

**ANNUAL REPORT ON
LOWER SAUCON TOWNSHIP
BETHLEHEM, PA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**



LOWER SAUCON TOWNSHIP
Financial Statements - Modified Cash Basis
For the Year Ended December 31, 2022

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June 2, 2023

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

INDEPENDENT AUDITOR'S REPORT

Opinion

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, 2022, 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, 2022 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 Opinion

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.

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.

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.

Lower Saucon Township

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.

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

Lower Saucon Township

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, 2023, 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, 2023

LOWER SAUCON TOWNSHIP
Bethlehem, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
For the Year Ended December 31, 2022

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, 2022. 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 \$2,903,465 including special and extraordinary items.

As of December 31, 2022 and 2021, the outstanding debt of Lower Saucon Township is \$0 and \$0, respectively.

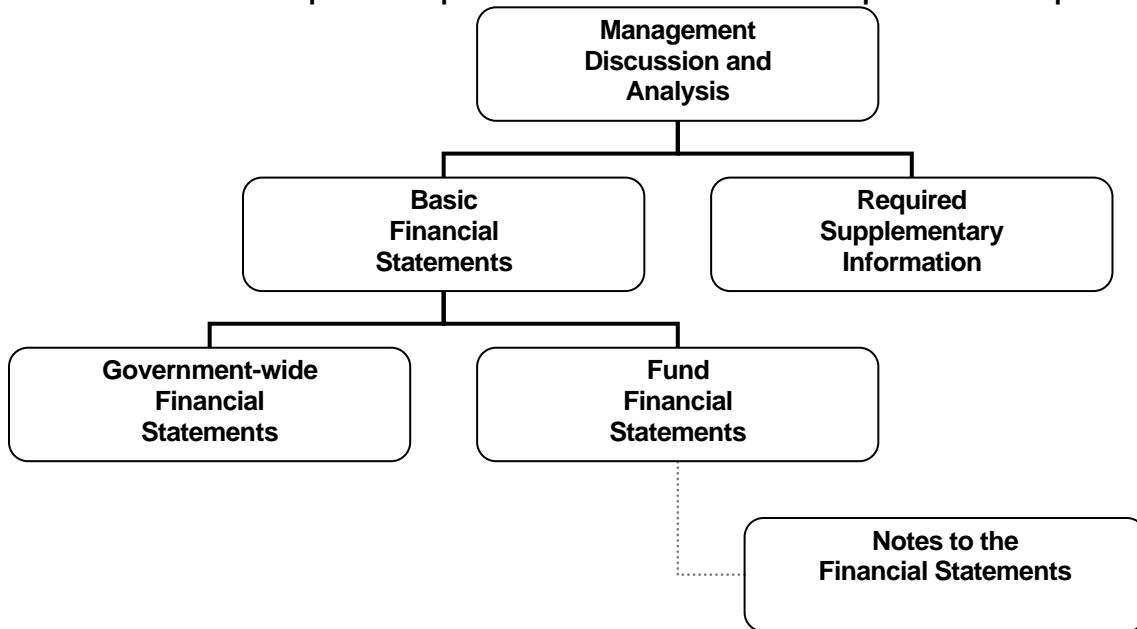
LOWER SAUCON TOWNSHIP
Management's Discussion and Analysis (MD&A)

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 13, 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, the Sewage Enforcement Escrow Fund and the On-Site Sewage Maintenance 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 \$33,946,147 at December 31, 2022.

Table 3 - Net Position
Year Ended December 31, 2022 and 2021

	2022			2021		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current and Other Assets	\$ 33,988,545	\$ -	\$ 33,988,545	\$ 31,089,235	\$ -	\$ 31,089,235
Current and Other Liabilities	\$ 42,398	\$ -	\$ 42,398	\$ 46,553	\$ -	\$ 46,553
NET POSITION						
Capital Projects	5,019,234	-	5,019,234	3,953,304	-	3,953,304
Restricted	13,812,954	-	13,812,954	13,377,112	-	13,377,112
Unrestricted	15,113,959	-	15,113,959	13,712,266	-	13,712,266
TOTAL NET POSITION	\$ 33,946,147	\$ -	\$ 33,946,147	\$ 31,042,682	\$ -	\$ 31,042,682

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, 2022 and 2021

	2022			2021		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
REVENUES						
<i>Program Revenues</i>						
Charges for Services	\$ 2,921,526	\$ -	\$ 2,921,526	\$ 2,684,586	\$ -	\$ 2,684,586
Operating Grants and Contributions	1,496,886	-	1,496,886	1,623,343	-	1,623,343
Capital Grants and Contributions	510,634	-	510,634	675,889	-	675,889
<i>General Revenues:</i>						
Property Taxes	2,303,164	-	2,303,164	2,341,808	-	2,341,808
Other Taxes	4,264,393	-	4,264,393	5,422,827	-	5,422,827
Grants, Subsidies & Contributions Not	37,040	-	37,040	7,735	-	7,735
Investment Earnings	309,330	-	309,330	66,255	-	66,255
Other Revenue	81,532	-	81,532	68,675	-	68,675
TOTAL REVENUES	11,924,505	-	11,924,505	12,891,118	-	12,891,118
EXPENSES						
<i>Governmental Activities</i>						
General Government	1,740,637	-	1,740,637	1,304,445	-	1,304,445
Public Safety	4,036,944	-	4,036,944	3,760,160	-	3,760,160
Health and Human Services	4,848	-	4,848	4,751	-	4,751
Public Works	2,362,772	-	2,362,772	1,702,282	-	1,702,282
Culture and Recreation	203,802	-	203,802	239,192	-	239,192
Community Development	265,615	-	265,615	468,942	-	468,942
Insurance	127,794	-	127,794	116,266	-	116,266
Employee Benefits	278,628	-	278,628	300,297	-	300,297
TOTAL EXPENSES	9,021,040	-	9,021,040	7,896,335	-	7,896,335
Increase (Decrease) in Net Position	\$ 2,903,465	\$ -	\$ 2,903,465	\$ 4,994,783	\$ -	\$ 4,994,783

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

DEBT ADMINISTRATION

As of January 1, 2022, the Township had a total outstanding debt of \$0. As of December 31, 2022, 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 2022 and 2021

	2022			
	Budgeted	Budget	Actual	Variances with
	Original	Amounts Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues	\$ 8,458,757	\$ 8,458,757	\$ 10,161,534	\$ 1,702,777
Expenditures	7,819,462	10,456,201	8,759,841	1,696,360
Net Change in Fund Balance	639,295	(1,997,444)	1,401,693	3,399,137
Fund Balance - January 1, 2022	(639,295)	1,997,444	13,712,266	11,714,822
Fund Balance - December 31, 2022	\$ -	\$ -	\$ 15,113,959	\$ 15,113,959

	2021			
	Budgeted	Budget	Actual	Variances with
	Original	Amounts Final	(Budgetary Basis)	Final Budget 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

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 \$2,400,715 more than expenses in 2022, we received \$588,445 more in Landfill Host Fees than budgeted, \$201,212 more from our Enabling Taxes, we received \$158,665 more in dividends payments from our Workers Compensation & our self-funded Medical Insurance providers and the township earned \$107,457 more in interest income from our investments, due to the Federal Reserve steadily increasing interest rates.

The Township did not incur significant losses due to the pandemic and received \$570,789 from the American Rescue Plan Act. Council did use some the of ARPA money to provide premium pay to staff who worked through the pandemic and earmarked funding for a baseball field construction project.

The Bethlehem Landfill has an open request in to DEP for the approval of the Northeast Realignment expansion. This is estimated to extend the life of the landfill by several years. The owners of the landfill have also secured neighboring properties and are seeking to expand the landfill.

Council continues to appropriate funding 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 Township's Fund Balance Policy approved by Council. Staff works to provide Council with cost-effective ways to improve and maintain services for our residents. Township Council approved the transfer of \$1,000,000 into the Capital Fund and \$918,463 into the Operational Reserve Fund from prior year's receipts over expenditures.

In 2022, some of the pervious awarded grants were closed including police equipment purchases, park equipment purchases, a pole building installation at the municipal complex for public works, and a 50% payment of the approved funding for the installation of a new culvert on Reading Drive.

Lower Saucon Township experienced personnel changes as the Township Manager left employment. The Township incurred more in legal fees as the solicitor was utilized often to assist the interim Manager until a replacement was hired.

Lower Saucon Township Council also approved an unplanned expense to repave and repair storm drains in the Saucon Terrace Development this project was approved in the amount of \$1,070,793. The Lower Saucon Road Bridge replacement project completed totaling \$421,565. Public Works repaired the Old Philadelphia Pike Bridge and continues to work on Black River Road and Reading Drive culvert installation. The Township applied for grant funding for Town Hall Park Playground replacement and Easton Road Ballfield for improvements

The Township received \$477,029 in State Liquid Fuel funding which was \$3,986 was more than anticipated. With that funding, roadwork was completed totaling \$301,278, \$84,300 was issued towards the Lower Saucon Road Bridge installation project, \$94,798 was spent for salt and cinders for snow plowing purposes, and the Township ordered the equipment that was budgeted. Due to inventory and production issues vehicles and large equipment ordered in 2022 was not received and is expected to be delivered in 2023.

In 2022, the Open Space Earned Income Tax (EIT) generated \$530,051 to be used toward the purchase and maintenance of open space properties. This is the final quarter receipts of the referendum. Property on Leithsville Road was conserved in 2022. 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
Management's Discussion and Analysis (MD&A)

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 \$1,078,160 to help support the purchase of equipment for Lower Saucon Fire Rescue.

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.

FINANCIAL STATEMENTS

LOWER SAUCON TOWNSHIP
Statement of Net Position – Modified Cash Basis
As of December 31, 2022

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 29,582,805	\$ -	\$ 29,582,805	\$ 2,658,720
Investments	4,405,740	-	4,405,740	1,627,489
Internal Balances	-	-	-	(1) -
Other Receivables	-	-	-	-
TOTAL CURRENT ASSETS	33,988,545	-	33,988,545	4,286,209
NON-CURRENT ASSETS:				
Restricted Cash and Cash Equivalents	-	-	-	15,965
TOTAL NON-CURRENT ASSETS	-	-	-	15,965
TOTAL ASSETS	\$ 33,988,545	\$ -	\$ 33,988,545	\$ 4,302,174
DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -
LIABILITIES				
CURRENT LIABILITIES:				
Internal Balances	\$ -	\$ -	\$ -	(1) \$ -
Other Payables	42,398	-	42,398	-
Due to Developers	-	-	-	16,798
TOTAL CURRENT LIABILITIES	42,398	-	42,398	16,798
TOTAL LIABILITIES	42,398	-	42,398	16,798
DEFERRED INFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -
NET POSITION				
Reserved for Capital Projects	5,019,234	-	5,019,234	-
Restricted	13,812,954	-	13,812,954	-
Unrestricted	15,113,959	-	15,113,959	4,285,376
TOTAL NET POSITION	\$ 33,946,147	\$ -	\$ 33,946,147	\$ 4,285,376

(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, 2022

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	\$ 1,740,637	\$ 57,144	\$ 185,809	\$ -	\$ (1,497,684)	\$ -	\$ (1,497,684)	
Public Safety	4,036,944	223,913	703,749	-	(3,109,282)	-	(3,109,282)	
Health and Human Services	4,848	-	-	-	(4,848)	-	(4,848)	
Public Works	2,362,772	2,619,151	-	477,029	733,408	-	733,408	
Culture and Recreation	203,802	21,318	-	33,605	(148,879)	-	(148,879)	
Community Development	265,615	-	-	-	(265,615)	-	(265,615)	
Insurance	127,794	-	-	-	(127,794)	-	(127,794)	
Employee Benefits	278,628	-	607,328	-	328,700	-	328,700	
TOTAL GOVERNMENTAL ACTIVITIES	9,021,040	2,921,526	1,496,886	510,634	(4,091,994)	-	(4,091,994)	
BUSINESS-TYPE ACTIVITIES:								
No Activities	-	-	-	-	-	-	-	
TOTAL PRIMARY GOVERNMENT	\$ 9,021,040	\$ 2,921,526	\$ 1,496,886	\$ 510,634	\$ (4,091,994)	\$ -	\$ (4,091,994)	
COMPONENT UNITS:								
Lower Saucon Authority	\$ 2,149,933	\$ 2,007,234	\$ -	\$ -				\$ (142,699)
GENERAL REVENUES:								
Property Taxes Levied for General Purposes, Net					\$ 2,303,164	\$ -	\$ 2,303,164	\$ -
Other Taxes for General Purposes					4,264,393	-	4,264,393	-
Grants, Subsidies, & Contributions Not Restricted					37,040	-	37,040	-
Investment Earnings					309,330	-	309,330	27,127
Miscellaneous Income					81,532	-	81,532	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					6,995,459	-	6,995,459	27,127
CHANGE IN NET POSITION					2,903,465	-	2,903,465	(115,572)
NET POSITION - BEGINNING					31,042,682	-	31,042,682	4,400,948
NET POSITION - ENDING					\$ 33,946,147	\$ -	\$ 33,946,147	\$ 4,285,376

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, 2022

	<u>GENERAL</u>	<u>SPECIAL TAX FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 13,218,249	\$ 11,303,471	\$ 5,061,085	\$ 29,582,805
Investments	1,896,257	2,509,483	-	4,405,740
Due from Other Funds	-	-	-	-
Other Receivables	-	-	-	-
TOTAL ASSETS	<u>\$ 15,114,506</u>	<u>\$ 13,812,954</u>	<u>\$ 5,061,085</u>	<u>\$ 33,988,545</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Due to Other Funds	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Other Payables	547	-	41,851	42,398
TOTAL LIABILITIES	<u>547</u>	<u>-</u>	<u>41,851</u>	<u>42,398</u>
FUND BALANCES:				
- Nonspendable	-	-	-	-
- Restricted	-	13,812,954	-	13,812,954
- Committed	-	-	-	-
- Assigned	-	-	5,019,234	5,019,234
- Unassigned	15,113,959	-	-	15,113,959
TOTAL FUND BALANCES	<u>15,113,959</u>	<u>13,812,954</u>	<u>5,019,234</u>	<u>33,946,147</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,114,506</u>	<u>\$ 13,812,954</u>	<u>\$ 5,061,085</u>	<u>\$ 33,988,545</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, 2022

<u>REVENUES</u>	<u>GENERAL</u>	<u>SPECIAL TAX FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Taxes	\$ 5,583,087	\$ 865,840	\$ -	\$ 6,448,927
Licenses and Permits	119,141	-	-	119,141
Fines and Forfeits	36,569	-	-	36,569
Intergovernmental	975,045	477,029	199,809	1,651,883
Charges for Services	2,865,487	-	9,930	2,875,417
Investment Earnings	127,467	126,752	55,111	309,330
Miscellaneous	94,605	28,500	-	123,105
TOTAL REVENUES	9,801,401	1,498,121	264,850	11,564,372
<u>EXPENDITURES</u>				
CURRENT:				
General Government	1,640,800	12,915	86,922	1,740,637
Public Safety	3,744,010	216,083	76,851	4,036,944
Health and Human Services	4,848	-	-	4,848
Public Works	1,449,060	567,666	346,046	2,362,772
Culture and Recreation	199,701	-	4,101	203,802
Community Development	-	265,615	-	265,615
Insurance	127,794	-	-	127,794
Employee Benefits	278,628	-	-	278,628
DEBT SERVICE:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	7,444,841	1,062,279	513,920	9,021,040
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,356,560	435,842	(249,070)	2,543,332
<u>OTHER FINANCING SOURCES (USES)</u>				
Refund of Prior Year Outflows	358,666	-	-	358,666
Sale of Fixed Assets	1,467	-	-	1,467
Interfund Transfers In	-	-	1,315,000	1,315,000
Interfund Transfers Out	(1,315,000)	-	-	(1,315,000)
TOTAL OTHER FINANCING SOURCES	(954,867)	-	1,315,000	360,133
NET CHANGE IN FUND BALANCES	1,401,693	435,842	1,065,930	2,903,465
FUND BALANCES - BEGINNING	13,712,266	13,377,112	3,953,304	31,042,682
FUND BALANCES - ENDING	\$ 15,113,959	\$ 13,812,954	\$ 5,019,234	\$ 33,946,147

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, 2022

	CUSTODIAL		
	(SEWAGE ENFORCEMENT ESCROW) FUND	(ON SITE SEWAGE MAINTENANCE ESCROW) FUND	(DEVELOPERS ESCROW) FUND
	FUND	FUND	FUND
ASSETS			
Cash and Cash Equivalents	\$ 50,781	\$ 11,020	\$ 299,268
Investments	-	-	-
Due from Other Funds	-	-	-
Other Receivables	-	-	-
TOTAL ASSETS	\$ 50,781	\$ 11,020	\$ 299,268
 LIABILITIES			
Due to Other Funds	\$ -	\$ -	\$ -
Due to Developers	-	-	-
Pension Fund Liability	-	-	-
Accrued Investment Expense	-	-	-
TOTAL LIABILITIES	-	-	-
 NET POSITION			
Restricted for:			
Individuals, Organizations, and Other Governments	50,781	11,020	299,268
TOTAL NET POSITION	\$ 50,781	\$ 11,020	\$ 299,268

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, 2022

	CUSTODIAL		
	(SEWAGE ENFORCEMENT ESCROW) FUND	(ON SITE SEWAGE MAINTENANCE ESCROW) FUND	(DEVELOPERS ESCROW) FUND
	FUND	FUND	FUND
<u>ADDITIONS</u>			
Receipts from Developers	\$ 59,285	\$ -	\$ 223,660
Receipts from Escrow Owners	-	10,952	-
Interest Earnings	-	68	-
TOTAL ADDITIONS	59,285	11,020	223,660
<u>DEDUCTIONS</u>			
Legal	\$ -	\$ -	\$ 29,334
Engineering	30,696	-	86,549
Applicant Refunds	7,660	-	78,653
Miscellaneous	-	-	50
TOTAL DEDUCTIONS	38,356	-	194,586
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	\$ 20,929	\$ 11,020	\$ 29,074
NET POSITION - BEGINNING	29,852	-	270,194
NET POSITION - ENDING	\$ 50,781	\$ 11,020	\$ 299,268

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, 2022

	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	\$ 5,415,440	\$ 5,415,440	\$ 5,583,087	\$ 167,647	\$ -	\$ 5,583,087
Licenses and Permits	120,160	120,160	119,141	(1,019)	-	119,141
Fines and Forfeits	49,800	49,800	36,569	(13,231)	-	36,569
Intergovernmental	383,384	383,384	975,045	591,661	-	975,045
Charges for Services	2,259,373	2,259,373	2,865,487	606,114	-	2,865,487
Miscellaneous	3,100	3,100	94,605	91,505	-	94,605
Interest Received	20,000	20,000	127,467	107,467	-	127,467
Refund of Prior Year Outflows	200,000	200,000	358,666	158,666	-	358,666
Sale of Fixed Assets	500	500	1,467	967	-	1,467
Transfers from Other Funds	7,000	7,000	-	(7,000)	-	-
TOTAL RESOURCES	8,458,757	8,458,757	10,161,534	1,702,777	-	10,161,534
CHARGES TO APPROPRIATIONS (OUTFLOWS):						
General Government:						
Legal	210,100	245,100	237,070	8,030	-	237,070
Mayor, Legislative, Borough Manager	542,380	562,754	479,125	83,629	-	479,125
Finance and Accounting	285,955	305,741	236,459	69,282	-	236,459
Data Processing	39,200	68,200	84,579	(16,379)	-	84,579
Engineering	126,500	351,500	279,218	72,282	-	279,218
Buildings and Plant	300,975	360,975	324,349	36,626	-	324,349
Public Safety:						
Police	3,047,518	3,098,929	3,054,088	44,841	-	3,054,088
Fire	399,710	449,710	453,476	(3,766)	-	453,476
Inspections	266,885	281,268	233,860	47,408	-	233,860
Other	5,000	5,000	2,586	2,414	-	2,586
Health and Human Services:						
Dog Control	7,500	7,500	4,848	2,652	-	4,848
Public Works:						
Public Works Administration	81,303	87,500	85,193	2,307	-	85,193
Sanitation and Recycling	41,500	41,500	14,272	27,228	-	14,272
Street Maintenance and Lighting	1,427,001	2,552,589	1,349,595	1,202,994	-	1,349,595
Culture and Recreation:						
Parks	152,043	152,043	141,346	10,697	-	141,346
Library	107,169	107,169	58,355	48,814	-	58,355
Non-Departmental:						
Miscellaneous	21,000	21,000	-	21,000	-	-
Insurance	276,800	276,800	127,794	149,006	-	127,794
Employee Benefits	163,923	163,923	278,628	(114,705)	-	278,628
Refund of Prior Year Inflows	2,000	2,000	-	2,000	-	-
Transfer to Other Funds	315,000	1,315,000	1,315,000	-	-	1,315,000
TOTAL CHARGES TO APPROPRIATIONS	7,819,462	10,456,201	8,759,841	1,696,360	-	8,759,841
Excess (Deficiency) of Inflows Over Outflows	639,295	(1,997,444)	1,401,693	3,399,137	-	1,401,693
FUND BALANCE - JANUARY 1, 2022	(639,295)	1,997,444	13,712,266	11,714,822	-	13,712,266
FUND BALANCE - DECEMBER 31, 2022	\$ -	\$ -	\$ 15,113,959	\$ 15,113,959	\$ -	\$ 15,113,959

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

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

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, 2022

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, 2022

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 three Custodial Funds consisting of the Developers Escrow Fund, the Sewage Enforcement Escrow Fund and the On-Site Sewage Enforcement Escrow Fund.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

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, 2022

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 2022 is \$455,373,900 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, 2022. Delinquent real estate taxes are generally lien by January 1 of the following year.

I. *Net Position/Fund Balance Classifications*

Net Position

Net position is reported as restricted when there are 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.
- ***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

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

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 2022:

GASB Statement 87, *Leases*

GASB Statement 91, *Conduit Debt Obligations*

GASB Statement 93, *Replacement of Interbank Offered Rates*

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*

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

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

GASB Statement No. 99, *Omnibus 2022* – Effective for the year 2023

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* – Effective for the year 2024

GASB Statement No. 101, *Compensated Absences* – Effective for the year 2024

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

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

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, 2022.

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, 2022, \$33,483,779 of the Township's bank balance of \$34,483,779 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	33,483,779
TOTAL	\$ 33,483,779

Reconciliation to Financial Statements

Uninsured Amount Above	\$ 33,483,779
Plus: Insured Amount	1,000,000
Deposit in Transit	65,242
Less: Outstanding Checks	(204,477)
Carrying Amount - Bank Balances	34,344,544
Plus: Petty Cash	300
Deposits in Investment Pool Considered Cash Equivalents	4,770
Less: Certificates of Deposit considered Investment by the Township	(4,405,740)
TOTAL CASH PER FINANCIAL STATEMENTS	\$ 29,943,874

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

Restricted Cash

The cash balance includes \$299,268 held as developer's escrow funds, \$50,781 held as sewage enforcement escrow funds and \$11,020 held as on-site sewage maintenance escrow funds. These funds are held by the Township to guarantee the completion of various construction projects by the developers, for sewage enforcement and on-site sewage maintenance.

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, 2022, \$3,600,820 of the Authority's bank balance of \$3,850,820 was exposed to custodial credit risk as:

Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the Authority's name	3,600,820
TOTAL	\$ 3,600,820

Reconciliation to Financial Statements

Uninsured Amount Above	\$ 3,600,820
Plus: Insured Amount	250,000
Deposit in Transit	(31,514)
Less: Outstanding Checks	615
Carrying Amount - Bank Balances	3,819,921
Plus: Petty Cash	700
Deposits in Investment Pool Considered Cash Equivalents	481,553
Less: Certificates of Deposit considered Investment by the Township	(1,627,489)
TOTAL CASH PER FINANCIAL STATEMENTS	\$ 2,674,685

Restricted Cash

Cash and Cash equivalents have been categorized on the financial statements as either unrestricted or restricted. The restricted cash balance includes \$15,965 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:

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

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:
 - 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.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

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, 2022, the Township had the following investments:

<i>Investment</i>	Maturities	Fair Value
PA Local Government Investment Trust		\$ 4,770
Certificate of Deposit	6-24 Months	4,405,740
TOTAL		<u>\$ 4,410,510</u>

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, 2022.

Credit Risk

The Township has an investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2022, the Township's investment in the PA Local Government Investment Trust was rated AAA by Standard & Poors.

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, 2022.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

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	\$ 4,410,510
Less: Deposits in Investment Pool Considered Cash Equivalents	<u>(4,770)</u>
TOTAL INVESTMENTS PER FINANCIAL STATEMENTS	<u>\$ 4,405,740</u>

Component Unit

As of December 31, 2022, the Authority had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
PA Local Government Investment Trust		\$ 481,553
Certificate of Deposit	1 Month - 10 Months	<u>1,627,489</u>
TOTAL		<u>\$ 2,109,042</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.

Reconciliation to Financial Statements

Total Investments Above	\$ 2,109,042
Less: Deposits in Investment Pool Considered Cash Equivalents	<u>(481,553)</u>
TOTAL INVESTMENTS PER FINANCIAL STATEMENTS	<u>\$ 1,627,489</u>

**LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022**

Note 6 – Long-Term Debt Commitments

Lower Saucon Township had no long-term obligations as of December 31, 2022.

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, 2022, membership consisted of:

Inactive Plan Members Currently Receiving Benefits	7
Inactive Plan Members entitled to but not yet Receiving Benefits	4
Active Plan Members	<u>20</u>
TOTAL PLAN MEMBERSHIP	<u>31</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.
- 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.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

- Post Retirement Adjustments:
 - None.
- Member Contributions:
 - 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 2022 as shown in the exhibit below:

Financial Requirement and Minimum Municipal Obligation Budget for 2022:

Total Annual Payroll	\$ 1,209,181
Normal Cost as a Percentage of Payroll	11.70%
Total Normal Cost	141,474
Amortization Contribution	55,539
Estimated Members' Contributions	(16,048)
Minimum Municipal Obligation	180,965
Less: Actual State Aid Deposited into Plan	(93,248)
TOTAL REQUIRED MUNICIPAL OBLIGATION	\$ 87,717

Three-Year Funding Trend

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2020	\$ 131,201	100.0%	0
2021	134,493	100.0%	0
2022	180,965	100.0%	0

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

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, 2022.

Investments

As of December 31, 2022, the Plan's investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
PSABMRT	\$ <u>2,771,159</u>	Not Applicable

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

Investment Policy Summary

The Plan's investment policy has been delegated to the PSABMRT in regard 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	100.0%

Expected Real Rate of Return – 4.7%. Excludes an inflation expectation of 2.5%.

Long-Term Expected Rate of Return including Inflation – 7.2%.

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 2022 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, 2022 are listed in the table above.

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -12.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

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, 2022.

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, 2022 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 2022	\$	15,942
Less: Members' Contributions deducted from Members' Salaries		<u>(15,942)</u>
VARIANCE	\$	<u><u>-</u></u>

**LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022**

RECONCILIATION OF PENSION PAYMENTS

Pensions Paid from Plan for 2022	\$ 102,844
Less: Pensioner Register	<u>(102,844)</u>
VARIANCE	\$ <u> -</u>

Change in Net Assets

<u>REVENUES</u>	
State Aid	\$ 93,248
Employer Contributions	111,747
Employee Contributions	15,942
Investment Income Net of Investment Fees	39,668
Realized Gains on Investment Sales	23,065
Unrealized Gain (Loss) on Investments	<u>(486,165)</u>
TOTAL REVENUE	\$ (202,495)
 <u>EXPENSES</u>	
Pension Payments	102,844
Lump Sum Payments	348,176
Administrative Fees	<u>23,874</u>
TOTAL EXPENDITUES	<u>474,894</u>
 Changes in Net Assets	 (677,389)
Net Assets - January 1, 2022	<u>3,448,548</u>
Net Assets - December 31, 2022	<u>\$ 2,771,159</u>

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, 2022**

Plan Membership

As of December 31, 2022, membership consisted of:

Inactive Plan Members Currently Receiving Benefits	7
Inactive Plan Members entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>15</u>
TOTAL PLAN MEMBERSHIP	<u>22</u>

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%.

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

**LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022**

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 2022 as shown in the exhibit below:

Financial Requirement and Minimum Municipal Obligation Budget for 2022:

Total Annual Payroll	\$ 1,566,042
Normal Cost as a Percentage of Payroll	20.4%
Total Normal Cost	319,473
Amortization Contribution	148,266
Estimated Members' Contributions	(37,626)
Minimum Municipal Obligation	430,113
Less: Actual State Aid Deposited into Plan	(155,414)
TOTAL REQUIRED MUNICIPAL OBLIGATION	\$ 274,699

Three-Year Funding Trend

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2020	\$ 454,698	100.0%	0
2021	467,907	100.0%	0
2022	430,113	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, 2022

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, 2022.

Investments

As of December 31, 2022, the Plan's investment balances were as follows:

Investment Type	Fair Value	Maturity
PSABMRT	<u>\$ 9,113,578</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, 2022

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 – 4.7%. Excludes an inflation expectation of 2.5%.

Long-Term Expected Rate of Return including Inflation – 7.2%.

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 2022 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, 2022 are listed in the table above.

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -12.59 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, 2022.

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, 2022

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, 2022 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 2022	\$ 39,140
Less: Members' Contributions deducted from Members' Salaries	(39,130)
VARIANCE	\$ 10

RECONCILIATION OF PENSION PAYMENTS

Pensions Paid from Plan for 2022	\$ 266,823
Less: Pensioner Register	(266,823)
VARIANCE	\$ -

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

Changes in Net Assets

<u>REVENUES</u>		
State Aid	\$	155,414
Employer Contributions		344,540
Employee Contributions		39,140
Investment Income Net of Investment Fees		127,645
Realized Gains on Investment Sales		75,692
Unrealized Gain (Loss) on Investments		<u>(1,487,873)</u>
TOTAL REVENUE	\$	(745,442)
<u>EXPENSES</u>		
Pension Payments	266,823	
Administrative Fees	<u>69,949</u>	
TOTAL EXPENDITURES		<u>336,772</u>
Changes in Net Assets		(1,082,214)
Net Assets - January 1, 2022		<u>10,195,792</u>
Net Assets - December 31, 2022	\$	<u>9,113,578</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.

Note 10 - Short-Term Debt

Interfund Receivables and Payables

There were no interfund receivables or payables that existed on December 31, 2022.

LOWER SAUCON TOWNSHIP
Notes to Financial Statements
Year Ended December 31, 2022

Interfund Transfers

The following interfund transfers were made during the fiscal year ended December 31, 2022:

	INTERFUND TRANSFERS IN	INTERFUND TRANSFERS OUT
General Fund	\$ -	\$ 1,315,000
Capital (Capital Project) Fund	1,315,000	-
TOTAL	\$ 1,315,000	\$ 1,315,000

Note 11 – Fund Balance / Net Position

Detailed information about aggregated Fund Balances and Net Position

Restricted Fund Balances and Net Position

The Restricted Fund Balance and Net Position represents contributions that are externally restricted for specific purposes;

Special Tax Fund	\$ 13,812,954
TOTAL	\$ 13,812,954

Assigned Fund Balances

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

Capital Fund	\$ 5,019,234
TOTAL CAPITAL PROJECTS FUND	\$ 5,019,234

Note 12 – 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.

Note 13 - 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 14 – Subsequent Events

The subsequent events have been evaluated through June 2, 2023, which is the date of the financial statements were available to be issued.



June 2, 2023

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, 2022, which collectively comprise the Lower Saucon Township's basic financial statements and have issued our report thereon dated June 2, 2023. 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, 2023.

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, 2023

REQUIRED SUPPLEMENTAL INFORMATION

LOWER SAUCON TOWNSHIP
Schedule of Funding Progress - Pension Funds
Required Supplemental Information
December 31, 2022

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						
1-1-2013	\$ 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						
1-1-2013	\$ 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
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%
2022	180,965	180,965	100.0%	430,113	430,113	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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service Cost	\$ 314,495	\$ 306,755	\$ 273,572	\$ 267,158	\$ 240,496	\$ 235,307	\$ -	\$ -	\$ -
Interest on Total Pension Liability	647,295	607,200	589,772	556,389	530,208	500,548	-	-	-
Differences between expected and actual experience	(908,796)	(169,636)	(127,995)	-	(84,127)	-	-	-	-
Benefit Payments	(266,823)	(342,849)	(318,696)	(314,057)	(306,872)	(262,598)	-	-	-
Net Change in Total Pension Liability	(213,829)	401,470	416,653	509,490	379,705	473,257	1,605,243	667,699	288,718
Total Pension Liability, Beginning	9,777,308	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)	\$ 9,563,479	\$ 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	155,414	143,918	147,715	143,374	131,163	137,648	131,239	117,625	116,189
Employer Contributions	344,540	391,838	362,684	310,432	316,100	201,859	200,277	210,157	185,727
Member Contributions	39,140	35,752	35,986	32,521	31,153	30,933	27,142	25,961	27,146
Investment Income Net of Investment Expenses	(1,284,536)	1,230,882	866,318	1,079,895	(331,082)	786,723	263,993	(38,949)	315,332
Administration Costs	(69,949)	(102,648)	(89,047)	(54,100)	(49,225)	(47,017)	(44,440)	(42,415)	(39,921)
Benefit payments	(266,823)	(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	(1,082,214)	1,356,894	1,004,960	1,198,065	(208,763)	847,548	359,386	63,323	398,385
Fiduciary Net Position, Beginning	10,195,792	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)	\$ 9,113,578	\$ 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)]	\$ 449,901	\$ (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	95.30%	104.28%	94.27%	87.44%	78.53%	84.82%	78.94%	94.10%	104.71%
Covered Payroll	1,566,042	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	28.73%	-29.24%	39.63%	81.99%	130.82%	89.62%	120.80%	27.76%	-20.41%
Annual Money Weighted Return, Net of Investment Expenses	-12.59%	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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service Cost	\$ 125,916	\$ 123,298	\$ 91,862	\$ 96,408	\$ 107,168	\$ 119,423	\$ -	\$ -	\$ -
Interest on Total Pension Liability	218,785	214,513	198,614	190,836	191,073	177,721	-	-	-
Differences between expected and actual experience	(34,582)	(91,839)	186,320	-	(209,801)	-	-	-	-
Benefit Payments	(453,037)	(96,370)	(247,224)	(78,825)	(83,853)	(75,095)	-	-	-
Net Change in Total Pension Liability	(142,918)	149,602	229,572	208,419	4,587	222,049	843,374	341,980	56,203
Total Pension Liability, Beginning	3,466,528	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)	\$ 3,323,610	\$ 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	93,248	91,148	93,553	102,410	93,688	91,765	91,868	82,337	81,318
Employer Contributions	111,747	68,755	58,495	13,710	91,220	3,706	3,438	22,592	18,737
Member Contributions	15,942	15,584	14,551	86,713	10,165	18,438	15,917	3,907	5,080
Investment Income Net of Investment Expenses	(423,432)	416,262	304,941	380,676	(117,278)	267,160	89,982	(13,397)	103,054
Administration Costs	(23,874)	(36,505)	(33,401)	(20,827)	(18,811)	(17,747)	(16,904)	(16,011)	(14,895)
Benefit payments	(451,020)	(96,370)	(247,224)	(78,825)	(83,853)	(75,096)	(39,876)	(21,177)	(19,412)
Net Change in Fiduciary Net Position	(677,389)	458,874	190,915	483,857	(24,869)	288,226	144,425	58,251	173,882
Fiduciary Net Position, Beginning	3,448,548	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)	\$ 2,771,159	\$ 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)]	\$ 552,451	\$ 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	83.38%	99.48%	90.13%	90.65%	80.41%	81.40%	77.35%	105.43%	126.04%
Covered Payroll	1,209,181	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	45.69%	1.68%	32.25%	26.51%	52.18%	50.79%	56.70%	-9.32%	-35.32%
Annual Money Weighted Return, Net of Investment Expenses	-12.27%	13.50%	10.51%	16.42%	-5.01%	13.00%	4.65%	-0.71%	6.18%

INDIVIDUAL FUND STATEMENTS

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, 2022

REVENUES RECEIVED

TAXES:

Real Estate Taxes - Current	\$ 1,912,677	
Real Estate Taxes - Prior	14,038	
Real Estate Taxes - Current Interims	5,802	
Real Estate Taxes - Prior Interims	126	
Real Estate Taxes - Delinquent	34,732	
Real Estate Transfer Taxes	390,537	
Earned Income Taxes - Current	2,089,770	
Earned Income Taxes - Prior	1,045,062	
Emergency Municipal Service Tax - Current	77,759	
Emergency Municipal Service Tax - Prior	<u>12,584</u>	\$ 5,583,087

LICENSES AND PERMITS:

Franchise Fee Cable	111,201	
Junkyard Licenses	750	
Road Encroachment Permits	5,075	
Occupancy Permits	1,470	
Moving Permits	<u>645</u>	119,141

FINES AND FORFEITS:

Motor Vehicle Violations	24,723	
Fines	3,526	
Ordinance Violations	6,836	
Crimes Code Violations	1,129	
Parking Tickets	<u>355</u>	36,569

INTERGOVERNMENTAL:

State Grants	19,605	
Public Safety Grants	4,634	
Beverage Licenses	1,600	
Federal Grants	600,825	
Public Utility Realty Tax	7,429	
Pension State Aid	248,662	
Allotment - Fireman's Relief	<u>92,290</u>	975,045

CHARGES FOR SERVICES:

Subdivision Fees/Zoning Permits	4,200	
Tax Collection Services	620	
Police Services	32,518	
Accident Report Requests	3,088	
Weed Clearing and Removal	24,500	
Administrative Income	1,150	
Security Alarm Fees	1,055	
Building Permits	27,575	
Sanitation Permits	4,125	
State UCC Fees	940	
Highway and Street Charges	6,206	
Health Insurance Charges	159,677	
Landfill Host Fees	2,588,445	
Recreation Fees	<u>11,388</u>	2,865,487

INVESTMENT EARNINGS:

Interest Income		127,467
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MISCELLANEOUS:

Miscellaneous	80,065	
Donations	<u>14,540</u>	94,605

TOTAL REVENUE RECEIVED		\$ 9,801,401
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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, 2022

EXPENDITURES PAID

GENERAL GOVERNMENT

LEGAL:

Solicitor \$ 237,070

MAYOR, LEGISLATIVE, TOWNSHIP MANAGER:

Salary 345,089
 Payroll Taxes 17,463
 Pension Administration Fees 6,000
 MMO Pension Obligation 33,971
 General Expense 15,514
 Grant Expenditures 17,000
 Other Expense 10,815
 Community Events 4,401
 Newsletter Expense 9,874
 Supplies 4,445
 Minor Equipment 5,859
 Advertising, Printing and Postage 8,694

FINANCE AND ACCOUNTING:

Salary 117,472
 Benefits 41,157
 Payroll Taxes 9,311
 Pension Administration Fees 5,000
 MMO Pension Obligation 17,975
 Payroll Services 4,646
 Auditing 17,085
 Bank Services 1,541
 Office Materials/Supplies 496
 Tax Collection Services 577
 Real Estate Tax Prep/Mailing 11,038
 General Expense 2,079
 Contracted Services 8,082

DATA PROCESSING:

Website Operation/Maintenance 4,490
 Office Equipment Maintenance 33,216
 Equipment - Capital 5,272
 Software Licenses 41,601

ENGINEER:

Engineering Services 265,669
 Sewage Enforcement Officer 13,549

BUILDINGS AND PLANT:

Contracted Services 11,982
 Building Materials/Supplies 2,773
 Heating Oil/Diesel Fuel 64,321
 Gasoline 68,088
 Oils/Lubricants 3,093
 Communication Expense 38,414
 Utilities 60,160
 Maintenance/Repairs 34,466
 Equipment - Capital 31,839
 Equipment Rental 9,213

\$ 1,640,800

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, 2022

PUBLIC SAFETY

POLICE:

Salary of Policemen	\$ 1,522,421
Overtime	147,516
Salary of Clerical	55,904
Benefits	523,144
Payroll Taxes	136,383
MMO Pension Obligation	437,955
Pension Administration Fees	76,033
Uniforms	17,175
Firearms Ammunition	13,195
Advertising/Printing	984
Investigation Expense	1,767
Contracted Services	2,820
Equipment Maintenance	6,083
General Expenses	10,633
Vehicle Maintenance and Repairs	13,903
Equipment - Capital	58,147
Equipment - Non-Capital	7,659
K-9 Expenses	5,305
Training	17,061

FIRE:

Contribution to Fire Co.	285,000
Fireman's Relief	92,290
Workmen's Compensation	18,459
Contribution to Dewey Ambulance	15,000
Hydrant/Water Service	22,392
Vehicle Expenses	12,000
General Expenses	8,335

INSPECTIONS:

Zoning and Administration	78,860
Salary of Clerical	56,299
Benefits	45,751
Payroll Taxes	10,597
MMO Pension Obligation	18,327
Consulting Services	5,850
Pension Administration Fees	3,814
Advertising/Printing	698
Minor Equipment Purchase	2,423
Vehicle Maintenance and Repairs	1,017
General Expenses	10,224

OTHER PUBLIC SAFETY:

Crossing Guards	2,586	\$ 3,744,010
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HEALTH AND HUMAN SERVICES

Dog Control	4,848
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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, 2022

PUBLIC WORKS		
PUBLIC WORKS ADMINISTRATION:		
Salary	\$	85,193
SANITATION:		
Recycling Collection and Disposal		14,272
STREET MAINTENANCE AND LIGHTING:		
Salaries - Highways and Streets		613,705
Overtime		33,354
Benefits		323,243
Payroll Taxes		58,833
MMO Pension Obligation		102,850
Pension Administration Fees		12,774
Road Materials		123,341
Materials/Supplies		24,714
Traffic Sign Maintenance		4,618
Vehicle Maintenance		15,472
Contracted Services		21,232
General Expenses		8,383
Equipment		7,076
	\$	1,449,060
CULTURE AND RECREATION		
PARKS AND POOL:		
Maintenance/Repairs	\$	13,246
General Expenses		5,101
Contracted Services		70,495
Summer Youth Program		20,583
Senior Program		11,082
Equipment - Non-Capital		474
Pool Pass Reimbursement		20,365
LIBRARY:		
Contribution		58,355
	\$	199,701
DEBT SERVICE		
Debt Principal Payments		-
Debt Interest Payments		-
		-
INSURANCE		
Business Insurance		99,526
Vehicle Insurance		28,268
		127,794
EMPLOYEE BENEFITS		
Worker Compensation Insurance		129,735
Hospitalization Insurance		148,893
		278,628
TOTAL EXPENDITURES PAID		7,444,841
EXCESS OF REVENUES RECEIVED		
OVER EXPENDITURES PAID		
		2,356,560
OTHER FINANCING SOURCES RECEIVED AND		
OTHER FINANCING USES PAID		
Refund of Prior Year Expenditures	\$	358,666
Sale of Fixed Assets		1,467
Transfer to Other Funds		(1,315,000)
	\$	(954,867)
NET CHANGE IN FUND BALANCE	\$	1,401,693
FUND BALANCE - JANUARY 1, 2022		13,712,266
FUND BALANCE - DECEMBER 31, 2022	\$	15,113,959

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, 2022

FUND BALANCE - JANUARY 1, 2022 **\$ 13,377,112**

REVENUES RECEIVED

Taxes:

Fire Tax	\$	335,789
Earned Income Tax - Current Year		-
Earned Income Tax - Prior Year		530,051

Intergovernmental:

Motor Vehicle Fuel Taxes	477,029
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Investment Income:

Interest Earnings	126,752
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Miscellaneous:

Donations/Contributions	28,500
Miscellaneous	-

Other Financing Sources:

Sale of Fixed Assets	-	1,498,121
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TOTAL FUNDS AVAILABLE **14,875,233**

EXPENDITURES PAID

General Government:

Legal Fees	\$	4,162
Engineering/Planning Fees		553
Appraisal Costs		8,200

Public Safety:

Fire Contribution	213,833
Fire Equipment Consultation	2,250

Public Works:

Traffic Signal Maintenance & Repair	2,719
Vehicle Maintenance & Repair	24,334
Highway Minor Equipment	663
Snow Removal	94,798
Street Sign & Marking	24,893
Street Lighting	34,619
Equipment and Tools Maintenance & Repair	62
Bridge Project	84,300
Penndot Road Projects	301,278

Community Development:

Open Space Purchase	226,930
Open Space Maintenance	38,685

Other Financing Uses:

Transfers to Other Funds	-	\$ 1,062,279
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FUND BALANCE - DECEMBER 31, 2022 **\$ 13,812,954**

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, 2022

FUND BALANCE - JANUARY 1, 2022		\$ 3,953,304
<u>REVENUES RECEIVED</u>		
Investment Earnings	\$ 55,111	
Developer Fees	9,930	
Intergovernmental:		
Grants	199,809	
Other Financing Sources:		
Sale of Fixed Assets	-	
Transfer from Other Funds	1,315,000	1,579,850
TOTAL FUNDS AVAILABLE		<u>5,533,154</u>
<u>EXPENDITURES PAID</u>		
General Government:		
Building Purchase/Improvement	86,922	
Public Safety:		
Vehicle Purchase	51,861	
Police Capital Equipment	24,990	
Public Works:		
Road Improvements	345,933	
Storm Water Improvements	113	
Culture and Recreation:		
Park Improvements	4,101	513,920
FUND BALANCE - DECEMBER 31, 2022		<u>\$ 5,019,234</u>

Developers Escrow Fund
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
For the Year Ended December 31, 2022

NET POSITION - JANUARY 1, 2022		\$ 270,194
ADDITIONS RECEIVED:		
Receipts from Developers	\$ 223,660	
Interest Earnings	-	223,660
DEDUCTIONS PAID:		
Legal	29,334	
Engineering	86,549	
Applicant Refunds	78,653	
Miscellaneous	50	
TOTAL DEDUCTIONS PAID		<u>194,586</u>
NET POSITION - DECEMBER 31, 2022		<u>\$ 299,268</u>

LOWER SAUCON TOWNSHIP
Sewage Enforcement Escrow Fund
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
For the Year Ended December 31, 2022

NET POSITION - JANUARY 1, 2022	\$	29,852
Receipts from Developers	<u>\$ 59,285</u>	59,285
DEDUCTIONS PAID:		
Engineering	30,696	
Applicants Refunds	<u>7,660</u>	
		<u>38,356</u>
NET POSITION - DECEMBER 31, 2022	\$	<u>50,781</u>

On-Site Sewage Enforcement Escrow Fund
Statement of Changes in Fiduciary Net Position – Modified Cash Basis
For the Year Ended December 31, 2022

NET POSITION - JANUARY 1, 2022	\$	-
ADDITIONS RECEIVED:		
Receipts from Escrow Owners	\$ 10,952	
Interest Earnings	<u>68</u>	
		11,020
DEDUCTIONS PAID:		
	<u>-</u>	
		<u>-</u>
NET POSITION - DECEMBER 31, 2022	\$	<u>11,020</u>