

**REPORT ON
LOWER SAUCON TOWNSHIP
BETHLEHEM, PA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

LOWER SAUCON TOWNSHIP
Financial Statements - Modified Cash Basis
For the Year Ended December 31, 2021

TABLE OF CONTENTS

	<u>PAGE (S)</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 12
 BASIC FINANCIAL STATEMENTS	
Governmental-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet - All Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds	16
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - Budget and Actual - General Fund	19
Notes to Financial Statements	20 - 44
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	45 - 46
 Required Supplemental Information	
Schedules of Funding Progress - Pension Funds	47
Schedule of Changes in Net Pension Liability, Related Ratios, and Investment Returns – Police Pension Fund	48
Schedule of Changes in Net Pension Liability, Related Ratios, and Investment Returns – Non-Uniformed Pension Fund	49
 Individual Statements	
General Fund	50 - 53
Special Tax Fund	54
Capital Fund	55
Developers Escrow Fund	55
Sewage Enforcement Escrow Fund	56



June 2, 2022

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

INDEPENDENT AUDITOR'S REPORT

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – 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, 2021 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 for Opinions

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

Emphasis of Matter

As discussed in Note 15 to the financial statements, the United States is currently operating under a state of national emergency due to the coronavirus pandemic. Our opinion is not modified with respect to this matter.

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.

LOWER SAUCON TOWNSHIP

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- a) Exercise professional judgment and maintain professional skepticism throughout the audit.
- b) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- c) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lower Saucon Township's internal control. Accordingly, no such opinion is expressed.
- d) Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- e) Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower Saucon Township's ability to continue as a going concern for a reasonable period of time.

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

LOWER SAUCON TOWNSHIP

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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 2, 2022, 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.

June 2, 2022

LOWER SAUCON TOWNSHIP
Bethlehem, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
For the Year Ended December 31, 2021

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, 2021. 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 \$4,994,783 including special and extraordinary items.

As of December 31, 2021 and 2020, the outstanding debt of Lower Saucon Township is \$0 and \$0, respectively.

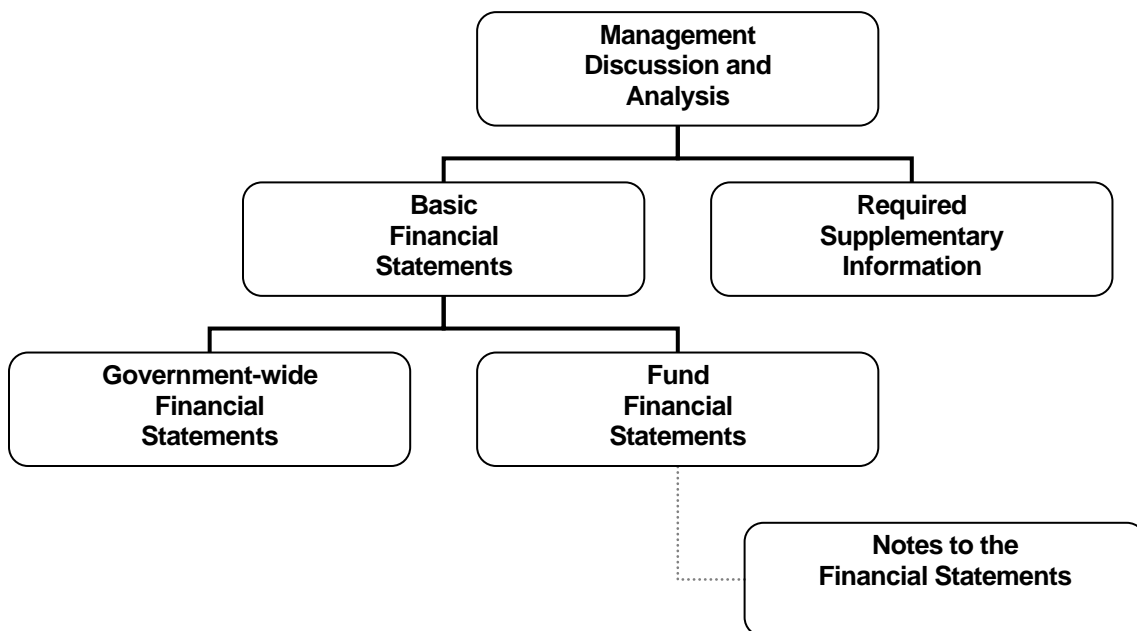
LOWER SAUCON TOWNSHIP
Management's Discussion and Analysis (MD&A)

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.

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

Table 1 - Required Components of Lower Saucon Township's Financial Report



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

Table 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.

Table 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 custodian to someone else's resources – Developers Escrow Fund and Sewage Enforcement 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)

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)

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 and the Sewage Enforcement Escrow Fund are the only custodial funds of the Township.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township's total net position (Table 3) was \$31,042,682 at December 31, 2021.

Table 3 - Net Position
Year Ended December 31, 2021 and 2020

	2021			2020		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current and Other Assets	\$ 31,089,235	\$ -	\$ 31,089,235	\$ 26,094,898	\$ -	\$ 26,094,898
Current and Other Liabilities	\$ 46,553	\$ -	\$ 46,553	\$ 46,999	\$ -	\$ 46,999
NET POSITION						
Capital Projects	3,953,304	-	3,953,304	2,730,982	-	2,730,982
Unrestricted	27,089,378	-	27,089,378	23,316,917	-	23,316,917
TOTAL NET POSITION	\$ 31,042,682	\$ -	\$ 31,042,682	\$ 26,047,899	\$ -	\$ 26,047,899

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 4 takes the information from the statements, rearranges it slightly, so that you can see our total revenues and expenses for the year.

Table 4 – Change in Net Position
Year Ended December 31, 2021 and 2020

	2021			2020		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
REVENUES						
<i>Program Revenues</i>						
Charges for Services	\$ 2,684,586	\$ -	\$ 2,684,586	\$ 2,924,173	\$ -	\$ 2,924,173
Operating Grants and Contributions	1,623,343	-	1,623,343	765,574	-	765,574
Capital Grants and Contributions	675,889	-	675,889	505,527	-	505,527
<i>General Revenues:</i>						
Property Taxes	2,341,808	-	2,341,808	2,893,013	-	2,893,013
Other Taxes	5,422,827	-	5,422,827	4,790,706	-	4,790,706
Grants, Subsidies & Contributions Not Restricted	7,735	-	7,735	14,998	-	14,998
Investment Earnings	66,255	-	66,255	115,188	-	115,188
Other Revenue	68,675	-	68,675	32,924	-	32,924
TOTAL REVENUES	12,891,118	-	12,891,118	12,042,103	-	12,042,103
EXPENSES						
<i>Governmental Activities</i>						
General Government	1,304,445	-	1,304,445	1,556,530	-	1,556,530
Public Safety	3,760,160	-	3,760,160	3,701,894	-	3,701,894
Health and Human Services	4,751	-	4,751	3,465	-	3,465
Public Works	1,702,282	-	1,702,282	1,639,486	-	1,639,486
Culture and Recreation	239,192	-	239,192	189,759	-	189,759
Community Development	468,942	-	468,942	88,951	-	88,951
Insurance	116,266	-	116,266	109,258	-	109,258
Employee Benefits	300,297	-	300,297	303,599	-	303,599
TOTAL EXPENSES	7,896,335	-	7,896,335	7,592,942	-	7,592,942
Increase (Decrease) in Net Position	\$ 4,994,783	\$ -	\$ 4,994,783	\$ 4,449,161	\$ -	\$ 4,449,161

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

DEBT ADMINISTRATION

As of January 1, 2021, the Township had a total outstanding debt of \$0. As of December 31, 2021, the Township had a total outstanding debt of \$0.

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 (Table 5), original to final is provided in this report. Below is a summarized version of the budget comparison.

Table 5 - Budgetary Comparison 2021 and 2020

2021				
	Budgeted	Budget	Actual	Variances with
	Original	Amounts Final	(Budgetary	Final Budget
			Basis)	Positive
				(Negative)
Revenues	\$ 8,105,936	\$ 8,105,936	\$ 9,895,050	\$ 1,789,114
Expenditures	7,529,904	8,431,223	7,650,043	781,180
Net Change in Fund Balance	576,032	(325,287)	2,245,007	2,570,294
Fund Balance - January 1, 2021	(576,032)	325,287	11,467,259	11,141,972
Fund Balance - December 31, 2021	\$ -	\$ -	\$ 13,712,266	\$ 13,712,266

2020				
	Budgeted	Budget	Actual	Variances with
	Original	Amounts Final	(Budgetary	Final Budget
			Basis)	Positive
				(Negative)
Revenues	\$ 8,497,122	\$ 8,497,122	\$ 9,626,774	\$ 1,129,652
Expenditures	7,584,681	8,161,127	7,426,108	735,019
Net Change in Fund Balance	912,441	335,995	2,200,666	1,864,671
Fund Balance - January 1, 2020	(912,441)	(335,995)	9,266,593	9,602,588
Fund Balance - December 31, 2020	\$ -	\$ -	\$ 11,467,259	\$ 11,467,259

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

Economic Factors and Next Year's Budgets and Rates

FINANCIAL HIGHLIGHTS

General Fund receipts were \$2,245,007 more than expenses in 2021, primarily due to an increase in Host Fees in the amount of \$181,232 than budgeted, an additional \$678,178 in Enabling Taxes and the Township received \$567,202 under the American Rescue Plan Act. In addition, the Township received \$259,616 more in dividends from self-funded medical insurance, Workman's Compensation, and general liability insurance plans.

The Township had excess of revenue in 2021 in the amount of \$2,200,000 Council approved \$700,000 to the Capital Fund for MS4 projects and \$1,500,000 to the Operational Reserves.

The Township did not incur much loss due to the pandemic. Council did provide bonus to staff who worked through the pandemic and also funded some 501(c)3's with the ARPA (American Rescue Plan) funds.

As the Bethlehem Landfill's lifespan approaches its expiration having completed their fourth year of the estimated five-year remaining operational life, Council appropriated funding be set aside in both the Operational Reserve and Capital funds to maintain future operations should the landfill close. Management and staff continue to monitor General Fund revenue and expenses to ensure we are in compliance with the Fund Balance Policy approved by Council and to provide Council with the most cost-effective ways to improve and maintain services to the residents.

In 2021, some of the pervious grants awarded were closed. These include police radio purchases, modifications made to Seidersville Hall, development of the Active Transportation Plan, improvements to municipal parks for more inclusive play, and the water line replacement at Town Hall.

The Township received \$473,043 in State Liquid Fuel funding which was \$12,271 more than anticipated, but less than the prior year. With that funding, roadwork was complete totaling \$101,000, \$72,000 was spent for salt and cinder for snow plowing purposes, and the Township purchased a new loader.

In 2021, the Earned Income Tax (EIT) generated \$1,547,281 to be used toward the purchase and maintenance of open space properties. This is the final year of the referendum. The Township will receive some funding next year to close the 2021 tax filing. The Township has over 11 million in the fund for future acquisitions and any other expenses permitted under Act 115 and Township ordinances.

Lower Saucon Township Council continues to support the local Fire Volunteer Companies as they are in the process of merging. Decreasing the tax millage to .75 mills; the Township holds \$916,988 to help support the purchase of equipment for Lower Saucon Fire Rescue.

In 2021, the Township continued upgrades and repairs to Seidersville Hall and approved the contract of an appointed Tax Collector who will have their required Northampton County/Saucon Valley School District office in Seidersville Hall. Council supported the transition of streamlining tax collection services for the district.

The Township continues to set aside funding for stormwater, MS4 projects, and road infrastructure improvements. The MS4 permit guidelines have been identified and the Township engineers will evaluate the areas most needed to be brought into compliance. Hanover Engineering was directed to inspect Township bridges and develop a maintenance and repair plan. Permits and PP&L pole relocations are being undertaken for the replacement of the Lower Saucon Road Bridge and funding will be secured for the replacement of a culvert on Reading Drive.

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

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 Interim Township Manager, Peter Marshall, 3700 Old Philadelphia Pike, Bethlehem, PA 18015, phone (610) 865-3291, email: manager@lowersaucontownship.org.

BASIC FINANCIAL STATEMENTS

LOWER SAUCON TOWNSHIP
Statement of Net Position – Modified Cash Basis
As of December 31, 2021

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 26,692,969	\$ -	\$ 26,692,969	\$ 4,274,662
Investments	4,396,266	-	4,396,266	127,119
Internal Balances	-	-	-	(1) -
Other Receivables	-	-	-	-
TOTAL CURRENT ASSETS	31,089,235	-	31,089,235	4,401,781
NON-CURRENT ASSETS:				
Restricted Cash and Cash Equivalents	-	-	-	9,660
TOTAL NON-CURRENT ASSETS	-	-	-	9,660
TOTAL ASSETS	\$ 31,089,235	\$ -	\$ 31,089,235	\$ 4,411,441
DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -
LIABILITIES				
CURRENT LIABILITIES:				
Internal Balances	\$ -	\$ -	-	(1) \$ -
Other Payables	46,553	-	46,553	-
Due to Developers	-	-	-	10,493
TOTAL CURRENT LIABILITIES	46,553	-	46,553	10,493
TOTAL LIABILITIES	46,553	-	46,553	10,493
DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -
NET POSITION				
Reserved for Capital Projects	3,953,304	-	3,953,304	-
Unrestricted	27,089,378	-	27,089,378	4,400,948
TOTAL NET POSITION	\$ 31,042,682	\$ -	\$ 31,042,682	\$ 4,400,948

(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, 2021

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	
GOVERNMENTAL ACTIVITIES:								
General Government	\$ 1,304,445	\$ 129,810	\$ -	\$ -	\$ (1,174,635)	\$ -	\$ (1,174,635)	
Public Safety	3,760,160	205,839	889,260	-	(2,665,061)	-	(2,665,061)	
Health and Human Services	4,751	-	-	-	(4,751)	-	(4,751)	
Public Works	1,702,282	2,213,807	40,000	523,650	1,075,175	-	1,075,175	
Culture and Recreation	239,192	135,130	-	-	(104,062)	-	(104,062)	
Community Development	468,942	-	-	152,239	(316,703)	-	(316,703)	
Insurance	116,266	-	-	-	(116,266)	-	(116,266)	
Employee Benefits	300,297	-	694,083	-	393,786	-	393,786	
TOTAL GOVERNMENTAL ACTIVITIES	7,896,335	2,684,586	1,623,343	675,889	(2,912,517)	-	(2,912,517)	
BUSINESS-TYPE ACTIVITIES:								
No Activities	-	-	-	-	-	-	-	
TOTAL PRIMARY GOVERNMENT	\$ 7,896,335	\$ 2,684,586	\$ 1,623,343	\$ 675,889	\$ (2,912,517)	\$ -	\$ (2,912,517)	
COMPONENT UNITS:								
Lower Saucon Authority	\$ 1,897,784	\$ 2,012,325	\$ -	\$ -				\$ 114,541
GENERAL REVENUES:								
Property Taxes Levied for General Purposes, Net					\$ 2,341,808	\$ -	\$ 2,341,808	\$ -
Other Taxes for General Purposes					5,422,827	-	5,422,827	-
Grants, Subsidies, & Contributions Not Restricted					7,735	-	7,735	-
Investment Earnings					66,255	-	66,255	3,418
Miscellaneous Income					68,675	-	68,675	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					7,907,300	-	7,907,300	3,418
CHANGE IN NET POSITION					4,994,783	-	4,994,783	117,959
NET POSITION - BEGINNING					26,047,899	-	26,047,899	4,282,989
NET POSITION - ENDING					\$ 31,042,682	\$ -	\$ 31,042,682	\$ 4,400,948

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, 2021

	<u>GENERAL</u>	<u>SPECIAL TAX FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 11,820,137	\$ 10,872,975	\$ 3,999,857	\$ 26,692,969
Investments	1,892,129	2,504,137	-	4,396,266
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	-
TOTAL ASSETS	<u>\$ 13,712,266</u>	<u>\$ 13,377,112</u>	<u>\$ 3,999,857</u>	<u>\$ 31,089,235</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Due to Other Funds	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Other Payables	-	-	46,553	46,553
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>46,553</u>	<u>46,553</u>
<u>FUND BALANCES:</u>				
- Nonspendable	-	-	-	-
- Restricted	-	13,377,112	-	13,377,112
- Committed	-	-	-	-
- Assigned	-	-	3,953,304	3,953,304
- Unassigned	13,712,266	-	-	13,712,266
TOTAL FUND BALANCES	<u>13,712,266</u>	<u>13,377,112</u>	<u>3,953,304</u>	<u>31,042,682</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,712,266</u>	<u>\$ 13,377,112</u>	<u>\$ 3,999,857</u>	<u>\$ 31,089,235</u>

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, 2021

<u>REVENUES</u>	<u>GENERAL</u>	<u>SPECIAL TAX FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Taxes	\$ 5,751,915	\$ 1,890,350	\$ -	\$ 7,642,265
Licenses and Permits	122,220	-	-	122,220
Fines and Forfeits	40,182	-	-	40,182
Intergovernmental	980,354	473,043	393,704	1,847,101
Charges for Services	2,458,651	54,102	123,255	2,636,008
Investment Earnings	28,492	36,776	987	66,255
Miscellaneous	53,563	-	-	53,563
TOTAL REVENUES	<u>9,435,377</u>	<u>2,454,271</u>	<u>517,946</u>	<u>12,407,594</u>
<u>EXPENDITURES</u>				
CURRENT:				
General Government	1,232,819	13,630	57,995	1,304,444
Public Safety	3,536,675	135,313	88,172	3,760,160
Health and Human Services	4,751	-	-	4,751
Public Works	1,285,160	318,932	98,190	1,702,282
Culture and Recreation	209,075	-	30,117	239,192
Community Development	-	468,942	-	468,942
Miscellaneous	-	-	-	-
Insurance	116,266	-	-	116,266
Employee Benefits	300,297	-	-	300,297
DEBT SERVICE:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	<u>6,685,043</u>	<u>936,817</u>	<u>274,474</u>	<u>7,896,334</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,750,334</u>	<u>1,517,454</u>	<u>243,472</u>	<u>4,511,260</u>
OTHER FINANCING SOURCES (USES)				
Refund of Prior Year Outflows	459,616	-	-	459,616
Sale of Fixed Assets	57	10,000	13,850	23,907
Interfund Transfers In	-	-	965,000	965,000
Interfund Transfers Out	(965,000)	-	-	(965,000)
TOTAL OTHER FINANCING SOURCES	<u>(505,327)</u>	<u>10,000</u>	<u>978,850</u>	<u>483,523</u>
NET CHANGE IN FUND BALANCES	2,245,007	1,527,454	1,222,322	4,994,783
FUND BALANCES - BEGINNING	<u>11,467,259</u>	<u>11,849,658</u>	<u>2,730,982</u>	<u>26,047,899</u>
FUND BALANCES - ENDING	<u>\$ 13,712,266</u>	<u>\$ 13,377,112</u>	<u>\$ 3,953,304</u>	<u>\$ 31,042,682</u>

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 Fiduciary Net Position - Modified Cash Basis
As of December 31, 2021

	CUSTODIAL (SEWAGE ENFORCEMENT ESCROW) FUND	CUSTODIAL (DEVELOPERS ESCROW) FUND
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 29,852	\$ 270,194
Investments	-	-
Due from Other Funds	-	-
Other Receivables	-	-
TOTAL ASSETS	<u><u>\$ 29,852</u></u>	<u><u>\$ 270,194</u></u>
 LIABILITIES		
Due to Other Funds	\$ -	\$ -
Due to Developers	-	-
Pension Fund Liability	-	-
Accrued Investment Expense	-	-
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>-</u></u>
 NET POSITION		
Restricted for:		
Individuals, Organizations, and Other Governments	<u>29,852</u>	<u>270,194</u>
TOTAL NET POSITION	<u><u>\$ 29,852</u></u>	<u><u>\$ 270,194</u></u>

The accompanying notes are an integral part of these financial statements.

LOWER SAUCON TOWNSHIP
Statement of Changes in Fiduciary Net Position – Modified Cash Basis
Year Ended December 31, 2021

	CUSTODIAL (SEWAGE ENFORCEMENT ESCROW) FUND	CUSTODIAL (DEVELOPERS ESCROW) FUND
	<u> </u>	<u> </u>
<u>ADDITIONS</u>		
Receipts from Developers	\$ 46,303	\$ 209,331
Interest Earnings	-	-
TOTAL ADDITIONS	<u>46,303</u>	<u>209,331</u>
<u>DEDUCTIONS</u>		
Legal	\$ -	\$ 28,901
Engineering	16,451	103,442
Applicant Refunds	-	70,153
TOTAL DEDUCTIONS	<u>16,451</u>	<u>202,496</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	\$ 29,852	\$ 6,835
NET POSITION - BEGINNING	<u>-</u>	<u>263,359</u>
NET POSITION - ENDING	<u>\$ 29,852</u>	<u>\$ 270,194</u>

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, 2021

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGET TO MODIFIED CASH DIFFERENCE	ACTUAL AMOUNTS MODIFIED CASH BASIS
	ORIGINAL	FINAL				
RESOURCES (INFLOWS):						
Taxes	\$ 5,065,940	\$ 5,065,940	\$ 5,751,915	\$ 685,975	\$ -	\$ 5,751,915
Licenses and Permits	118,252	118,252	122,220	3,968	-	122,220
Fines and Forfeits	50,800	50,800	40,182	(10,618)	-	40,182
Intergovernmental	385,844	385,844	980,354	594,510	-	980,354
Charges for Services	2,254,600	2,254,600	2,458,651	204,051	-	2,458,651
Miscellaneous	5,000	5,000	53,563	48,563	-	53,563
Interest Received	25,000	25,000	28,492	3,492	-	28,492
Refund of Prior Year Outflows	200,000	200,000	459,616	259,616	-	459,616
Sale of Fixed Assets	500	500	57	(443)	-	57
Transfers from Other Funds	-	-	-	-	-	-
TOTAL RESOURCES	8,105,936	8,105,936	9,895,050	1,789,114	-	9,895,050
CHARGES TO APPROPRIATIONS (OUTFLOWS):						
General Government:						
Legal	226,800	226,800	165,225	61,575	-	165,225
Mayor, Legislative, Borough Manager	519,254	530,328	456,138	74,190	-	456,138
Finance and Accounting	278,514	283,897	261,011	22,886	-	261,011
Data Processing	18,600	18,600	8,346	10,254	-	8,346
Engineering	117,310	132,310	133,365	(1,055)	-	133,365
Buildings and Plant	293,706	293,706	208,734	84,972	-	208,734
Public Safety:						
Police	3,045,659	3,115,284	2,873,372	241,912	-	2,873,372
Fire	395,306	445,306	419,718	25,588	-	419,718
Inspections	260,804	266,187	241,240	24,947	-	241,240
Other	5,000	5,000	2,345	2,655	-	2,345
Health and Human Services:						
Dog Control	6,000	6,000	4,751	1,249	-	4,751
Public Works:						
Public Works Administration	78,935	81,435	81,434	1	-	81,434
Sanitation and Recycling	34,300	34,300	33,649	651	-	33,649
Street Maintenance and Lighting	1,299,874	1,332,478	1,170,077	162,401	-	1,170,077
Culture and Recreation:						
Parks	131,278	141,028	108,811	32,217	-	108,811
Library	100,264	100,264	100,264	-	-	100,264
Non-Departmental:						
Miscellaneous	20,000	20,000	-	20,000	-	-
Debt Service	-	-	-	-	-	-
Insurance	269,000	269,000	116,266	152,734	-	116,266
Employee Benefits	162,300	162,300	300,297	(137,997)	-	300,297
Refund of Prior Year Inflows	2,000	2,000	-	2,000	-	-
Transfer to Other Funds	265,000	965,000	965,000	-	-	965,000
TOTAL CHARGES TO APPROPRIATIONS	7,529,904	8,431,223	7,650,043	781,180	-	7,650,043
Excess (Deficiency) of Inflows Over Outflows	576,032	(325,287)	2,245,007	2,570,294	-	2,245,007
FUND BALANCE - JANUARY 1, 2021	(576,032)	325,287	11,467,259	11,141,972	-	11,467,259
FUND BALANCE - DECEMBER 31, 2021	\$ -	\$ -	\$ 13,712,266	\$ 13,712,266	\$ -	\$ 13,712,266

The accompanying notes are an integral part of these financial statements.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

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, 2021

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, 2021

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 Fund

The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major equipment and facilities. The Township has one Capital Project Fund consisting of the Capital Fund.

Special Revenue Fund

The Township has one major special revenue fund consisting of the Special Tax 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.

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 custodial 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. Custodial funds are custodial in nature and with the implementation of GASB Statement No. 84 involve the measurement of results of operations. The Township has two Custodial Funds consisting of the Developers Escrow Fund and the Sewage Enforcement Escrow Fund.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

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,
- 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.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

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 / Special Assessments

The total taxable assessed real estate valuation for the year ended 2021 is \$455,376,100 at a rate of 5.14 mills that includes a .75 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. The State provided local governments with an option to modify their tax collection procedures, which Lower Saucon Township chose to enact by waving the 10% penalty until December 31, 2021. Delinquent real estate taxes are generally lien by January 1 of the following year.

The Township collects .25% of the Earned Income Tax Assessment for Open Space Preservation.

I. Net Position/Fund Balance Classifications

Net Position

Net position is reported as restricted when their limitations imposed on use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Township applies restricted resources first when an expense is incurred for purposed for which both restricted and unrestricted net assets are available.

Fund Balance

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.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

- **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.

J. Implementation of New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following standards that were scheduled to take effect for calendar year 2021:

GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – Effective date postponed one year by GASB 95

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

GASB Statement No. 98, *The Annual Comprehensive Financial Report*

The Township has already adopted and implemented all applicable above referenced Statements.

K. Future Changes in Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following standards with future effective dates:

GASB Statement 87, *Leases* – Effective date postponed 18 months by GASB 95– Effective for calendar year 2022

GASB Statement 91, *Conduit Debt Obligations* – Effective date postponed one year by GASB 95 – Effective for calendar year 2022

GASB Statement 92, *Omnibus 2020* – Effective date postponed one year by GASB 95 – Effective for calendar year 2022

GASB Statement 93, *Replacement of Interbank Offered Rates* – Effective date postponed one year by GASB 95 – Various portions effective in calendar year 2021 and 2022

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* - Effective for calendar year 2023

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* - Effective for calendar year 2023

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* - Effective for calendar year 2022 (with certain pension reporting requirements effective immediately)

The Township will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable.

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, 2021.

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, 2021, \$30,644,795 of the Township's bank balance of \$31,644,795 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	30,644,795
TOTAL	<u>\$ 30,644,795</u>

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

Reconciliation to Financial Statements

Uninsured Amount Above	\$ 30,644,795
Plus: Insured Amount	1,000,000
Deposit in Transit	-
Less: Outstanding Checks	<u>(260,516)</u>
Carrying Amount - Bank Balances	31,384,279
Plus: Petty Cash	300
Deposits in Investment Pool Considered Cash Equivalents	4,702
Less: Certificates of Deposit considered Investment by the Township	<u>(4,396,266)</u>
TOTAL CASH PER FINANCIAL STATEMENTS	<u>\$ 26,993,015</u>

Restricted Cash

The cash balance includes \$270,194 held as developer's escrow funds and \$29,852 held as sewage enforcement escrow funds. These funds are held by the Township to guarantee the completion of various construction projects by the developers and for sewage enforcement.

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, 2021, \$3,244,193 of the Authority's bank balance of \$3,494,193 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	<u>3,244,193</u>
TOTAL	<u>\$ 3,244,193</u>

Reconciliation to Financial Statements

Uninsured Amount Above	\$ 3,244,193
Plus: Insured Amount	250,000
Deposit in Transit	(6,155)
Less: Outstanding Checks	<u>-</u>
Carrying Amount - Bank Balances	3,488,038
Plus: Petty Cash	700
Deposits in Investment Pool Considered Cash Equivalents	922,703
Less: Certificates of Deposit considered Investment by the Township	<u>(127,119)</u>
TOTAL CASH PER FINANCIAL STATEMENTS	<u>\$ 4,284,322</u>

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

Restricted Cash

Cash and Cash equivalents have been categorized on the financial statements as either unrestricted or restricted. The restricted cash balance includes \$9,660 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 primary government funds are defined in the Township Code, as Amended by Act 10 of 2016, 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.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

- The investments of the company are the authorized investments listed above.
 - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
 - The investment company is rated in the highest category by a nationally recognized rating agency.
11. Savings or demand deposits placed in accordance with the following conditions:
- The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
 - The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, or the account of the public corporation or municipal authority.
 - The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
 - On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

As of December 31, 2021, the Township had the following investments:

<i>Investment</i>	<i>Maturities</i>	<i>Fair Value</i>
PA Local Government Investment Trust		\$ 4,702
Certificate of Deposit	12-24 Months	4,396,266
TOTAL		\$ 4,400,968

Fair Value Reporting

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All investments of the Township and its component unit are classified as Level 1 investments.

Interest Rate Risk

The Township has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's investments are in Certificates of Deposit at Embassy Bank as of December 31, 2021.

Credit Risk

The Township has an investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2021, the Township's investment in the PA Local Government Investment Trust was rated AAA by Standard & Poors.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

Concentration of Credit Risk

The Township places a limit on the amount the Township may invest in any one issuer. Of the Township's investment, 100% is in Certificates of Deposit at Embassy Bank as of December 31, 2021.

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	\$	4,400,968
Less: Deposits in Investment Pool Considered Cash Equivalents		<u>(4,702)</u>
TOTAL INVESTMENTS PER FINANCIAL STATEMENTS	\$	<u>4,396,266</u>

Component Unit

As of December 31, 2021, the Authority had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
PA Local Government Investment Trust		\$ 922,703
Certificate of Deposit	12 Months	<u>127,119</u>
TOTAL		<u>\$ 1,049,822</u>

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.

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 with the PA Local Government Investment Trust.

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.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

Reconciliation to Financial Statements

Total Investments Above	\$ 1,049,822
Less: Deposits in Investment Pool Considered Cash Equivalents	<u>(922,703)</u>
TOTAL INVESTMENTS PER FINANCIAL STATEMENTS	<u>\$ 127,119</u>

Note 6 – Long-Term Debt Commitments

Lower Saucon Township had no long-term obligations as of December 31, 2021.

Note 7 - Pension Plans

NON-UNIFORMED PENSION PLAN

Plan Description

Plan Administration

The Township of Lower Saucon Non-Uniformed Pension Plan is a single employer defined benefit pension plan covering the full-time Non-Uniformed employees. The Plan was established effective June 20, 1979 and entered into a custodial agreement with the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT). The Plan is governed by the Township Council. The Township Council has delegated the Authority to manage Plan assets to the PSABMRT.

Plan Membership

As of December 31, 2021, membership consisted of:

Inactive Plan Members Currently Receiving Benefits	6
Inactive Plan Members entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>20</u>
TOTAL PLAN MEMBERSHIP	<u>28</u>

Benefits Provided

The following is a summary of the Plan benefit provisions:

- Eligibility Requirements:
 - Normal Retirement: Age 65 with 5 years of service.
 - Early Retirement: 10 years of service.
 - Vesting: 100% after 5 years of service.
- Retirement Benefit:
 - 1.75% of final 36 months compensation multiplied by the member's benefits service.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

- Survivor Benefit:
 - \$5,000 lump sum death benefit.
- Disability Benefit Service & Non-Service Related:
 - Immediate vesting in accrued pension and eligible for an immediate monthly pension equal to the amount of monthly income that can be purchased with a single premium annuity with the funds available from the member's vested accrued pension.
- Post Retirement Adjustments:
 - None.
- Member Contributions (Based on 2017 requirements):
 - Amount or Rate: 1% of compensation for salary employees,
1.5% of compensation for hourly employees.
 - Interest Rate Credited to Member Contributions: 5%.

Contributions and Funding Policy

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for Pennsylvania municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

As a condition of participation, full-time salary employees are required to contribute 1.0% and full-time hourly employees are required to contribute 1.5% of compensation to the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement. In accordance with Act 205, as amended, the Township was required to contribute to the Plan for the year 2021 as shown in the exhibit below:

Financial Requirement and Minimum Municipal Obligation Budget for 2021:

Total Annual Payroll	\$ 1,067,160
Normal Cost as a Percentage of Payroll	10.10%
Total Normal Cost	107,783
Amortization Contribution	40,730
Estimated Members' Contributions	(14,020)
Minimum Municipal Obligation	134,493
Less: Actual State Aid Deposited into Plan	(91,148)
TOTAL REQUIRED MUNICIPAL OBLIGATION	\$ 43,345

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

Three-Year Funding Trend

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2019	\$ 166,852	100.0%	0
2020	131,201	100.0%	0
2021	134,493	100.0%	0

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan pension payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The basis of accounting was changed to modified cash basis for inclusion in these financial statements.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant Plan related costs. The above expenses are allowable pension Plan expenditures in accordance with Act 205 and may be funded with Plan assets.

Adoption of Accounting Standards

GASB Statement 40, Deposit, and Investment Risk Disclosures, was effective for periods beginning after June 15, 2004. GASB Statement 67, Financial Reporting for Pension Plans, was effective for fiscal years beginning after June 15, 2013. The Plan has adopted GASB 40 in previous financial statements and GASB 67 beginning with the 2014 financial statements.

INVESTMENTS

Deposits and Investments

The deposits and investments of the Plan are held separately from those of the Township and are governed by Title 20 of the Pennsylvania Consolidated Statutes, Chapter 73 Municipalities Investments, and Section 7302.

Deposits

The Plan held no deposits that were exposed to custodial credit risk or foreign currency risk as of December 31, 2021.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

Investments

As of December 31, 2021, the Plan's investment balances were as follows:

Investment Type	Fair Value	Maturity
PSABMRT	\$ <u>3,448,548</u>	Not Applicable

Investment Policy Summary

The Plan's investment policy has been delegated to the PSABMRT in regards to the allocation of invested Plan assets. The investment policy is established and may be amended by the PSABMRT Board of Trustees. The PSABMRT provides two investment options – the Balanced Fund and the Fixed Income Fund. The investment objective of the Balanced Fund is long-term growth and income expected to earn returns comprised of long-term capital appreciation and substantial current income. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

The Balanced Fund's investment policy establishes the following target allocation across assets classes:

Asset Class	Target Allocation
U.S. Large Value	12.0%
U.S. Large Core	13.0%
U.S. Large Growth	12.0%
U.S. Small & Mid Cap Equity	8.0%
International Equity	15.0%
Fixed Income	33.0%
Real Estate	7.0%
Cash	0.0%
TOTAL	<u>100.0%</u>

Expected Real Rate of Return – 4.2%. Excludes an inflation expectation of 2.5%.

Long-Term Expected Rate of Return including Inflation – 6.7%.

The long-term expected rate of return on the Plan's investments were determined using an asset allocation study conducted by the Plan's investment management consultant in December 2021 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates or arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2021 are listed in the table above.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk, Concentration of Credit Risk, Foreign Currency Risk

The Plan held no investments that were exposed to custodial credit risk, concentration of credit risk, or foreign currency risk as of December 31, 2021.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment or a deposit. Investments in mutual funds, 2a7 like external investment pools are excluded from this requirement. The PSABMRT's formal investment policy states that the portfolio maintained in the Balanced Fund shall be broadly diversified by maturity with the maximum effective maturity of any single security not to exceed 40 years. For the Fixed Income Fund, the portfolio shall be limited to intermediate maturity instruments with effective maturities not to exceed 15 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. PSABMRT is not rated by a Nationally Recognized Statistical Rating Organization (NRSRO) such as Morningstar, Inc. (Morningstar) or Moody's Investor Services (Moody's), however PSABMRT's formal investment policy requires that any fixed income security maintained within its portfolio should be rated "BBB-" or higher at the time of purchase by a NRSRO. Asset backed securities, mortgage-backed securities, and collateralized mortgage obligations (CMOs) should be rate "AAA" (or its equivalent) at the time of purchase by a NRSRO.

PENSION LIABILITY

Net Pension Liability

The components of the net pension liability of the Plan as of December 31, 2021 were not available.

Discount Rate

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability Sensitivity

The sensitivity analysis of the net pension liability was not available.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

RECONCILIATION OF MEMBERS' CONTRIBUTIONS

Members' Contributions Deposited for 2021	\$	15,584
Less: Members' Contributions deducted from Members' Salaries		(15,584)
VARIANCE	\$	-

RECONCILIATION OF PENSION PAYMENTS

Pensions Paid from Plan for 2021	\$	93,443
Less: Pensioner Register		(93,443)
VARIANCE	\$	-

Change in Net Assets

<u>REVENUES</u>		
State Aid	\$	91,148
Employer Contributions		68,755
Employee Contributions		15,584
Investment Income Net of Investment Fees		37,365
Realized Gains on Investment Sales		136,579
Unrealized Gain (Loss) on Investments		230,123
TOTAL REVENUE	\$	579,554
<u>EXPENSES</u>		
Pension Payments		93,443
Lump Sum Payments		2,927
Administrative Fees		24,310
TOTAL EXPENDITUES		120,680
Changes in Net Assets		458,874
Net Assets - January 1, 2021		2,989,674
Net Assets - December 31, 2021	\$	3,448,548

POLICE PENSION PLAN

Plan Description

Plan Administration

The Township of Lower Saucon Police Pension Plan is a single employer defined benefit pension plan covering the full-time police officers. The plan was established effective August 1, 1979 and entered into a custodial agreement with the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT). The plan is governed by the Township Council. The Township Council has delegated the authority to manage plan assets to the PSABMRT.

**LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021**

Plan Membership

As of December 31, 2021, membership consisted of:

Inactive Plan Members Currently Receiving Benefits	7
Inactive Plan Members entitled to but not yet Receiving Benefits	-
Active Plan Members	14
TOTAL PLAN MEMBERSHIP	21

Benefits Provided

The following is a summary of the Plan benefit provisions:

- Eligibility Requirements:
 - Normal Retirement: Age 50 with 25 years of service.
 - Early Retirement: 20 years of service (Act 24).
 - Vesting: 12 years
- Retirement Benefit:
 - 50% of final 36 months' salary plus a service increment of \$100 for each year of service in excess of 25 years, up to a maximum of \$500.
- Survivor Benefit:
 - Before retirement eligibility – Refund of employee contributions with interest. After retirement eligibility – A monthly benefit equal to 50% of the pension the participant was receiving or was entitled to receive at the time of death.
- Disability Benefit Service Related:
 - 50% of the participant's monthly salary at time of disablement, offset by the Social Security Disability benefits received for the same injury, or if greater, 50% of the participant's average compensation reduced by non-workers compensation and Social Security disability so total does not exceed 75% of average compensation.
- Post Retirement Adjustments:
 - Cost of Living increase provided in accordance with Act 600. The total of all increases may not exceed 30% of the original benefit or 75% of average compensation.
- Member Contributions:
 - Amount or Rate: 2.5%.
 - Interest Rate Credited to Member Contributions: 5.0%.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

Contributions and Funding Policy

Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for Pennsylvania municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

As a condition of participation, full-time employees are required to contribute 2.5% of compensation to the Plan, other employees are not required to contribute to the Plan. This contribution is governed by the Plan's ordinances and collective bargaining agreement. In accordance with Act 205, as amended, the Township was required to contribute to the Plan for the year 2021 as shown in the exhibit below:

Financial Requirement and Minimum Municipal Obligation Budget for 2021:

Total Annual Payroll	\$ 1,431,196
Normal Cost as a Percentage of Payroll	20.6%
Total Normal Cost	294,826
Amortization Contribution	207,449
Estimated Members' Contributions	(34,368)
Minimum Municipal Obligation	467,907
Less: Actual State Aid Deposited into Plan	(143,918)
TOTAL REQUIRED MUNICIPAL OBLIGATION	\$ 323,989

Three-Year Funding Trend

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2019	\$ 396,545	100.0%	0
2020	454,698	100.0%	0
2021	467,907	100.0%	0

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan pension payments and member/employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The basis of accounting was changed to modified cash basis for inclusion in these financial statements.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant Plan related costs. The above expenses are allowable pension Plan expenditures in accordance with Act 205 and may be funded with Plan assets.

Adoption of Accounting Standards

GASB Statement 40, Deposit and Investment Risk Disclosures, was effective for periods beginning after June 15, 2004. GASB Statement 67, Financial Reporting for Pension Plans, was effective for fiscal years beginning after June 15, 2013. The Plan has adopted GASB 40 in previous financial statements and GASB 67 beginning with the 2014 financial statements.

INVESTMENTS

Deposits and Investments

The deposits and investments of the Plan are held separately from those of the Township and are governed by Title 20 of the Pennsylvania Consolidated Statutes, Chapter 73 Municipalities Investments, and Section 7302.

Deposits

The Plan held no deposits that were exposed to custodial credit risk or foreign currency risk as of December 31, 2021.

Investments

As of December 31, 2021, the Plan's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
PSABMRT	\$ <u>10,195,792</u>	Not Applicable

Investment Policy Summary

The Plan's investment policy has been delegated to the PSABMRT in regards to the allocation of invested plan assets. The investment policy is established and may be amended by the PSABMRT Board of Trustees. The PSABMRT provides two investment options – the Balanced Fund and the Fixed Income Fund. The investment objective of the Balanced Fund is long-term growth and income expected to earn returns comprised of long-term capital appreciation and substantial current income. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The plan's formal Investment Policy Statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

The Balanced Fund's investment policy establishes the following target allocation across assets classes:

Asset Class	Target Allocation
U.S. Large Value	12.0%
U.S. Large Core	13.0%
U.S. Large Growth	12.0%
U.S. Small & Mid Cap Equity	8.0%
International Equity	15.0%
Fixed Income	33.0%
Real Estate	7.0%
Cash	0.0%
TOTAL	100.0%

Expected Real Rate of Return – 4.2%. Excludes an inflation expectation of 2.5%.

Long-Term Expected Rate of Return including Inflation – 6.7%.

The long-term expected rate of return on the plan's investments were determined using an asset allocation study conducted by the plan's investment management consultant in December 2020 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates or arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2021 are listed in the table above.

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.51 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Custodial Credit Risk, Concentration of Credit Risk, Foreign Currency Risk

The Plan held no investments that were exposed to custodial credit risk, concentration of credit risk, or foreign currency risk as of December 31, 2021.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment or a deposit. Investments in mutual funds, 2a7 like external investment pools are excluded from this requirement. The PSABMRT's formal investment policy states that the portfolio maintained in the Balanced Fund shall be broadly diversified by maturity with the maximum effective maturity of any single security not to exceed 40 years. For the Fixed Income Fund, the portfolio shall be limited to intermediate maturity instruments with effective maturities not to exceed 15 years.

**LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021**

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. PSABMRT is not rated by a Nationally Recognized Statistical Rating Organization (NRSRO) such as Morningstar, Inc. (Morningstar) or Moody's Investor Services (Moody's), however PSABMRT's formal investment policy requires that any fixed income security maintained within its portfolio should be rated "BBB-" or higher at the time of purchase by a NRSRO. Asset backed securities, mortgage-backed securities, and collateralized mortgage obligations (CMOs) should be rated "AAA" (or its equivalent) at the time of purchase by a NRSRO.

PENSION LIABILITY

Net Pension Liability

The components of the net pension liability of the Plan as of December 31, 2021 were not available.

Discount Rate

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability Sensitivity

The sensitivity analysis of the net pension liability was not available.

RECONCILIATION OF MEMBERS' CONTRIBUTIONS

Members' Contributions Deposited for 2021	\$ 35,752
Less: Members' Contributions deducted from Members' Salaries	<u>(35,752)</u>
VARIANCE	<u>\$ -</u>

RECONCILIATION OF PENSION PAYMENTS

Pensions Paid from Plan for 2021	\$ 321,164
Less: Pensioner Register	<u>(321,164)</u>
VARIANCE	<u>\$ -</u>

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

Changes in Net Assets

<u>REVENUES</u>	
State Aid	\$ 143,918
Employer Contributions	391,838
Employee Contributions	35,752
Investment Income Net of Investment Fees	110,448
Realized Gains on Investment Sales	403,861
Unrealized Gain (Loss) on Investments	<u>680,514</u>
TOTAL REVENUE	\$ 1,766,331
<u>EXPENSES</u>	
Pension Payments	342,848
Administrative Fees	<u>66,589</u>
TOTAL EXPENDITURES	<u>409,437</u>
Changes in Net Assets	1,356,894
Net Assets - January 1, 2021	<u>8,838,898</u>
Net Assets - December 31, 2021	<u>\$ 10,195,792</u>

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, 2021

Note 10 - Short-Term Debt

Interfund Receivables and Payables

There were no interfund receivables or payables that existed on December 31, 2021.

Interfund Transfers

The following interfund transfers were made during the fiscal year ended December 31, 2021:

	INTERFUND TRANSFERS IN	INTERFUND TRANSFERS OUT
General Fund	\$ -	\$ 965,000
Capital (Capital Project) Fund	965,000	-
TOTAL	\$ 965,000	\$ 965,000

Note 11 – Fund Balance

Detailed information about aggregated fund balances:

Assigned Fund Balances

The assigned fund balance represents amounts intended to be used by government for specific purposes.

Capital Fund	\$ 3,953,304
TOTAL CAPITAL PROJECTS FUND	\$ 3,953,304

Restricted Fund Balances

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

Special Tax Fund	\$ 13,377,112
TOTAL	\$ 13,377,112

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. As of the date of these financial statements there was not reasonably estimable or incurred liability.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2021

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

On March 13, 2020, the President of the United States declared a national emergency concerning the novel coronavirus disease (COVID-19) outbreak.

The full impact of the coronavirus continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township's financial condition and future results of operations. Management is actively monitoring the situation and its impact on the Township's financial condition. Given the daily evolution of the coronavirus and the global responses to curb its spread, the Township is currently not able to estimate the effects of the coronavirus on its results of operations and financial condition.

While the Township considers these disruptions to be temporary, if it continues, the situation could have an adverse effect on the Township's future operations.

The subsequent events have been evaluated through June 2, 2022, which is the date of the financial statements were available to be issued.



June 2, 2022

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, 2021, which collectively comprise the Lower Saucon Township's basic financial statements and have issued our report thereon dated June 2, 2022. 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 June 2, 2022.

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.

June 2, 2022

REQUIRED SUPPLEMENTAL INFORMATION

LOWER SAUCON TOWNSHIP
Schedule of Funding Progress - Pension Funds
Required Supplemental Information
December 31, 2021

SCHEDULE OF FUNDING PROGRESS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUATION OF ASSETS	ACTUARIAL ACCRUED LIABILITY ENTRY AGE PENSION	UNFUNDED AAL	FUNDED RATIO	COVERED PAYROLL	UAAL AS A % OF COVERED PAYROLL
NON-UNIFORMED PENSION PLAN						
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%
1-1-2015	1,803,562	1,808,925	5,363	99.7%	982,041	0.5%
1-1-2017	2,166,451	2,652,299	485,848	81.7%	982,381	49.5%
1-1-2019	2,467,147	2,878,935	411,788	85.7%	956,308	43.1%
1-1-2021	2,861,092	3,225,087	363,995	88.7%	1,050,816	34.6%
POLICE PENSION PLAN						
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%
1-1-2015	5,422,624	5,991,490	568,866	90.5%	1,249,966	45.5%
1-1-2017	6,337,126	7,596,733	1,259,607	83.4%	1,261,463	99.9%
1-1-2019	7,064,920	8,449,695	1,384,775	83.6%	1,299,963	106.5%
1-1-2021	8,478,154	9,206,202	728,048	92.1%	1,501,096	48.5%

SCHEDULES OF EMPLOYER CONTRIBUTIONS

NON-UNIFORMED PENSION PLAN				POLICE PENSION PLAN		
YEAR ENDED DECEMBER 31,	ANNUAL REQUIRED CONTRIBUTION	CONTRIBUTIONS FROM EMPLOYER	PERCENTAGE CONTRIBUTED	ANNUAL REQUIRED CONTRIBUTION	CONTRIBUTIONS FROM EMPLOYER	PERCENTAGE CONTRIBUTED
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	88,962	100.0%	272,162	272,162	100.0%
2015	86,546	86,546	100.0%	278,821	278,821	100.0%
2016	83,613	83,613	100.0%	289,892	289,892	100.0%
2017	83,720	83,720	100.0%	290,414	290,414	100.0%
2018	166,018	166,018	100.0%	397,555	397,555	100.0%
2019	166,852	166,852	100.0%	396,545	396,545	100.0%
2020	131,201	131,201	100.0%	454,698	454,698	100.0%
2021	134,493	134,493	100.0%	467,907	467,907	100.0%

LOWER SAUCON TOWNSHIP
Schedule of Changes in Net Position Liability, Related Ratios, and Investment Returns
Police Pension Fund
Required Supplemental Information
December 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY								
Service Cost	\$ 306,755	\$ 273,572	\$ 267,158	\$ 240,496	\$ 235,307	\$ -	\$ -	\$ -
Interest on Total Pension Liability	607,200	589,772	556,389	530,208	500,548	-	-	-
Differences between expected and actual experience	(169,636)	(127,995)	-	(84,127)	-	-	-	-
Benefit Payments	(342,849)	(318,696)	(314,057)	(306,872)	(262,598)	-	-	-
Net Change in Total Pension Liability	401,470	416,653	509,490	379,705	473,257	1,605,243	667,699	288,718
Total Pension Liability, Beginning	9,375,838	8,959,185	8,449,695	8,069,990	7,596,733	5,991,490	5,323,791	5,035,073
Total Pension Liability, Ending (a)	\$ 9,777,308	\$ 9,375,838	\$ 8,959,185	\$ 8,449,695	\$ 8,069,990	\$ 7,596,733	\$ 5,991,490	\$ 5,323,791
FIDUCIARY NET POSITION								
State Aid	143,918	147,715	143,374	131,163	137,648	131,239	117,625	116,189
Employer Contributions	391,838	362,684	310,432	316,100	201,859	200,277	210,157	185,727
Member Contributions	35,752	35,986	32,521	31,153	30,933	27,142	25,961	27,146
Investment Income Net of Investment Expenses	1,230,882	866,318	1,079,895	(331,082)	786,723	263,993	(38,949)	315,332
Administration Costs	(102,648)	(89,047)	(54,100)	(49,225)	(47,017)	(44,440)	(42,415)	(39,921)
Benefit payments	(342,848)	(318,696)	(314,057)	(306,872)	(262,598)	(218,825)	(209,056)	(206,088)
Drop Plan Rollover to IRA	-	-	-	-	-	-	-	-
Net Change in Fiduciary Net Position	1,356,894	1,004,960	1,198,065	(208,763)	847,548	359,386	63,323	398,385
Fiduciary Net Position, Beginning	8,838,898	7,833,938	6,635,873	6,844,636	5,997,088	5,637,702	5,574,379	5,175,994
Fiduciary Net Position, Ending (b)	\$ 10,195,792	\$ 8,838,898	\$ 7,833,938	\$ 6,635,873	\$ 6,844,636	\$ 5,997,088	\$ 5,637,702	\$ 5,574,379
Net pension Liability [(a) - (b)]	\$ (418,484)	\$ 536,940	\$ 1,125,247	\$ 1,813,822	\$ 1,225,354	\$ 1,599,645	\$ 353,788	\$ (250,588)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.28%	94.27%	87.44%	78.53%	84.82%	78.94%	94.10%	104.71%
Covered Payroll	1,431,196	1,354,936	1,372,458	1,386,472	1,367,236	1,324,260	1,274,663	1,227,701
Net Pension Liability as a Percentage of Covered Payroll	-29.24%	39.63%	81.99%	130.82%	89.62%	120.80%	27.76%	-20.41%
Annual Money Weighted Return, Net of Investment Expenses	13.51%	10.67%	16.26%	-4.83%	13.10%	4.67%	-0.70%	6.09%

LOWER SAUCON TOWNSHIP
Schedule of Changes in Net Position Liability, Related Ratios, and Investment Returns
Non-Uniformed Pension Fund
Required Supplemental Information
December 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY								
Service Cost	\$ 123,298	\$ 91,862	\$ 96,408	\$ 107,168	\$ 119,423	\$ -	\$ -	\$ -
Interest on Total Pension Liability	214,513	198,614	190,836	191,073	177,721	-	-	-
Differences between expected and actual experience	(91,839)	186,320	-	(209,801)	-	-	-	-
Benefit Payments	(96,370)	(247,224)	(78,825)	(83,853)	(75,095)	-	-	-
Net Change in Total Pension Liability	149,602	229,572	208,419	4,587	222,049	843,374	341,980	56,203
Total Pension Liability, Beginning	3,316,926	3,087,354	2,878,935	2,874,348	2,652,299	1,808,925	1,466,945	1,410,742
Total Pension Liability, Ending (a)	\$ 3,466,528	\$ 3,316,926	\$ 3,087,354	\$ 2,878,935	\$ 2,874,348	\$ 2,652,299	\$ 1,808,925	\$ 1,466,945
FIDUCIARY NET POSITION								
State Aid	91,148	93,553	102,410	93,688	91,765	91,868	82,337	81,318
Employer Contributions	68,755	58,495	13,710	91,220	3,706	3,438	22,592	18,737
Member Contributions	15,584	14,551	86,713	10,165	18,438	15,917	3,907	5,080
Investment Income Net of Investment Expenses	416,262	304,941	380,676	(117,278)	267,160	89,982	(13,397)	103,054
Administration Costs	(36,505)	(33,401)	(20,827)	(18,811)	(17,747)	(16,904)	(16,011)	(14,895)
Benefit payments	(96,370)	(247,224)	(78,825)	(83,853)	(75,096)	(39,876)	(21,177)	(19,412)
Net Change in Fiduciary Net Position	458,874	190,915	483,857	(24,869)	288,226	144,425	58,251	173,882
Fiduciary Net Position, Beginning	2,989,674	2,798,759	2,314,902	2,339,771	2,051,545	1,907,120	1,848,869	1,674,987
Fiduciary Net Position, Ending (b)	\$ 3,448,548	\$ 2,989,674	\$ 2,798,759	\$ 2,314,902	\$ 2,339,771	\$ 2,051,545	\$ 1,907,120	\$ 1,848,869
Net pension Liability [(a) - (b)]	\$ 17,980	\$ 327,252	\$ 288,595	\$ 564,033	\$ 534,577	\$ 600,754	\$ (98,195)	\$ (381,924)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.48%	90.13%	90.65%	80.41%	81.40%	77.35%	105.43%	126.04%
Covered Payroll	1,067,160	1,014,758	1,088,476	1,081,034	1,052,528	1,059,570	1,053,660	1,081,446
Net Pension Liability as a Percentage of Covered Payroll	1.68%	32.25%	26.51%	52.18%	50.79%	56.70%	-9.32%	-35.32%
Annual Money Weighted Return, Net of Investment Expenses	13.50%	10.51%	16.42%	-5.01%	13.00%	4.65%	-0.71%	6.18%

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

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, 2021

REVENUES RECEIVED

TAXES:

Real Estate Taxes - Current	\$ 1,929,645	
Real Estate Taxes - Prior	16,913	
Real Estate Taxes - Current Interims	2,058	
Real Estate Taxes - Prior Interims	1,050	
Real Estate Taxes - Delinquent	49,073	
Real Estate Transfer Taxes	551,057	
Earned Income Taxes - Current	2,157,827	
Earned Income Taxes - Prior	961,745	
Emergency Municipal Service Tax - Current	63,922	
Emergency Municipal Service Tax - Prior	18,625	\$ 5,751,915

LICENSES AND PERMITS:

Franchise Fee Cable	114,825	
Junkyard Licenses	750	
Road Encroachment Permits	6,010	
Moving Permits	635	122,220

FINES AND FORFEITS:

Motor Vehicle Violations	25,713	
Fines	7,671	
Ordinance Violations	2,710	
Crimes Code Violations	3,928	
Parking Tickets	160	40,182

INTERGOVERNMENTAL:

State Grants	20,000	
Public Safety Grants	-	
Beverage Licenses	400	
Federal Grants	643,023	
Public Utility Realty Tax	7,545	
Pension State Aid	235,067	
Allotment - Fireman's Relief	74,319	980,354

CHARGES FOR SERVICES:

Subdivision Fees/Zoning Permits	2,223	
Tax Collection Services	8,880	
Duplicate Tax Bill Fees	650	
Police Services	9,050	
Accident Report Requests	3,280	
Weed Clearing and Removal	24,500	
Administrative Income	2,646	
Security Alarm Fees	1,425	
Building Permits	22,990	
Sanitation Permits	12,020	
State UCC Fees	711	
Highway and Street Charges	4,997	
Health Insurance Charges	169,094	
Compost Sales	-	
Landfill Host Fees	2,181,232	
Recreation Fees	11,875	
BRE Sales	3,078	2,458,651

INVESTMENT EARNINGS:

Interest Income		28,492
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MISCELLANEOUS:

Miscellaneous	44,768	
Donations	8,795	53,563

TOTAL REVENUE RECEIVED	\$	9,435,377
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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, 2021

EXPENDITURES PAID

GENERAL GOVERNMENT

LEGAL:

Solicitor \$ 165,225

MAYOR, LEGISLATIVE, TOWNSHIP MANAGER:

Salary 236,712
Benefits 125,081
Payroll Taxes 18,587
Pension Administration Fees 6,000
MMO Pension Obligation 25,247
General Expense 9,863
Grant Expenditures 20,625
Other Expense 3,167
Newsletter Expense 3,114
Supplies 2,182
Minor Equipment 1,096
Advertising, Printing and Postage 4,464

FINANCE AND ACCOUNTING:

Salary 127,485
Benefits 68,263
Payroll Taxes 9,972
Pension Administration Fees 4,000
MMO Pension Obligation 13,359
Payroll Services 4,235
Auditing 14,900
Bank Services 1,042
Office Materials/Supplies 799
Tax Collection Services 575
Real Estate Tax Prep/Mailing 7,460
General Expense 1,982
Contracted Services 6,939

DATA PROCESSING:

Website Operation/Maintenance 3,600
Office Equipment Maintenance 999
Equipment - Capital 1,135
Software Licenses 2,612

ENGINEER:

Engineering Services 109,349
Sewage Enforcement Officer 24,016

BUILDINGS AND PLANT:

Salary 4,947
Payroll Taxes -
Building Materials/Supplies 1,951
Heating Oil/Diesel Fuel 25,031
Gasoline 35,552
Oils/Lubricants 3,158
Communication Expense 39,016
Utilities 53,831
Maintenance/Repairs 33,466
Equipment - Capital -
Equipment Rental 11,782 \$ 1,232,819

PUBLIC SAFETY

POLICE:

Salary of Policemen	\$	1,403,503
Overtime		104,872
Salary of Clerical		54,780
Benefits		523,471
Payroll Taxes		121,657
MMO Pension Obligation		473,736
Pension Administration Fees		77,400
Uniforms		25,424
Firearms Ammunition		398
Advertising/Printing		378
Investigation Expense		2,155
Communication Equipment		254
Contracted Services		7,960
Equipment Maintenance		3,972
General Expenses		4,693
Vehicle Maintenance and Repairs		21,425
Equipment - Capital		19,042
Equipment - Non-Capital		6,022
K-9 Expenses		5,149
Training		17,081

FIRE:

Contribution to Fire Co.		202,100
Fireman's Relief		74,319
Workmen's Compensation		28,179
Contribution to Dewey Ambulance		15,000
Hydrant/Water Service		22,392
Fire and Rescue Equipment		66,667
Vehicle Expenses		10,717
General Expenses		344

INSPECTIONS:

Zoning and Administration		76,680
Salary of Clerical		54,535
Benefits		48,419
Payroll Taxes		10,040
MMO Pension Obligation		13,621
Consulting Services		21,473
Pension Administration Fees		4,000
Advertising/Printing		1,221
Minor Equipment Purchase		3,958
Vehicle Maintenance and Repairs		65
General Expenses		7,228

OTHER PUBLIC SAFETY:

Crossing Guards		<u>2,345</u>	\$	3,536,675
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HEALTH AND HUMAN SERVICES

Dog Control				4,751
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PUBLIC WORKS**PUBLIC WORKS ADMINISTRATION:**

Salary \$ 81,434

SANITATION:

Recycling Collection and Disposal 33,649

STREET MAINTENANCE AND LIGHTING:

Salaries - Highways and Streets 533,761

Overtime 36,693

Benefits 296,975

Payroll Taxes 50,870

MMO Pension Obligation 76,437

Pension Administration Fees 20,960

Road Materials 79,144

Materials/Supplies 23,782

Traffic Sign Maintenance 4,758

Vehicle Maintenance 22,953

Contracted Services 5,905

Equipment Rental 2,920

General Expenses 8,049

Equipment 6,870 \$ 1,285,160**CULTURE AND RECREATION****PARKS AND POOL:**

Maintenance/Repairs \$ 19,824

General Expenses 6,804

Contracted Services 60,222

Summer Youth Program 14,097

Senior Program -

Equipment - Capital 2,642

Equipment - Non-Capital 5,222

Pool Pass Reimbursement -

LIBRARY:Contribution 100,264 \$ 209,075**DEBT SERVICE**

Debt Principal Payments -

Debt Interest Payments - -**INSURANCE**

Business Insurance 86,506

Vehicle Insurance 29,760 116,266**EMPLOYEE BENEFITS**

Worker Compensation Insurance 141,739

Hospitalization Insurance 158,558 300,297**TOTAL EXPENDITURES PAID**6,685,043**EXCESS OF REVENUES RECEIVED****OVER EXPENDITURES PAID** 2,750,334**OTHER FINANCING SOURCES RECEIVED AND****OTHER FINANCING USES PAID**

Refund of Prior Year Expenditures \$ 459,616

Sale of Fixed Assets 57

Transfer to Other Funds (965,000) \$ (505,327)**NET CHANGE IN FUND BALANCE**

\$ 2,245,007

FUND BALANCE - JANUARY 1, 202111,467,259**FUND BALANCE - DECEMBER 31, 2021**\$ 13,712,266

LOWER SAUCON TOWNSHIP
Special Tax Fund
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance –
Modified Cash Basis
For the Year Ended December 31, 2021

FUND BALANCE - JANUARY 1, 2021 **\$ 11,849,658**

REVENUES RECEIVED

Taxes:

Fire Tax	\$	343,069
Earned Income Tax - Current Year		1,070,315
Earned Income Tax - Prior Year		476,966

Intergovernmental:

Motor Vehicle Fuel Taxes		473,043
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Investment Income:

Interest Earnings		36,776
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Charges for Services:

UGI - PennDOT Project Reimbursement		54,102
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Miscellaneous:

Donations/Contributions		-
Miscellaneous		-

Other Financing Sources:

Sale of Fixed Assets	10,000	2,464,271
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TOTAL FUNDS AVAILABLE **14,313,929**

EXPENDITURES PAID

General Government:

Bank Fees	\$	-
Legal Fees		6,260
Engineering/Planning Fees		1,170
Open Space Maintenance Funding		-
Appraisal Costs		6,200

Public Safety:

Fire Contribution		134,313
Fire Equipment Consultation		1,000

Public Works:

Traffic Signal Maintenance & Repair		2,195
Vehicle Maintenance & Repair		20,504
Highway Major Equipment		75,000
Snow Removal		71,997
Street Sign & Marking		12,686
Street Lighting		33,614
Road Materials & Supplies		1,557
Equipment and Tools Maintenance & Repair		76
PennDOT Road Projects		101,303

Community Development:

Open Space Purchase		436,592
Open Space Maintenance		32,350

Other Financing Uses:

Transfers to Other Funds	-	\$ 936,817
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FUND BALANCE - DECEMBER 31, 2021 **\$ 13,377,112**

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, 2021

FUND BALANCE - JANUARY 1, 2021		\$ 2,730,982
<u>REVENUES RECEIVED</u>		
Investment Earnings	\$ 987	
Developer Fees	123,255	
Intergovernmental:		
Grants	393,704	
Other Financing Sources:		
Sale of Fixed Assets	13,850	
Transfer from Other Funds	965,000	1,496,796
TOTAL FUNDS AVAILABLE		<u>4,227,778</u>
<u>EXPENDITURES PAID</u>		
General Government:		
Building Purchase/Improvement	57,995	
Public Safety:		
Police Capital Equipment	88,172	
Public Works:		
Vehicle Purchases	83,662	
Storm Water Improvements	14,528	
Culture and Recreation:		
Park Improvements	30,117	274,474
FUND BALANCE - DECEMBER 31, 2021		<u>\$ 3,953,304</u>

Developers Escrow Fund
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
For the Year Ended December 31, 2021

NET POSITION - JANUARY 1, 2021		\$ 263,359
ADDITIONS RECEIVED:		
Receipts from Developers	\$ 209,331	
Interest Earnings	-	209,331
DEDUCTIONS PAID:		
Legal	28,901	
Engineering	103,442	
Applicant Refunds	70,153	
TOTAL DEDUCTIONS PAID		<u>202,496</u>
NET POSITION - DECEMBER 31, 2021		<u>\$ 270,194</u>

LOWER SAUCON TOWNSHIP
Sewage Enforcement Escrow Fund
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Storm Water Improvements
For the Year Ended December 31, 2021

NET POSITION - JANUARY 1, 2021		\$	-
ADDITIONS RECEIVED:			
Receipts from Developers	\$	46,303	
DEDUCTIONS PAID:			
Engineering		<u>16,451</u>	
			<u>29,852</u>
NET POSITION - DECEMBER 31, 2021		\$	<u>29,852</u>