>	<u>135,250</u>	<u>95,502</u>	<u>32</u>	<u>230,784</u>
<b>EXPENDITURES</b>				
Public Safety	8,074	-	-	8,074
Public Works	411,431	-	-	411,431
Culture and Recreation	3,595	111,472	4,839	119,906
Community Development	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>423,100</u>	<u>111,472</u>	<u>4,839</u>	<u>539,411</u>
<b>(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(287,850)</u>	<u>(15,970)</u>	<u>(4,807)</u>	<u>(308,627)</u>
<b>OTHER FINANCING SOURCES</b>				
Sale of Fixed Assets	33,352	-	-	33,352
Loan Proceeds	598,090	-	-	598,090
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>631,442</u>	<u>-</u>	<u>-</u>	<u>631,442</u>
<b>NET CHANGE IN FUND BALANCE</b>	343,592	(15,970)	(4,807)	322,815
<b>FUND BALANCES - BEGINNING</b>	<u>1,662,114</u>	<u>120,026</u>	<u>35,316</u>	<u>1,817,456</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 2,005,706</u>	<u>\$ 104,056</u>	<u>\$ 30,509</u>	<u>\$ 2,140,271</u>

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**I N D I V I D U A L F U N D S T A T E M E N T S**

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**LOWER SAUCON TOWNSHIP**  
**General Fund**  
**Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –**  
**Modified Cash Basis**  
**For the Year Ended December 31, 2014**

**REVENUES RECEIVED**

**TAXES:**

Real Estate Taxes - Current	\$ 1,873,873	
Real Estate Taxes - Prior	21,074	
Real Estate Taxes - Current Interims	959	
Real Estate Taxes - Prior Interims	71	
Real Estate Taxes - Delinquent	48,157	
Real Estate Transfer Taxes	295,853	
Earned Income Taxes - Current	2,163,955	
Earned Income Taxes - Prior	1,152,689	
Emergency Municipal Service Tax - Current	35,955	
Emergency Municipal Service Tax - Prior	11,030	\$ 5,603,616

**LICENSES AND PERMITS:**

Franchise Fee Cable	97,653	
Junkyard Licenses	1,000	
Road Encroachment Permits	4,507	
Moving Permits	135	103,295

**FINES AND FORFEITS:**

Motor Vehicle Violations	57,927	
Fines	21,078	
Ordinance Violations	3,292	
Crimes Code Violations	12,615	
Parking Tickets	1,400	96,312

**INTERGOVERNMENTAL:**

State Grants	162,024	
Local Government Unit Shared Payments	13,000	
Beverage Licenses	1,550	
Federal Grants	38,231	
Public Utility Realty Tax	7,157	
Pension State Aid	205,275	
Allotment - Fireman's Relief	100,067	527,304

**CHARGES FOR SERVICES:**

Zoning Permits	7,950	
Subdivision Fees	3,315	
Tax Collection Services	7,470	
Duplicate Tax Bill Fees	720	
Police Services	37,151	
Accident Report Requests	3,113	
Weed Clearing and Removal	4,680	
Administrative Income	1,985	
Security Alarm Fees	1,685	
Building Permits	20,472	
Sanitation Permits	37,295	
State UCC Fees	556	
Highway and Street Charges	21,347	
Health Insurance Charges	113,114	
Landfill Host Fees	1,748,355	
Recreation Fees	8,875	
BRE Sales	4,142	2,022,225

**INVESTMENT EARNINGS:**

Interest Income		14,005
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**MISCELLANEOUS:**

Miscellaneous	34,615	
Donations	21,172	55,787

<b>TOTAL REVENUE RECEIVED</b>	<b>\$</b>	<b>8,422,544</b>
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**LOWER SAUCON TOWNSHIP**  
**General Fund (Cont'd)**  
**Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –**  
**Modified Cash Basis**  
**For the Year Ended December 31, 2014**

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**EXPENDITURES PAID**

***GENERAL GOVERNMENT***

**LEGAL:**

Solicitor \$ 168,697

**MAYOR, LEGISLATIVE, TOWNSHIP MANAGER:**

Salary 228,755  
 Payroll Taxes 17,134  
 General Expense 8,488  
 Grant Expenditures 15,624  
 Other Expense 10,155  
 Advertising, Printing and Postage 9,116

**FINANCE AND ACCOUNTING:**

Salary 98,516  
 Payroll Taxes 7,537  
 Payroll Services 3,731  
 Auditing 16,700  
 Bank Services 1,559  
 Office Materials/Supplies 9,444  
 Tax Collection Services 1,638  
 Real Estate Tax Prep/Mailing 8,835  
 General Expense 252  
 Contracted Services 7,175

**DATA PROCESSING:**

Salary 3,000  
 Payroll Taxes 230  
 Website Operation/Maintenance 6,100  
 Office Equipment Maintenance 3,101  
 Equipment - Capital 2,365  
 Software Licenses 8,253

**ENGINEER:**

Engineering Services 94,975  
 Consulting Fees 12,064  
 Appraisal Fees 8,800  
 Sewage Enforcement Officer 62,868

**BUILDINGS AND PLANT:**

Salary 7,373  
 Building Materials/Supplies 4,062  
 Heating Oil/Diesel Fuel 81,246  
 Gasoline 81,467  
 Oils/Lubricants 4,923  
 Communication Expense 38,675  
 Utilities 71,517  
 Maintenance/Repairs 118,236  
 Equipment Rental 13,511 \$ 1,236,122

**LOWER SAUCON TOWNSHIP**  
**General Fund (Cont'd)**  
**Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –**  
**Modified Cash Basis**  
**For the Year Ended December 31, 2014**

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**PUBLIC SAFETY**

**POLICE:**

Salary of Policemen	\$	1,267,116
Overtime		103,952
Salary of Clerical		79,828
Payroll Taxes		110,994
Uniforms		12,575
Firearms Ammunition		7,239
Advertising/Printing		534
Investigation Expense		1,968
Communication Equipment		934
Equipment Maintenance		13,157
General Expenses		16,581
Vehicle Maintenance and Repairs		38,762
Equipment - Capital		83,942
Equipment - Non-Capital		6,910
Training		7,532

**FIRE:**

Contribution to Fire Co.	200,000
Fireman's Relief	100,067
Contribution to Dewey Ambulance	15,000
Hydrant/Water Service	22,392
General Expenses	12,588

**INSPECTIONS:**

Zoning and Administration	70,845
Salary of Clerical	42,512
Payroll Taxes	8,519
Consulting Services	90,459
Advertising/Printing	4,655
Township Newsletter	8,387
Seminars	250
Vehicle Maintenance and Repairs	76
General Expenses	2,733

**OTHER PUBLIC SAFETY:**

Crossing Guards	4,186	\$	2,334,693
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**PUBLIC WORKS**

**PUBLIC WORKS ADMINISTRATION:**

Salary	63,763
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**SANITATION:**

Recycling Collection and Disposal	27,148
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**STREET MAINTENANCE AND LIGHTING:**

Salaries - Highways and Streets	421,668
Overtime	50,471
Payroll Taxes	40,997
Road Materials	70,287
Materials/Supplies	3,670
Traffic Sign Maintenance	24,178
Vehicle Maintenance	32,598
Equipment Rental	2,400
General Expenses	6,292
Equipment - Non-Capital	5,033
	748,505

**LOWER SAUCON TOWNSHIP**  
**General Fund (Cont'd)**  
**Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –**  
**Modified Cash Basis**  
**For the Year Ended December 31, 2014**

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**CULTURE AND RECREATION**

**PARKS AND POOL:**

Maintenance/Repairs	\$	12,245	
General Expenses		4,420	
Contracted Services		64,259	
Joint Recreation Contribution		22,308	
Senior Program		16,099	
Pool Pass Reimbursement		7,585	
Construction and Improvements		44,846	
Equipment		4,568	

**LIBRARY:**

Contribution		171,133	\$ 347,463
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**CONSERVATION OF NATURAL RESOURCES**

Open Space Purchases	1,975,517	
Dues and Subscriptions	271	1,975,788

**DEBT SERVICE**

Debt Principal Payments	4,556,549	
Debt Interest Payments	147,063	4,703,612

**INSURANCE**

Business Insurance	49,095	
Vehicle Insurance	27,185	
Workmen's Compensation	168,883	245,163

**EMPLOYEE BENEFITS**

Dental Insurance	22,417	
Hospitalization Insurance	791,312	
Group Term Life Insurance	7,031	
Unemployment Compensation	21,732	
Other Benefits	30,854	
Income Protection	17,389	
Pension Administration Fees	54,653	
Minimum Pension Oblig - Nonuniform	88,862	
Minimum Pension Oblig - Police	272,162	1,306,412

**TOTAL EXPENDITURES PAID**

**12,897,758**

**EXCESS OF EXPENDITURES PAID  
OVER REVENUES RECEIVED**

(4,475,214)

**OTHER FINANCING SOURCES RECEIVED AND  
OTHER FINANCING USES PAID**

Refund of Prior Year Expenditures	\$	92,582	
Refund of Prior Year Revenue		(2,085)	
Proceeds From Debt Refunding		4,151,910	\$ 4,242,407

**NET CHANGE IN FUND BALANCES**

**\$ (232,807)**

**FUND BALANCE - JANUARY 1, 2014**

8,437,339

**FUND BALANCE - DECEMBER 31, 2014**

**\$ 8,204,532**

**LOWER SAUCON TOWNSHIP**  
**State Liquid Fuels Fund**  
**Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –**  
**Modified Cash Basis**  
**For the Year Ended December 31, 2014**

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**FUND BALANCE - JANUARY 1, 2014** \$ 966,163

**REVENUES RECEIVED**

**Intergovernmental:**

Motor Vehicle Fuel Taxes \$ 373,835

**Investment Income:**

Interest Earnings 1,679

**Miscellaneous:**

Miscellaneous Income -

375,514

**TOTAL FUNDS AVAILABLE**

1,341,677

**EXPENDITURES PAID**

**General Government:**

Administration 24

**Public Works:**

Traffic Sign 1,817

Vehicle M/R 34,190

Minor Equipment 1,253

Snow Removal Materials 109,198

Roads/Street/Signs/Markings 14,500

Street Lighting 34,840

Road Materials/Supplies -

Road Project 116,066

**Miscellaneous:**

Contingencies - 311,888

**FUND BALANCE - DECEMBER 31, 2014**

**\$ 1,029,789**

**LOWER SAUCON TOWNSHIP**  
**Capital Fund**  
**Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –**  
**Modified Cash Basis**  
**For the Year Ended December 31, 2014**

<b>FUND BALANCE - JANUARY 1, 2014</b>		<b>\$</b>	<b>1,662,114</b>
<b><u>REVENUES RECEIVED</u></b>			
Investment Earnings	\$		2,482
<b>General Government:</b>			
Developer Fees		123,214	
<b>Intergovernmental:</b>			
Alternative Fuels Incentive Grant		8,943	
<b>Miscellaneous:</b>			
Miscellaneous Income		611	
<b>Other Financing Sources:</b>			
Sale of Fixed Assets		33,352	
Loan Proceeds - Series of 2014		598,090	766,692
<b>TOTAL FUNDS AVAILABLE</b>			<b>2,428,806</b>
<b><u>EXPENDITURES AND OTHER FINANCING USES PAID</u></b>			
<b>Public Safety:</b>			
Capital Purchases		8,074	
<b>Public Works:</b>			
Capital Purchases		411,431	
<b>Culture and Recreation:</b>			
Trees		3,595	423,100
<b>FUND BALANCE - DECEMBER 31, 2014</b>		<b>\$</b>	<b>2,005,706</b>

**Polk Valley Park Fund**  
**Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –**  
**Modified Cash Basis**  
**For the Year Ended December 31, 2014**

<b>FUND BALANCE - JANUARY 1, 2014</b>		<b>\$</b>	<b>120,026</b>
<b><u>REVENUES AND OTHER FINANCING SOURCES RECEIVED</u></b>			
Investment Earnings	\$		152
<b>Intergovernmental:</b>			
State Grants		92,040	
<b>Culture and Recreation:</b>			
Recreation Fees		3,310	
<b>Other Financing Sources:</b>			
Transfer from Other Funds		-	95,502
<b>TOTAL FUNDS AVAILABLE</b>			<b>215,528</b>
<b><u>EXPENDITURES PAID</u></b>			
<b>Culture and Recreation:</b>			
Construction		111,071	
Maintenance and Repairs		401	
<b>Other Financing Uses:</b>			
Transfers to Other Funds		-	111,472
<b>FUND BALANCE - DECEMBER 31, 2014</b>		<b>\$</b>	<b>104,056</b>

**LOWER SAUCON TOWNSHIP**  
**Land Acquisition and Parks Fund**  
**Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance -**  
**Modified Cash Basis**  
**For the Year Ended December 31, 2014**

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<b>FUND BALANCE - JANUARY 1, 2014</b>	<b>\$</b>	<b>35,316</b>
 <b><u>REVENUES AND OTHER FINANCING SOURCES RECEIVED</u></b>		
Investment Earnings	\$ 32	
<b>Other Financing Sources:</b>		
Transfer from General Fund	-	<u>32</u>
 <b>TOTAL FUNDS AVAILABLE</b>		 <b>35,348</b>
 <b><u>EXPENDITURES PAID</u></b>		
<b>Culture and Recreation:</b>		
Construction	4,839	
<b>Other Financing Uses:</b>		
Transfer to Other Funds	-	<u>4,839</u>
 <b>FUND BALANCE - DECEMBER 31, 2014</b>	 <b>\$</b>	 <b><u>30,509</u></b>

**Developers Escrow Fund**  
**Statement of Additions Received and Deductions Paid**  
**Modified Cash Basis**  
**For the Year Ended December 31, 2014**

<b>DUE TO DEVELOPERS/GENERAL FUND - JANUARY 1, 2014</b>	<b>\$</b>	<b>280,252</b>
 <b>ADDITIONS RECEIVED:</b>		
Receipts from Developers	145,263	
Interest Earnings	-	<u>145,263</u>
 <b>DEDUCTIONS PAID:</b>		
Legal	25,259	
Consulting Fees	15,275	
Engineering	71,720	
Township Expenses	12,519	
Applicant Refunds	58,481	
Miscellaneous	<u>20,540</u>	
<b>TOTAL DEDUCTIONS PAID</b>		<u><b>203,794</b></u>
 <b>DUE TO DEVELOPERS/GENERAL FUND - DECEMBER 31, 2014</b>	 <b>\$</b>	 <b><u>221,721</u></b>