

**SOLEBURY TOWNSHIP, PENNSYLVANIA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2019**



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**WEALTH ADVISORY  
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AUDIT, TAX, AND  
CONSULTING**

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## INDEPENDENT AUDITORS' REPORT

Board of Supervisors  
Solebury Township  
Solebury, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Solebury Township, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Solebury Township as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As discussed in Note 14 to the financial statements, Solebury Township adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, for the year ended December 31, 2019, which represents a change in accounting principle. Solebury Township's net position is not impacted by the adoption of this change. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

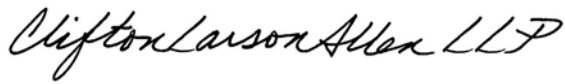
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in employer's net pension liability and related ratios, schedules of employer contributions, investment returns and employers net pension liability, and budgetary comparison information on pages 4-12, 52-57, and 58-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Solebury Township's basic financial statements. The combining nonmajor fund financial statements and schedules and budgetary comparison information on pages 60-70 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Board of Supervisors  
Solebury Township

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
April 27, 2020

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

This discussion and analysis of Solebury Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the Township's financial statements that begin on page 13.

## **FINANCIAL HIGHLIGHTS**

- Solebury Township had another fiscally sound year, reflecting a growing economy and continued focus on expense control. Overall, revenues increased by approximately 6.3% excluding capital grants and contributions. Real Estate Tax collections were approximately five percent (5%) higher than 2018 and Public Safety receipts were approximately 10% higher.
- The increased revenues and decreased operating expenses in 2019 enabled the Township to transfer approximately \$1.3 million in excess funds to various other funds to better position them for future capital improvements. These include: Capital Reserve Fund, Capital Equipment Fund, Roads & Bridges Fund, and the Park Capital Fund.
- Citing a stable tax base and a strong and improving financial condition, Moody's Investor Services upgraded Solebury Township's rating to Aa1 in 2019. The key credit factors included a robust financial position and a solid tax base.
- In 2019, the Township issued \$7.4 million of non-electoral debt which consisted of \$6.4 million in refinanced existing debt and approximately \$1 million in new debt in order to continue Land Preservation efforts in the Township. This issuance occurred with a lower interest rate which will save the Township approximately \$200,000 in interest expense.
- Solebury Township committed to the Aquetong Spring Park project several years ago and has assertively pursued county, state and federal grant funding. The project is budgeted at approximately \$3.4 million and nearly \$2.4 million – more than 68% – has been funded by external grants. This project is on-going and has an anticipated completion date of 2022.

## **USING THIS ANNUAL REPORT**

This annual report is presented in a format consistent with the presentation requirements of the General Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's presentation of its financial statements.

### **Report Components**

This annual report consists of five parts as follows:

**Government-Wide Financial Statements:** Government-wide financial statements (starting on page 13) are designed to provide readers with a broad overview of Solebury Township's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Township is improving or deteriorating.

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

**USING THIS ANNUAL REPORT (CONTINUED)**

**Report Components (Continued)**

The statement of activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave time.)

**Fund Financial Statements:** Fund financial statements (starting on page 15) focus on the individual parts of the Township government. Governmental fund financial statements are presented on the modified accrual basis of accounting and provide information about the Township's most significant (major) funds. These statements demonstrate how these services were financed in the short term as well as what remains for future spending. Fiduciary fund financial statements are presented on the accrual basis.

**Notes to the Financial Statements:** The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and detail.

**Required Supplementary Information:** The Management's Discussion and Analysis and the information concerning the Township's schedules of changes in pension liabilities and employer contributions and investment returns, and the General Fund Budgetary Comparison Schedules (found on pages 52 through 59) represent financial information required by GASB. Such information provides additional data that supplements the entity-wide and fund financial statements and notes (referred to as the basic financial statements).

**Other Supplementary Information:** This part of the annual report (starting on page 60) includes optional financial information such as fund budgetary comparison schedules and combining statements for nonmajor funds (which are shown in the fund financial statements in a single column). This other supplemental financial information is provided to address certain specific needs of various users of the Township's annual report.

**Basis of Accounting**

**Government-Wide Financial Statements**

Government-wide financial statements are highly aggregated financial statements that present financial information for all assets (including infrastructure capital assets), deferred outflows of resources, liabilities, deferred inflows of resources, and net position of a primary government, except for fiduciary funds. Government-wide financial statements use the economic resource measurement focus and accrual basis accounting. These financial statements are designed to help users assess the finances of the government in its entirety, including the year's operating results; determine whether the government's overall financial position improved or deteriorated; and evaluate whether the government's current-year revenues were sufficient to pay for current-year services. They also are designed to help users assess the cost of providing services to the citizenry, determine how the government finances its programs – through user fees and other program revenues versus general tax revenues, understand the extent to which the government has invested in capital assets, including roads, bridges, and other infrastructure assets, and make better comparisons between governments.



**SOLEBURY TOWNSHIP, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

**USING THIS ANNUAL REPORT (CONTINUED)**

**Basis of Accounting (Continued)**

**Fund Financial Statements**

The fund financial statements provide a detailed look at the Township's most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Solebury Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Solebury Township can be divided into two categories: Governmental funds and Fiduciary funds.

**Reporting the Township's Most Significant Funds**

**The Fund Financial Statements**

The fund financial statements begin on page 15 and provide detailed information about the most significant funds rather than the Township as a whole. Some funds are required to be established by State law. The Board of Supervisors establishes certain other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies.

**Governmental Funds**

All of the Township's basic services are reported in Governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Governmental funds are reported using an accounting method called *modified accrual accounting*. These funds report debt proceeds as other financing sources and the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and liability balances. The Governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The Township considers the General, Land Preservation, Debt Service, and Capital Reserve Funds to be its significant or major Governmental funds. All other Governmental funds are aggregated in a single column entitled nonmajor funds.

**Fiduciary Funds**

The Township currently has two Fiduciary funds: The Police Pension Fund and the Custodial Fund. *Fiduciary funds* are used to account for assets that are held in a trustee or fiduciary capacity and are reported using accrual accounting.

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Table 1 – Solebury Township's Net Position

	2019	2018
Current and Other Assets	\$ 11,753,234	\$ 10,288,941
Capital Assets	47,588,134	46,598,953
Total Assets	<u>59,341,368</u>	<u>56,887,894</u>
Deferred Charge on Refunding	85,109	66,798
Deferred Outflows from Pension	856,293	674,580
Total Deferred Outflows of Resources	<u>941,402</u>	<u>741,378</u>
Current Liabilities	1,500,692	393,437
Noncurrent Liabilities	21,800,180	21,981,930
Total Liabilities	<u>23,300,872</u>	<u>22,375,367</u>
Deferred Inflows from Pension	717,268	1,142,084
Total Deferred Inflows of Resources	<u>717,268</u>	<u>1,142,084</u>
Net Position:		
Net Investment in Capital Assets	26,991,999	24,956,222
Restricted	2,815,099	3,382,512
Unrestricted	6,457,532	5,773,087
Total Net Position	<u>\$ 36,264,630</u>	<u>\$ 34,111,821</u>

The Township's net position increased for the eighth consecutive year. The net increase of \$2,152,809 is the result of the Township's investment in capital assets (land preservation easements) and continued efforts to decrease Township debt.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019**  
**(Unaudited)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

Table 2 – Solebury Township's Change in Net Position

	<u>2019</u>	<u>2018</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 802,574	\$ 687,610
Operating Grants and Contributions	1,047,947	765,094
Capital Grants and Contributions	20,000	20,525
General Revenues:		
Real Estate Taxes	5,878,529	5,613,852
Real Estate Transfer Taxes	632,856	784,223
Earned Income Taxes	2,961,219	3,440,934
Interest and Rents	61,778	213,608
Total Revenues	<u>11,404,903</u>	<u>11,525,846</u>
Expenses:		
General Government	1,917,031	2,022,656
Public Safety	4,389,143	4,006,618
Public Works	1,599,347	806,110
Culture and Recreation	397,807	653,248
Preservation of Natural Resources	309,096	12,576
Interest on Long-Term Debt	639,670	609,854
Total Expenses	<u>9,252,094</u>	<u>8,111,062</u>
Change in Net Position	2,152,809	3,414,783
Net Position - Beginning of Year	<u>34,111,821</u>	<u>30,697,038</u>
Net Position - End of Year	<u><u>\$ 36,264,630</u></u>	<u><u>\$ 34,111,821</u></u>

The overall net position of the Township increased \$2.153 million from the prior year due to reasons already discussed. Several aspects of the Township's financial operations positively influenced the total net position:

- Detailed and thorough expense monitoring and five year budgeting outlooks.
- Relatively consistent economic growth.
- Increased revenue from Real Estate Tax due to stronger collections. The stronger economy lead to an increase in Public Safety revenues. Overall debt levels decreased, and interest costs decreased as a result of debt refinancing.
- Continued low cost of debt due to Township's increased bond rating.
- Reasonably funded pension plans: Police 89.2%; Non-Uniform-Defined Benefit 99% and Non-Uniform Cash Balance 94%.

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

**Balance Sheet – Governmental Funds**

The Township's total Governmental fund balances, resulting from modified accrual basis of accounting transactions, increased from \$9,062,192 to \$9,525,697 between fiscal years 2018 and 2019.

	<u>2019</u>	<u>2018</u>
Cash and Investments	\$ 10,307,482	\$ 8,583,898
Taxes and Other Receivables	1,392,129	1,677,004
Prepaid Items	53,623	28,039
Total Assets	<u>\$ 11,753,234</u>	<u>\$ 10,288,941</u>
Accounts Payable	\$ 335,274	\$ 344,912
Escrow Liabilities	1,152,479	-
Total Liabilities	<u>1,487,753</u>	<u>344,912</u>
Deferred Inflow of Resources	739,784	881,837
Fund Balances:		
Nonspendable	53,623	28,039
Restricted	2,695,804	3,382,512
Committed	4,006,765	2,694,382
Unassigned	2,769,505	2,957,259
Total Fund Balances	<u>9,525,697</u>	<u>9,062,192</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,753,234</u>	<u>\$ 10,288,941</u>

The 5.1% increase in the Governmental Fund balances is attributable to the bond proceeds for investment in capital assets and the improving economy which resulted in higher Real Estate Tax collections and Public Safety revenues.

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS (CONTINUED)**

**Change in Fund Balances**

For the years ended December 31, 2019 and 2018, the Township's total Governmental fund balances changed as follows:

	<u>2019</u>	<u>2018</u>
Revenues:		
Program Revenues:		
Charges for Service	\$ 802,574	\$ 708,135
Operating Grants and Contributions	1,047,947	744,569
Capital Grants and Contributions	20,000	20,525
General Revenues:		
Real Estate Taxes	5,831,794	5,568,180
Real Estate Transfer Taxes	632,856	784,223
Earned Income Taxes	3,150,007	3,306,847
Interest and Rents	61,778	213,609
Other Financing Sources:		
Proceeds from Bond Issuance	7,400,000	-
Issuance of Refunding Note	-	560,000
Bond Premium	533,372	-
Total Revenues and Other Financing Sources	<u>19,480,328</u>	<u>11,906,088</u>
Expenditures:		
General Government	1,627,558	1,873,437
Public Safety	4,190,075	3,963,462
Public Works	1,253,700	1,154,426
Culture and Recreation	405,888	570,787
Preservation of Natural Resources	1,874,952	273,234
Debt Service	3,235,256	3,108,467
Other Financing Uses:		
Payment to Redeem Bonds	6,429,394	-
Total Expenditures and Other Financing Uses	<u>19,016,823</u>	<u>10,943,813</u>
Change in Fund Balances	463,505	962,275
Fund Balances - Beginning of Year	<u>9,062,192</u>	<u>8,099,917</u>
Fund Balances - End of Year	<u><u>\$ 9,525,697</u></u>	<u><u>\$ 9,062,192</u></u>

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS (CONTINUED)**

Budget to Actual comparisons for the major funds are noted in these Financial Statements beginning on page 58.

For the year ended December 31, 2019, the General Fund revenues exceeded budget by \$460,069 and expenditures were below budget by approximately \$503,374 prior to accounting for inter-fund transfers over and above the budgeted amount which were completed in order to build other reserve balances. The increase in revenue is directly attributable to greater than expected collections in Earned Income Taxes, Real Estate Taxes, and Public Safety revenue. The decrease in expenses is due to the Administration's efforts to minimize expense outlays coupled with a mild winter which resulted in lower than budgeted snow removal costs. The result of the increased revenue and reduction in expenses allowed the Administration to continue its efforts to build other reserves by transferring funds over the original budgeted amounts from the General Fund as follows: \$900,000 to the Capital Reserve Fund; \$100,000 to Capital Equipment; \$150,000 to Roads & Bridges Fund; and \$150,000 to Park Capital. These steps enhanced the Township's financial security and ability to fund future capital expenditures.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Table 3 – Capital Assets, Net of Depreciation

	<u>2019</u>	<u>2018</u>
Land, Art, and Land Easements	\$ 34,827,270	\$ 33,275,286
Land Improvements	13,561	15,648
Park Improvements	2,839,811	2,917,286
Buildings and Improvements	6,276,001	6,567,264
Vehicles and Equipment	603,158	566,446
Furniture and Equipment	219,379	239,349
Infrastructure	2,808,954	3,017,674
Total	<u>\$ 47,588,134</u>	<u>\$ 46,598,953</u>

The change in Capital Assets is primarily due to the purchase of art and an easement to preserve land in the Township.

**Capital Debt**

At December 31, 2019 and 2018, the Township had \$19,655,000 and \$21,181,538, respectively, in long-term debt outstanding. Principal and interest payments in 2019 were \$8,968,538 (which included payment to redeem bonds of \$6,429,394) and \$587,698 and in 2018 were \$2,490,000 and \$615,462, respectively. With the exception of the General Obligation Bonds, Series 2012A and Series 2017, and General Obligation Note Series 2017 and Series 2019A, all debt is voter approved for the acquisition of Open Space and Land Conservation Easements. Non-voter approved debt was used for Township capital construction projects and infrastructure improvements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

Table 4 – Outstanding Debt

	2019	2018
General Obligation Bonds	\$ 18,562,000	\$ 12,213,000
General Obligation Notes	1,058,000	\$ 8,968,538
Note Payable	35,000	-
Total General Obligation Notes and Bonds	<u>\$ 19,655,000</u>	<u>\$ 21,181,538</u>

The Township continued its debt repayment plan during 2019, reducing outstanding debt. Additional information about the Township's long-term debt can be found in Note 5 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The 2020 Solebury Township Budget calls for the continuation of the Land Preservation, Capital Projects and Roads & Bridges Programs. The Township continues to explore and improve upon recreational opportunities for its residents and continues to maintain and improve the Township's infrastructure. The Aquetong Springs Park development will be a continuing project in through 2022.

The 2020 Budget did not include any tax increase to residents, only a reallocation of millage between funds. The total tax millage of 23.8102 mills was allocated as follows: 8.099 mills for the General Fund; .491 mills for the Library Fund; 12.53 mills for the Debt Service Fund; 1.75 mills for the Fire Fund; and .9402 mills for the EMS Fund. The reallocation was made to direct revenue where required and continue paying down the debt service. The Township continues to employ a conservative budget approach by holding tax revenues consistent with prior years' receipts and modestly increasing overall Township expenses.

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, communities, and local governments. Specific to the Township, COVID-19 may impact various parts of 2020 operations and financial results including, but not limited to, the loss of revenues from earned income and real estate taxes as well as a drop in public safety revenue. Additionally, reductions may occur in state funding for non-essential programs, and there will be increased costs for emergency preparedness and shortages of personnel. Township Administration is taking appropriate actions to mitigate the negative impact by identifying budgeted expenses that may be eliminated or deferred to subsequent years. The full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

The report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dennis Carney, Township Manager, 3092 Sugan Road, P.O. Box 139, Solebury, PA 18963 or 215-297-5656.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 9,798,664
Investments	508,818
Accounts Receivable	75,890
Real Estate Taxes Receivable	194,984
Real Estate Transfer Taxes Receivable	58,048
Earned Income Taxes Receivable	1,063,207
Prepaid Expenses	53,623
Capital Assets Not Being Depreciated:	
Land	3,344,871
Artwork	42,000
Conservation Easements	31,440,399
Other Capital Assets, Net of Depreciation	<u>12,760,864</u>
Total Assets	<u>59,341,368</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Charge on Refunding	85,109
Deferred Outflows from Pension	<u>856,293</u>
Total Deferred Outflows of Resources	<u>941,402</u>
<b>LIABILITIES</b>	
Accounts Payable	335,274
Accrued Interest Payable	12,939
Escrow Liabilities	1,152,479
Noncurrent Liabilities:	
Due Within One Year	2,745,096
Due in More than One Year	18,183,799
Net Pension Liability	<u>871,285</u>
Total Liabilities	<u>23,300,872</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows from Pension	<u>717,268</u>
Total Deferred Inflows of Resources	<u>717,268</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	26,991,999
Restricted:	
Land Preservation	1,677,452
Debt Service	477,420
Fire Protection	15,280
Ambulance	8,298
Highway Aid	632,200
Library	4,449
Unrestricted	<u>6,457,532</u>
Total Net Position	<u><u>\$ 36,264,630</u></u>

See accompanying Notes to Financial Statements.



**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 1,917,031	\$ -	\$ 97,348	\$ 20,000	\$ (1,799,683)
Public Safety	4,389,143	731,297	323,255	-	(3,334,591)
Public Works	1,599,347	-	627,344	-	(972,003)
Culture and Recreation	397,807	71,277	-	-	(326,530)
Preservation of Natural Resources	309,096	-	-	-	(309,096)
Interest on Long-Term Debt	639,670	-	-	-	(639,670)
Total Governmental Activities	<u>\$ 9,252,094</u>	<u>\$ 802,574</u>	<u>\$ 1,047,947</u>	<u>\$ 20,000</u>	(7,381,573)
General Revenues					
Taxes:					
Real Estate Taxes					5,878,529
Real Estate Transfer Taxes					632,856
Earned Income Taxes					2,961,219
Interest and Rents					61,778
Total General Revenues					<u>9,534,382</u>
Change in Net Position					2,152,809
Net Position - Beginning of Year					<u>34,111,821</u>
Net Position - End of Year					<u>\$ 36,264,630</u>

See accompanying Notes to Financial Statements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	Major Funds				Nonmajor	Total
	General	Land Preservation	Debt Service	Capital Reserve	Governmental Funds	Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 3,003,450	\$ 1,716,744	\$ 374,466	\$ 2,665,888	\$ 2,038,116	\$ 9,798,664
Investments	508,818	-	-	-	-	508,818
Accounts Receivable	75,890	-	-	-	-	75,890
Real Estate Taxes Receivable	66,194	-	102,954	-	25,836	194,984
Real Estate Transfer Taxes Receivable	58,048	-	-	-	-	58,048
Earned Income Taxes Receivable	1,063,207	-	-	-	-	1,063,207
Prepaid Expenses	53,623	-	-	-	-	53,623
Total Assets	<u>\$ 4,829,230</u>	<u>\$ 1,716,744</u>	<u>\$ 477,420</u>	<u>\$ 2,665,888</u>	<u>\$ 2,063,952</u>	<u>\$ 11,753,234</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 233,134	\$ 39,292	\$ -	\$ -	\$ 62,848	\$ 335,274
Escrow Liabilities	1,152,479	-	-	-	-	1,152,479
Total Liabilities	<u>1,385,613</u>	<u>39,292</u>	<u>-</u>	<u>-</u>	<u>62,848</u>	<u>1,487,753</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Unavailable Revenue - Income Taxes	561,300	-	-	-	-	561,300
Unavailable Revenue - Real Estate Taxes	59,189	-	95,390	-	23,905	178,484
Total Deferred Inflow of Resources	<u>620,489</u>	<u>-</u>	<u>95,390</u>	<u>-</u>	<u>23,905</u>	<u>739,784</u>
<b>FUND BALANCES</b>						
Nonspendable	53,623	-	-	-	-	53,623
Restricted	-	1,677,452	382,030	-	636,322	2,695,804
Committed	-	-	-	2,665,888	1,340,877	4,006,765
Unassigned, Reported in General Fund	2,769,505	-	-	-	-	2,769,505
Total Fund Balances	<u>2,823,128</u>	<u>1,677,452</u>	<u>382,030</u>	<u>2,665,888</u>	<u>1,977,199</u>	<u>9,525,697</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 4,829,230</u>	<u>\$ 1,716,744</u>	<u>\$ 477,420</u>	<u>\$ 2,665,888</u>	<u>\$ 2,063,952</u>	<u>\$ 11,753,234</u>

See accompanying Notes to Financial Statements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2019**

Total Governmental Fund Balances		\$ 9,525,697
Amounts Reported for Governmental Activities in the Statement of Net Position are Different because:		
Capital Assets Used in Governmental Activities are not Financial Resources and, therefore, are not Reported in the Funds:		
Capital Assets	\$ 55,693,296	
Accumulated Depreciation	<u>(8,105,162)</u>	47,588,134
Net Pension Liability is not Payable in the current Period and, therefore, is not Reported in the Funds:		
Net Pension Liability		(871,285)
Deferred Outflows are Recorded as Expenditures in the Fund Statements but Recorded as a Deferred Outflow and Amortized in the Statement of Financial Position:		
Deferred Charge on Refunding		85,109
Deferred Outflows from Pensions		856,293
Deferred Inflows are Recorded as Revenue in the Fund Statements but Recorded as a Deferred Inflow and Amortized in the Statement of Financial Position:		
Deferred Inflows from Pensions		(717,268)
Other Long-Term Assets (Receivables) are not Available to Pay for Current-Period Expenditures and, therefore, are Unavailable in the Funds		
		739,784
Certain Liabilities, Including Bonds Payable, are not Due and Payable in the Current Period and, therefore, are not Reported in the Funds:		
Compensated Absences	(348,040)	
Accrued Interest Payable	(12,939)	
General Obligation Bonds and Notes Payable	<u>(20,580,855)</u>	<u>(20,941,834)</u>
Net Position of Governmental Activities		<u>\$ 36,264,630</u>

See accompanying Notes to Financial Statements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	Major Funds				Nonmajor	Total
	General	Land Preservation	Debt Service	Capital Reserve	Governmental Funds	Governmental Funds
<b>REVENUES</b>						
Real Estate Taxes	\$ 2,033,405	\$ -	\$ 3,026,963	\$ -	\$ 771,426	\$ 5,831,794
Real Estate Transfer Taxes	632,856	-	-	-	-	632,856
Earned Income Taxes	3,150,007	-	-	-	-	3,150,007
Licenses and Permits	220,032	-	-	-	-	220,032
Fines, Forfeits, and Costs	29,362	-	-	-	-	29,362
Interest and Rents	53,560	5,154	-	-	3,064	61,778
Intergovernmental	391,241	-	-	-	627,344	1,018,585
Charges for Services	378,048	-	-	-	65,883	443,931
Refunds and Miscellaneous	133,217	-	-	-	25,394	158,611
Total Revenues	<u>7,021,728</u>	<u>5,154</u>	<u>3,026,963</u>	<u>-</u>	<u>1,493,111</u>	<u>11,546,956</u>
<b>EXPENDITURES</b>						
Current:						
General Government	1,028,210	-	-	-	334,223	1,362,433
Public Safety	2,532,185	-	-	-	778,765	3,310,950
Public Works	436,522	-	-	-	680,027	1,116,549
Culture and Recreation	13,875	-	-	-	368,858	382,733
Preservation of Natural Resources	-	1,597,005	-	-	277,947	1,874,952
Miscellaneous:						
Employee Benefits	895,844	-	-	-	-	895,844
Pension	308,413	-	-	-	-	308,413
Insurance	100,299	-	-	-	-	100,299
Debt Service:						
Principal	-	-	2,532,144	-	-	2,532,144
Interest	-	-	587,698	-	-	587,698
Bond and Note Issuance Costs	-	-	115,414	-	-	115,414
Total Expenditures	<u>5,315,348</u>	<u>1,597,005</u>	<u>3,235,256</u>	<u>-</u>	<u>2,439,820</u>	<u>12,587,429</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,706,380	(1,591,851)	(208,293)	-	(946,709)	(1,040,473)
Other Financing Sources (Uses):						
Proceeds from Bond Issuance	-	1,390,492	6,009,508	-	-	7,400,000
Bond Premium	-	-	533,372	-	-	533,372
Payment to Redeem Bonds	-	-	(6,429,394)	-	-	(6,429,394)
Transfers In	123,959	-	-	925,000	1,671,300	2,720,259
Transfers Out	(1,996,300)	(85,000)	-	(350,000)	(288,959)	(2,720,259)
Total Other Financing Sources (Uses)	<u>(1,872,341)</u>	<u>1,305,492</u>	<u>113,486</u>	<u>575,000</u>	<u>1,382,341</u>	<u>1,503,978</u>
Net Changes in Fund Balances	(165,961)	(286,359)	(94,807)	575,000	435,632	463,505
Fund Balances - Beginning of Year	<u>2,989,089</u>	<u>1,963,811</u>	<u>476,837</u>	<u>2,090,888</u>	<u>1,541,567</u>	<u>9,062,192</u>
Fund Balances - End of Year	<u>\$ 2,823,128</u>	<u>\$ 1,677,452</u>	<u>\$ 382,030</u>	<u>\$ 2,665,888</u>	<u>\$ 1,977,199</u>	<u>\$ 9,525,697</u>

See accompanying Notes to Financial Statements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

Net Change in Fund Balances - Governmental Funds		\$ 463,505
Amounts Reported for Governmental Activities in the Statements of Activities are Different because:		
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities, the Cost of those Assets is Allocated Over their Estimated Useful Lives and Reported as Depreciation Expense. This is the Amount by which Depreciations Exceeds Capital Outlay in the Current Period:		
Capital Outlay	\$ 1,725,307	
Depreciation Expense	<u>(736,126)</u>	989,181
The Net Effect of Revenues in the Statement of Activities that do not Provide Current Financial Resources are not Reported in the Fund Financial Statements		(142,053)
The Issuance of Long-Term Debt Provides Current Financial Resources to Governmental Funds. While the Repayment of the Principal of Long-Term Debt Consumed the Current Financial Resources of Governmental Funds. Neither Transaction, however, has any Effect on Net Position. Also Governmental Funds Report the Effect of Premiums, Discounts, and Similar Items when Debt is First Issued, whereas these Amounts are Deferred and Amortized in the Statement of Activities:		
Amortization of Premium and Loss on Refunding	83,728	
Debt Service Principal Paid	2,532,144	
Payment to Redeem Bonds	6,429,394	
Bond Premium	(533,372)	
Proceeds from Refunding	(6,009,508)	
Proceeds from Note	(1,390,492)	
Net Impact of Artwork Financing	<u>(35,000)</u>	1,076,894
The Net Effect of Expenses Reported in the Statement of Activities do not Require the Use of Current Financial Resources and, therefore, are not Reported as Expenditures in Governmental Funds:		
Change in Pension Expense	(235,704)	
Change in Accrued Interest	35,586	
Change in Compensated Absences Balances:		
General Government	(9,069)	
Public Safety	(14,072)	
Public Works	<u>(11,459)</u>	(234,718)
Change in Net Position of Governmental Activities		<u><u>\$ 2,152,809</u></u>

See accompanying Notes to Financial Statements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
**DECEMBER 31, 2019**

	Police Pension Trust	Custodial Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 483,552	\$ 87,697
Investments	6,280,862	-
Total Assets	<u>6,764,414</u>	<u>87,697</u>
<b>LIABILITIES</b>		
Accounts Payable	-	1,498
Total Liabilities	<u>-</u>	<u>1,498</u>
<b>NET POSITION</b>		
Net Position Held in Trust and Custodial Funds	<u>\$ 6,764,414</u>	<u>\$ 86,199</u>

See accompanying Notes to Financial Statements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	Police Pension Trust	Custodial Funds
Additions:		
Contributions:		
Commonwealth of Pennsylvania	\$ 183,746	\$ -
Employer	44,656	-
Members	80,027	-
Donations	-	10,080
Total Contributions	<u>308,429</u>	<u>10,080</u>
Charges for Services	-	100,813
Investment Earnings:		
Investment Gains	1,125,627	-
Interest Earnings	-	86
Net Investment Earnings	<u>1,125,627</u>	<u>86</u>
Total Additions	1,434,056	110,979
Deductions:		
Benefits	250,874	-
Administrative	43,823	-
Recreation	-	94,225
Total Deductions	<u>294,697</u>	<u>94,225</u>
Change in Net Position	1,139,359	16,754
Net Position - Fiduciary Funds:		
Beginning of Year	<u>5,625,055</u>	<u>69,445</u>
End of Year	<u>\$ 6,764,414</u>	<u>\$ 86,199</u>

See accompanying Notes to Financial Statements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Solebury Township (the Township), located in Bucks County, Pennsylvania, is classified as a "Township of the Second Class" under the laws of the Commonwealth of Pennsylvania. The major services provided by the Township include public safety, roads, fire protection, parks and recreation, and general administration.

The Township is governed by an elected five member Board of Supervisors. The daily operations of the Township are administered by the Township Manager.

The financial statements of the Township have been prepared in accordance with accounting standards generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant government's accounting policies are described below.

**Reporting Entity**

The basic financial statements include all funds, organizations, agencies, boards, commissions, and authorities for which the Township is financially accountable. The Township has also considered all other potential organizations for which the nature and significance of their relationships with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization's governing body and 1) the ability of the Township to impose its will on that organization or 2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the Township. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

**Government-Wide and Fund Financial Statements**

Government-wide financial statements are highly aggregated financial statements that present financial information for all assets (including infrastructure capital assets), deferred outflows of resources, all liabilities, and deferred inflows of resources and net position as a primary government, except for fiduciary funds. Government-wide financial statements use the economic resource measurement focus and accrual basis of accounting. These financial statements are designed to help users assess the finances of the government in its entirety, including the year's operating results; determine whether the government's overall financial position improved or deteriorated; and evaluate whether the government's current-year revenues were sufficient to pay for current-year services. They also are designed to help users assess the cost of providing services to its citizenry; determine how the government finances its programs – through user fees and other program revenues versus general tax revenues; understand the extent to which the government has invested in capital assets, including roads, bridges, and other infrastructure assets; and make better comparisons between governments.



**SOLEBURY TOWNSHIP, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

Separate fund financial statements are provided for the Township's Governmental funds and Fiduciary funds, as applicable. The focus of fund financial statements is on major funds. Major individual Governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

**Fund Accounting**

The accounts of the Township are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance/net positions, revenues, and expenditures, as appropriate. The Township has the following funds:

**Governmental Funds**

Governmental funds are those funds through which most governmental functions typically are financed.

The Township reports the following major Governmental funds:

- **General Fund** – Accounts for all activities except those legally or administratively required to be accounted for in other funds. For external financial reporting purposes, the Township includes the Operating Reserve Fund in the General Fund.
- **Land Preservation Fund** – A capital projects fund established to account for the Township's Land Preservation Program funded through general obligation electoral debt approved by the voters.
- **Debt Service Fund** – Accounts for revenues from a share of the Township's real estate taxes which are used to retire debt principal and interest.
- **Capital Reserve Fund** – Accounts for major capital improvements and/or construction of Township facilities, which is funded primarily by interfund transactions from the General Fund.

**Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The funds included in this category are:

- **Police Pension Trust Fund** – Accounts for police pension plan contributions for the payment of retirement benefits.
- **Custodial Funds** – Accounts for funds held by the Township on behalf of youth sports organizations. These funds are custodial in nature.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Real estate taxes are recognized as revenues in the year for which they are levied. Earned income taxes are recognized when the underlying exchange transaction occurs or when resources are received, whichever is first. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are prepared using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are real estate taxes, earned income taxes, interest, intergovernmental, charges for services, and certain miscellaneous revenues. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due or matured. Assets exclude capital and certain other long-term assets, and liabilities exclude unmatured debt, compensated absences, and accrued interest payable.

The Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Investments**

Investments consist of certificates of deposit whose original maturity exceeds three months, investments in iShares which are a type of exchange traded funds (ETF), and government bonds with various interest rates. Certificates of deposit are stated at fair value. The iShares are valued based on published market prices from national security exchanges. The iShares are traded on the American Stock Exchange, the Chicago Board Options Exchange, and the New York Stock Exchange. All investments are carried at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Receivables**

Receivables are reduced, when necessary, by an estimated allowance that is expected to be uncollectible.

**Due to and Due from Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed.

**Capital Assets**

Capital assets include land, art, conservation easements, construction-in-progress, buildings and improvements, machinery and equipment, vehicles, furniture, and infrastructure and are reported in the governmental activities column in the government-wide financial statements. Purchases of capital assets are recognized as expenditures in Governmental funds statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$10,000 and an initial useful life of one year or greater. Such assets are recorded at cost. Capital assets, except for intangible assets, acquired through contributions from developers are recorded at acquisition value at the date of donation.

In order to preserve open space, the Township purchases conservation easements. A conservation easement restricts the use of land from development in perpetuity. A conservation easement is thus considered an intangible asset of the Township. The Township records conservation easements at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are completely constructed.

Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for each capital asset type are as follows:

Buildings and Improvements	20 to 30 Years
Park and Land Improvements	20 to 30 Years
Machinery/Vehicles/Furniture/Equipment	5 to 15 Years
Infrastructure	20 Years

**Escrow Liabilities**

Escrow liabilities are deposits held in escrow by the Township for developers and others. These monies are held by the Township and used to pay legal, engineering and other consulting fees incurred on behalf of a specific developer or resident project. Any unused deposits are returned to the developer or resident upon completion of the project.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the Governmental fund financial statements, the face amount of debt issued is reported as another financing source and is not considered a fund liability, and repayments of debt are considered debt service expenditures.

**Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the statement of net position will report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources (revenue) until that time.

**Real Estate Taxes**

Real estate taxes are levied March 1 and are due June 30 of each year. A 2% discount is provided for taxes paid prior to May 1. A 10% penalty is applied to taxes paid after June 30. Unpaid taxes are lien with County of Bucks by January 31 of the subsequent year.

**Earned Income Taxes**

The Township recognizes assets resulting from earned income taxes (derived tax revenues) when the underlying exchange transaction occurs. In the Governmental fund financial statements, under the modified accrual basis of accounting, revenue is recorded when the underlying exchange occurs and when the resources are available. Revenue that is not available as of December 31st, is recorded as deferred inflows of resources.

**Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position amounts are considered unrestricted. Restricted resources are used first to fund appropriations. The Township first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance**

The Township follows GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. This statement provides defined fund balance categories to make the nature and extent of the constraints placed upon a government's fund balance more transparent. Fund balances of the government funds are classified as follows:

**Nonspendable** – Amounts that cannot be spent because of their form or because they are legally or contractually required to be maintained intact.

**Restricted** – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** – Amounts that can be used only for specific purposes determined by a formal action of the Township Board of Supervisors. The Board of Supervisors is the highest decision making authority of the Township. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Supervisors.

**Assigned** – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

**Unassigned** – Residual net resources. Only the General Fund can report a positive unassigned fund balance.

The Township Supervisors passed a resolution authorizing the Township Finance Director to designate fund balances by their intended use. When expenditures are incurred for purposes for which both restricted and unrestricted balance are available, it is the Township's policy to use restricted fund balance first, followed by unrestricted fund balance. When expenditures are incurred for purposes for which committed, assigned, or unassigned amounts are available, it is the Township's policy to use committed first, then assigned, and then finally unassigned.

The Township does not have any assigned balances as of December 31, 2019.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

The accumulated vested compensated absences are reported as liabilities in the government-wide financial statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is allowed to be paid upon retirement. In the Governmental funds financial statements, compensated absences are not recognized as liabilities but are recognized as expenditures when due to be paid.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Legal and Contractual Restrictions**

Under Pennsylvania law, the Township is permitted to invest Township funds in U.S. Treasury bills, short-term obligations of the U.S. Government and its agencies, and shares of an investment company as defined, provided that the only investments of that company are in authorized investments for Township funds. The Township may also place deposits that are insured by the Federal Deposit Insurance Corporation (FDIC) and deposits that are collateralized on an individual or on a pooled basis in accordance with Act No. 72 of the Commonwealth of Pennsylvania, August 6, 1971.

The law provides that the Township's Pension Trust Funds may be invested in any form or type of investment, financial instrument, or financial transaction if determined by the Township to be prudent.

The deposits and investments of the Police Pension Trust Fund are maintained separately from other Township funds and are managed by a Trustee in the name of the Township.

Cash, cash equivalents, and investments include \$1,716,744 held in the Land Preservation Fund that is restricted for use in the Township's Land Preservation Program.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk – Deposits**

At December 31, 2019, the carrying value of the Township's deposits with banks was \$10,395,179 including negotiable certificates of deposit of \$508,818, in the various governmental and custodial funds. The bank balances were \$11,905,084. Of the bank balances, 100% was covered by federal depository related insurance or collateralized in accordance with the Commonwealth of Pennsylvania Act 72 of 1971. Under Act 72, a depository holding public funds in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) must pledge assets to secure 100% of the Township's deposits. The pledged assets must be at least equal to the total amounts of such assets required to secure all of the public deposits at the depository and may be on a pooled basis. All such pledged assets are held by the pledging financial institution's trust department or agent and not in the Township's name. The Township Finance Department is responsible for monitoring compliance with the collateralization and reporting requirements of Act 72.

As of December 31, 2019, the Township's bank balances and certificates of deposit were exposed to custodial credit risk as follows:

	Bank Deposits
Insured Amount	\$ 250,000
Uninsured, with Collateral Held by Pledging Bank's Trust Department but not in the Township's Name in Accordance with Act 72	11,655,084
Uninsured and Uncollateralized	-
Total Bank Deposits	<u>\$ 11,905,084</u>

**Investments**

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 based on the best information available in the circumstances, to the extent observable inputs are not available.

As of December 31, 2019, the Township had the following recurring fair value measurements using quoted market prices for Level 1 inputs and using current sale prices or sale prices of comparable securities for Level 2 inputs for investments and cash equivalents, and maturities:

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

Investments held as of December 31, 2019 are as follows:

Investment and Cash Equivalent Type	Valuation Inputs Level	Fair Value
General Fund:		
Negotiable Certificates of Deposit	N/A	\$ 508,818
Police Pension Trust Fund:		
Money Market Funds (1)	N/A	483,552
ETF'S - Equity Funds	Level 1	1,322,087
iShares - Equity Mutual Funds	Level 1	3,018,375
Certificates of Deposit	N/A	1,588,668
Government Bonds	Level 2	351,732
Total Police Pension Trust Fund		<u>6,764,414</u>
Combined Total		<u><u>\$ 7,273,232</u></u>

(1) Money Market Funds are Included with Cash and Cash Equivalents

**Custodial Credit Risk – Investments**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Township may not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township has purchased from brokers negotiable certificates of deposit, in which the Township receives pass-through depository insurance up to \$250,000 at each financial institution. The remaining negotiable certificates of deposit are exposed to custodial credit risk. The total balance of certificates of deposit that were exposed to credit risk was \$258,818.

**Interest Rate Risk – Investments**

The Township 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. The Township limits its interest rate risk by maintaining certain balances in liquid investments, which include money funds. The average maturities of the Township's Government Bonds are as follows:

		Average Maturities (in Years)					
		Less Than 1	1-5	6-10	11-20	More Than 20	Total
Government							
Bonds	\$ 90,100	\$ 261,632	\$ -	\$ -	\$ -	\$ 351,732	
	\$ 90,100	\$ 261,632	\$ -	\$ -	\$ -	\$ 351,732	



**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk – Investments (Continued)**

The maturities of the Township's negotiable certificates of deposits are as follows:

Negotiable Certificates of Deposits	Maturity Year						Total
	2020	2021	2022	2023	2024-2027	2028-2031	
General Fund	\$ 508,818	\$ -	\$ -	\$ -	\$ -	\$ -	508,818
Police Pension							
Trust Fund	157,688	213,096	177,274	51,780	432,728	556,102	1,588,668
Total	<u>\$ 666,506</u>	<u>\$ 213,096</u>	<u>\$ 177,274</u>	<u>\$ 51,780</u>	<u>\$ 432,728</u>	<u>\$ 556,102</u>	<u>\$ 2,097,486</u>

**Credit Risk – Investments**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Township does not have a formal investment policy for credit risk. The Township's investments were given the following credit ratings:

The Township's investments in negotiable certificates of deposit and money funds were not rated.

The Township's investments in Government Bonds were rated AAA by Moody's and AA+ by S & P.

**Concentration of Credit Risk**

The Township does not have a formal investment policy for concentration of credit risk. At December 31, 2019, the Township had the following investments which exceeded 5% of the Township's total investments of the Governmental funds:

Issuer	Type of Investment	Amount	Percentage of Investments of Governmental Funds
Penn Community Bank	Negotiable Certificates of Deposit	\$ 508,818	100.00%

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3 CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2019:

	Balance 2018	Additions	Deletions/ Transfers	Balance 2019
Governmental Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,344,871	\$ -	\$ -	\$ 3,344,871
Land Easements	29,930,415	1,509,984	-	31,440,399
Artwork	-	42,000	-	42,000
Total Capital Assets Not Being Depreciated	33,275,286	1,551,984	-	34,827,270
Capital Assets, Being Depreciated:				
Land Improvements	38,601	-	-	38,601
Park Improvements	3,699,491	-	-	3,699,491
Buildings and Improvements	9,648,773	-	-	9,648,773
Vehicles and Equipment	1,498,118	161,045	(68,910)	1,590,253
Furniture and Fixtures	409,251	12,278	-	421,529
Infrastructure	5,467,379	-	-	5,467,379
Total Capital Assets Being Depreciated	20,761,613	173,323	(68,910)	20,866,026
Less Accumulated Depreciation for:				
Land Improvements	22,953	2,087	-	25,040
Park Improvements	782,205	77,475	-	859,680
Buildings and Improvements	3,081,509	291,263	-	3,372,772
Vehicles and Equipment	931,672	124,333	(68,910)	987,095
Furniture and Fixtures	169,902	32,248	-	202,150
Infrastructure	2,449,705	208,720	-	2,658,425
Total Accumulated Depreciation	7,437,946	736,126	(68,910)	8,105,162
Total Capital Assets Being Depreciated, Net	13,323,667	(562,803)	-	12,760,864
Governmental Type Activities, Capital Assets, Net	<u>\$ 46,598,953</u>	<u>\$ 989,181</u>	<u>\$ -</u>	<u>\$ 47,588,134</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 250,958
Public Safety	107,015
Highway	7,807
Public Works	290,784
Parks and Recreation	79,562
Total Depreciation Expense, Governmental Activities	<u>\$ 736,126</u>

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The following is a schedule of transfers as included in the basic financial statements of the Township:

	Transfers In	Transfers Out
General Fund	\$ 123,959	\$ 1,996,300
Land Preservation Fund	-	85,000
Capital Reserve Fund	925,000	350,000
Nonmajor Governmental Funds:		
Capital Project	350,000	-
Park and Recreation Capital Fund	250,000	250,000
Natural Resource	225,000	-
Park and Recreation Fund	140,000	-
Ambulance Fund	1,800	-
Library	4,500	-
Roads and Bridges Fund	450,000	-
Capital Equipment Fund	250,000	38,959
Total	<u>\$ 2,720,259</u>	<u>\$ 2,720,259</u>

Transfers are used to (1) move revenues from the fund required to be collected by statute or budget to the fund required by statute or budget to expend them, or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. There were no interfund receivables or payables as of December 31, 2019.

**NOTE 5 LONG-TERM DEBT**

The following is a summary of changes in long-term debt:

	Year of Final Maturity	Original Issue Amount	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Governmental Activities:							
General Obligation Bonds:							
2011 Issue - 2.95% ( DVRFA Note)	2026	\$ 5,345,000	\$ 3,383,000	\$ -	\$ (381,000)	\$ 3,002,000	\$ 392,000
2012A Issue - 0.5% - 2.00% (Bond)	2025	845,000	190,000	-	(85,000)	105,000	85,000
2012B Issue - 0.5% - 2.00% (Bond)	2025	4,380,000	3,365,000	-	(185,000)	3,180,000	190,000
2017A Issue - 0.87 - 2.00% (Bond)	2025	6,125,000	5,275,000	-	(400,000)	4,875,000	425,000
2019A Issue - 2.0%-5.0% (New Money)	2026	1,315,000	-	1,315,000	-	1,315,000	-
2019B Issue - 2.0% -5.0% (Ref Bond))	2030	6,085,000	-	6,085,000	-	6,085,000	1,360,000
Total General Obligation Bonds			12,213,000	7,400,000	(1,051,000)	18,562,000	2,452,000
Direct Placement Obligations- Notes:							
2015A Issue - 2.5% (Note)	2020	2,026,000	702,411	-	(702,411)	-	-
2015B Issue - 2.5% (Note)	2025	6,986,000	3,679,000	-	(3,679,000)	-	-
2015C Issue - 2.65% (Note)	2030	4,442,000	3,528,127	-	(3,528,127)	-	-
2017 Issue - 2.1 % (Note)	2025	1,060,000	1,059,000	-	(1,000)	1,058,000	1,000
Note payable - Artwork	2024	42,000	-	42,000	(7,000)	35,000	7,000
Total Direct Obligation Notes			8,968,538	42,000	(7,917,538)	1,093,000	8,000
Premium for Issuance- Unamortized			457,901	533,372	(65,418)	925,855	-
Total General and Direct Obligation							
Bonds and Notes			21,639,439	7,975,372	(9,033,956)	20,580,855	2,460,000
Compensated Absences			313,440	34,600	-	348,040	285,096
Total			<u>\$ 21,952,879</u>	<u>\$ 8,009,972</u>	<u>\$ (9,033,956)</u>	<u>\$ 20,928,895</u>	<u>\$ 2,745,096</u>

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5    LONG-TERM DEBT (CONTINUED)**

During 2019, the Township issued \$7,400,000 of non-electoral General Obligation Bonds, Series 2019A and B, for the purpose of refunding the Township's General Obligation Bonds, Series 2015A, B and C, to pay the costs of issuing the bonds and new funds to finance various capital projects. These Notes were issued to refund the outstanding principal maturities of General Obligation Note 2015A of \$357,000, General Obligation Note 2015B of \$2,769,000 and General Obligation Note 2015C of \$3,278,000, respectively. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$205,278. The 2019 Bonds have varying maturities from April 2020 to April 2030 with interest being paid annually, April 1 and October 1. The interest rates of the Bonds range between 2% and 5%. The Township had \$27,856 of deferred charges on refundings.

During 2017, the Township issued \$6,125,000 of non-electoral General Obligation Note, Series 2017 A, for the purpose of refunding the Township's General Obligation Bonds, Series 2014A and B, and to pay the costs of issuing the note. The 2017 A Note was issued at a lower fixed interest rate, continuing the Township's efforts to reduce interest payments. The Bonds have varying maturities from December 1, 2017 to June 2025 with interest being paid semiannually, June 1 and December 1. The interest rates of the Bonds range between 2% and 5%. The Township had \$64,602 of deferred charges on refundings. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$214,800. The Township also issued a \$1,060,000 non-electoral General Obligation Note, Series 2017 for the purpose of providing funds to finance various capital projects. The Township drew down \$500,000 on the Series 2017 Note during 2017. The remaining balance was drawn down during 2018. The Series 2017 Note has a fixed interest rate of 2.1% through 2025.

During 2015, in accordance with the adopted Ordinance 2013-003, which commenced the Township's financing plan, the Township issued General Obligation Notes Series A & B of 2015, in the amount of \$9,012,000 for a fixed interest rate of 2.5% through 2019. The interest rate can be reset but would not exceed 2.7%. This plan enabled the Township to take advantage of a lower fixed interest rate, thereby reducing the Township's overall interest payments through 2030 by approximately 25% or \$1.8 million dollars. These Notes were issued to refund the principal maturities of General Obligation Bonds, Series of 2005 and General Obligation Bond, Series of 2009 B in the amounts of \$6,830,000 and \$1,995,000, respectively. Also in 2015, the Township issued \$4,442,000 of General Obligation Note, Series 2015 C, for the purpose of refunding the Township's General Obligation Bond, Series 2010, and to pay the costs of issuing the note. The Series 2015 C Note had a fixed interest rate of 2.65% through 2030. The 2015 notes were issued at a lower fixed interest rate, continuing the Township's efforts to reduce interest payments. As previously noted, the 2015 Notes were refunded in full by the issuance of the 2019A and B Bonds.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

During 2012, the Township incurred \$845,000 of non-electoral debt and \$4,380,000 of electoral debt through the issuance of General Obligation Bond Series 2012 A and B, respectively. The Bond was issued to refund the principal maturities of the 2012 Note (issued January 2012), and the 2003 A and 2003 B General Obligation Notes in the amounts of \$850,000, \$1,437,000, and \$3,239,000, respectively. The Bond proceeds also funded the issuance costs of \$100,366. The Bonds have varying maturities through December 2025 with interest being paid semiannually, June 1 and December 1. The interest rates of the Bonds range between .50% and 2.00%. In connection with the refunding of the 2003 A and B Notes, a termination payment was made and is included as a deferred outflow on the statement of net position and is amortized over the life of the debt. The refunding of the 2003 Series A and B Notes and the 2012 Note resulted in an aggregate increase in debt service, however the Township's exposure to variable interest rates was eliminated.

During 2011, the Township incurred \$5,345,000 of electoral debt through the issuance of General Obligation Note, Series 2011. The Note is included in the Interest Rate Management Plan with the Delaware Valley Regional Finance Authority. The Note was issued to refund the principal maturities of the 2006 General Obligation Bonds in the amount of \$5,291,167 and to fund issuance costs of \$50,633. The Township utilized the option to fix an annual interest rate. The interest rate has been fixed at 2.95% through April 25, 2026. The note has varying maturities from April 25, 2012 through April 25, 2026 with interest payable monthly.

**Interest Rate Management Plan**

The Series 2011 Note was issued to the Delaware Valley Regional Finance Authority (the DVRFA). In order to provide funds for loans, (the Loan Program) the DVRFA has issued Local Government Revenue Bonds (the DVRFA Bonds). The DVRFA has entered into an interest rate swap agreement (the DVRFA Swap Agreement), with Merrill Lynch Capital Services, Inc. (MLCS), secured by a guaranty of Merrill Lynch & Co. (Merrill Lynch), in order to reduce the costs of participants in the Loan Program and to enhance the ability of participants to manage their interest rate risks. The DVRFA Swap Agreement is a "Qualified Interest Rate Management Agreement" as such term is defined in the Pennsylvania *Local Government Unit Debt Act*. All of the transactions under the MLCS Swap Agreement were novated during 2009 to Bank of America, N.A. (BANA), which acquired Merrill Lynch. The payment of debt service of the DVRFA Bonds is secured by municipal bond insurance policies issued by Ambac Assurance Corporation (Ambac).

Under the terms of the loan agreements, the interest payments due from the Township are calculated to fund:

- (1) the debt service payments on the DVRFA Bonds,
- (2) the net payments due under the DVRFA Swap Agreement, and
- (3) all other costs and expenses necessary for the operation of the Loan Program, amounts required to maintain the liquidity of the Loan Program, and any termination payment (the Termination Payment) due under the DVRFA Swap Agreement.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**Interest Rate Management Plan (Continued)**

**Interest Rate Risk** – The Township had the option under the loan agreements to pay a variable rate of interest or a fixed rate. The Township elected a fixed rate, and the rate, with terms and conditions selected by the township, was set based upon the fixed rate swap market at that time with a new confirm executed by DVRFA with BANA under the DVRFA Swap Agreement.

Since the Township is not considered to be a signatory on the current interest rate swap agreements between DVRFA and Bank of America, management has concluded that the Township would not be required to report the transaction in accordance with Governmental Accounting Standards Board (GASB) No. 53 *Accounting and Financial Reporting for Derivative Instruments*. Therefore, the fair value of the interest rate swap agreements is not recorded on the statement of net assets. In addition, no evaluation has been made to whether the interest rate swaps are effective cash flow hedges.

**Basis Risk** – The Series 2011 Note does not entail a basis risk.

**Credit Risk** – Rating downgrades by Moody's and Standard & Poor's (S&P) can precipitate collateralization requirements under the DVRFA Swap Agreement. The failure to post collateral when it is required constitutes an event of default under the DVRFA Swap Agreement and may result in termination.

- If the long-term, unsecured, senior debt ratings of BANA are reduced below "A2" by Moody's or "A" by S&P and if DVRFA would receive a payment from BANA upon termination, BANA is required to post collateral equal to the market value of each of the swap agreements executed with DVRFA. BANA's current ratings are "Aa3/A+," with stable outlooks by Moody's and S&P, respectively.

Ratings downgrades of BANA below investment grade may result in termination. If the long-term, unsecured, senior debt ratings of BANA are downgraded below "Baa3" by Moody's and "BBB-" by S&P, DVRFA may terminate the swap agreements executed by BANA. If (i) the claims paying ability ratings of Ambac are reduced below "Baa3" by Moody's or "BBB-" by S&P and (ii) DVRFA has defaulted or DVRFA does not have published ratings of at least "Baa3" by Moody's and "BBB-" by S&P, BANA may terminate the DVRFA Swap Agreements.

**Termination Risk** – The Township is obligated to pay a Termination Payment associated with the portion of the DVRFA Swap Agreement allocable to the applicable note. A Termination Payment may be incurred due to the termination of all or a portion of the DVRFA Swap Agreement with the mutual consent of DVRFA, BANA, Ambac, and the Township. These termination payments could be triggered in the event of (i) a payment default by the Township under the Loan Agreement, (ii) a payment default by DVRFA, BANA, or Ambac under the DVRFA Swap Agreement, (iii) the occurrence of events that may precipitate a payment default by DVRFA, BANA, or Ambac, or (iv) the downgrading of the claims paying ability of Ambac or long-term, unsecured, senior debt rating of DVRFA or BANA. In all instances of termination except a payment default on the note converted to a fixed rate, DVRFA would seek to replace the DVRFA Swap Agreement with a new interest rate swap agreement with similar terms and conditions.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**Interest Rate Management Plan (Continued)**

**Termination Risk (Continued)**

The amount of the Termination Payment is determined by the market value of the DVRFA Swap Agreement; therefore, the cost or income of the replacement swap should offset the cost or income from the Termination Payment. DVRFA may not be able to secure the replacement interest rate swap if the swap market is not functioning normally or if DVRFA does not have access to the swap market.

The estimated Termination Payment (i.e., the market value) for the DVRFA Swap Agreement allocable to the Township's 2011 Note as of December 31, 2019, is shown in the table below. In the event of a Termination Payment, DVRFA would assess the net loss, if any, to the Township. Any net gain on the Termination Payment allocable to variable rate Notes (as shown in the table) would be retained by DVRFA.

Description	Date of Issue	Maturity Date	Principal Outstanding (Notional Amount)	Type of Note	Gain (Loss) (1)
2011 Note	15-Nov-11	25-Apr-26	\$ 3,002,000	Fixed	\$ (122,157)

(1) Based on Fair Value Estimates as of December 31, 2019

**Debt Service Requirements**

At December 31, 2019, the Township's legal debt limit under the Pennsylvania Local Government Unit Debt Act (the Act) was approximately \$28,838,419 for non-electoral debt. After deducting the non-electoral debt outstanding of \$7,353,000 the Township's remaining borrowing capacity as of December 31, 2019, was approximately \$21,240,419 for non-electoral debt. Electoral debt (i.e., debt approved by the Township voters) is not subject to any statutory borrowing limit under the Act.

The Series 2011 note, the 2012B bond and 2019B bond were approved by voters and issued by the Township for the purpose of providing funds to acquire open space, agricultural and conservation easements, land for recreation, and other capital projects. Electoral debt outstanding as of December 31, 2019 totaled \$12,267,000.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**Debt Service Requirements (Continued)**

The following is a schedule of aggregate principal and interest payments on all long-term debt (excluding compensated absences), for each of the next five years and each five-year period thereafter:

<u>Year Ended December 31,</u>	<u>General Obligation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 2,460,000	\$ 528,123	\$ 2,988,123
2021	2,672,000	497,762	3,169,762
2022	2,779,000	387,837	3,166,837
2023	2,879,000	291,724	3,170,724
2024	2,959,000	212,439	3,171,439
2025-2030	5,906,000	214,683	6,120,683
Total	<u>\$ 19,655,000</u>	<u>\$ 2,132,568</u>	<u>\$ 21,787,568</u>

**NOTE 6 COMPENSATED ABSENCES**

The Township has established policies for paying employees, at the time of termination or retirement, for certain accumulated but unused absences. Upon leaving, an employee will be compensated for unused vacation and personal days, and for one-half of unused sick days, up to 120 days for full-time employees. At December 31, 2019, the Township's liability for compensated absences was \$348,040. The liability was determined by multiplying the accumulated available sick days, personal days, or vacation days, if applicable, for each employee by the applicable daily rate.

**NOTE 7 PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

The Township sponsors two defined benefit pension plans and one cash balance plan for its employees, the Police Pension Plan, the Non-Uniform Pennsylvania Municipal Retirement System (PMRS) Plan and the Non-Uniform Cash Balance PMRS Plan. Required disclosures regarding these plans are presented in Notes 8 and 9.

For the year ended December 31, 2019, the Township recognized aggregate pension expense of \$510,622 and net pension liability of \$871,285. The Police Pension Plan net pension liability was measured as of December 31, 2019. The Non-Uniform Pennsylvania Municipal Retirement System (PMRS) Plans' (defined benefit and cash balance plans) net pension liability was measured as of December 31, 2018.



**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
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**NOTE 7 PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)**

At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to its pension plans from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 117,022	\$ 646,531
Changes in Assumptions	610,308	-
Net Difference Between Projected and Actual Investment Earnings	82,446	70,737
Contributions Subsequent to the Measurement Date	46,517	-
Total	<u>\$ 856,293</u>	<u>\$ 717,268</u>

The deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of \$46,517 that will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2020	\$ (24,947)
2021	(35,214)
2022	4,359
2023	(34,238)
2024-2025	182,548
Total	<u>\$ 92,508</u>

**NOTE 8 DEFINED BENEFIT POLICE PENSION PLAN**

**Plan Description**

The Township sponsors a defined benefit pension plan, the Police Pension Plan. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Plan provisions are established by Township Ordinance with the authority for Township contributions required by Pennsylvania Act 205 (the Act).

The Township provides pension benefits for members of the police force through a self-administered trust fund – the Police Pension Plan, a single-employer plan accounted for as a pension trust fund of the Township.

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
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**NOTE 8    DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)**

**Plan Description (Continued)**

Members of the Police Pension Plan may opt to enter the Deferred Retirement Option Plan (the DROP) upon attaining age 55 and completion of 25 years of service. Under the DROP, members may accumulate their monthly retirement benefit in an interest bearing account held by the Plan for up to four years and continue to be employed by the Township. At the end of the DROP period, a lump sum of the accumulated monthly retirement benefit, plus interest, is distributed and the normal monthly retirement benefit distributions commence.

The following table provides information concerning types of covered employees and benefit provisions for the Township's Police Pension Plan:

Covered Employees	Police
	All Regular Full-Time Sworn Police Officers
Number of Covered Active Employees	16
Number of Persons Receiving Benefits	
Retired Employees and Beneficiaries	6
Terminated Employees Vested but not Receiving Benefits	2
Current Annual Covered Payroll	\$1,532,092
Normal Retirement Date	After 55th Birthday and 25 Years of Service or if Hired Prior to December 21, 1965, after 60th Birthday and 20 Years of Service
Retirement Benefit	A monthly Benefit Equal to 50% of the Final Monthly Average Salary Plus an Additional \$100 per Month up to a maximum of \$500 per month, if Retiring with 26 or more Years of Service
Early Retirement Date	Participants who terminate with at least 20 years of service are eligible to retire before Normal Retirement Date.

The benefit provisions of the Township's Police Plan established by Township ordinances are in compliance with collective bargaining agreements.

**Summary of Significant Accounting Policies**

Financial information on the Township's Police Pension Plan is presented on the accrual basis of accounting as a fiduciary fund of the Township. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when paid as required by the Act. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Plan investments are reported at fair value as reported by the investment managers.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8    DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)**

**Contributions and Funding Policy**

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the Plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses, and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Employees are required to contribute a percentage of covered payroll (5% for Police). This contribution is governed by the Plan's governing ordinances and collective bargaining. Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plan and funded through the MMO and/or plan earnings.

**Plan Administration**

Management of the Police Pension Plan is overseen by a Pension Committee under Section 19 of the Plan Document. Per the Plan Document, the Police Pension Fund Board is comprised of 3 members appointed by the Board of Supervisors. The Police Pension Fund Board has the discretion and authority to interpret the Plan and to determine the eligibility and benefits of Participants and beneficiaries pursuant to the provisions of the Plan. On all such matters, the decision of a majority of the members of the Police Pension Fund Board shall govern and be binding upon the employer, participants, and beneficiaries. The Police Pension Fund Board need not call or hold any meeting for the purpose of rendering decisions but such decisions may be evidenced by a written document signed by the members.

**Investment Policy**

The Police Pension Fund Board is responsible for administering the investment policies of the Plan and providing oversight for the management of the Plan's assets. The investment strategy of the Plan is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy requires that all Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plan, with minimal impact on market price. The following was the Plan's adopted asset allocation policy as of December 31, 2019:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Target</u>
Equities	25%	65%	60%
Fixed Income	30%	45%	35%
Cash Equivalents	0%	30%	5%

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8    DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)**

**Concentrations**

At December 31, 2019, the Police Pension Plan had the following investments which exceeded 5% or more of the Plan Net Assets:

Issuer	Type of Investment	Amount	Percentage of Investments of Plan Net Assets
Wells Fargo Bank	Negotiable Certificates of Deposit	\$ 1,588,668	23.49%
Invesco QQQ TR	Equity Mutual Fund	447,331	6.61%
iShares Russell 1000 Value	Equity Mutual Fund	486,142	7.19%
iShares Russell 1000 Growth	Equity Mutual Fund	530,047	7.84%
iShares S&P Midcap 400 Value	Equity Mutual Fund	379,813	5.61%
iShares S&P Midcap 400 Growth	Equity Mutual Fund	387,728	5.73%

**Net Pension Liability**

The net pension liability of the plan as of the measurement date of December 31, 2019, was as follows:

Total Pension Liability	\$ 7,584,221
Plan Fiduciary Net Position	6,764,414
Net Pension Liability	<u>\$ 819,807</u>

Method and assumptions used to determine Net Pension Liability were as follows:

	<u>Police</u>
Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Long-term Investment Rate of Return	6.0%
Projected Salary Increases	4.0%
Inflation Rate Included	2.5%
Mortality Rate	Pub-210 Safety Amount-Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2019

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8    DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)**

**Net Pension Liability (Continued)**

Best estimates of arithmetic real rate of return for each major asset class that is included in the pension plan's target asset allocation of December 31, 2019 are as follows:

<u>Asset Class</u>	<u>Percent of Fund at December 31, 2019</u>	<u>Estimated Long-Term Rates of Return</u>
Cash and Cash Alternatives	7%	.04 - 2.2%
Equities	64%	.28 - 9.2%
Fixed Income Securities	29%	1.24 - 3.1%
Total Weighted Expected Return		4.49%

**Discount Rate**

The discount rate used to measure the total pension liability was 6.00% which includes an adjusted rate of inflation. The projection of cash flow to determine the discount rate assumed the contributions will be made at contractually required rates specified under Act 205. Act 205 requires full funding of the entry age normal cost plus Plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on the pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability calculated using the discount rate of 6.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%), or 1-percentage-point higher (7.00%) than the current rate:

	<u>1% Decrease (5.00%)</u>	<u>Current Discount Rate (6.00%)</u>	<u>1% Increase (7.00%)</u>
Net Pension Liability	\$ 1,906,169	\$ 819,807	\$ (76,155)

**Rate of Return on Investments**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for plan year 2019 was 19.59%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9    NON-UNIFORMED (PMRS) PENSION PLANS**

**Plan Description**

The Township sponsors a defined benefit pension plan, the Non-Uniform Pension Plan. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Plan provisions are established by Township Ordinance with the authority for Township contributions required by Pennsylvania Act 205 (the Act).

The Township provides pension benefits for non-uniform municipal employees hired before January 1, 2011, through the Pennsylvania Municipal Retirement System (PMRS), a statewide local government system. PMRS is an agent multiple-employer system with the purpose to administer sound, cost-effective pensions for local government employees. Responsibility for the organization and administration of PMRS is vested in the eleven-member Pennsylvania Municipal Retirement Board. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained by contacting the PMRS Accounting Office, P.O. Box 1165, Harrisburg, PA 17108-1165.

In addition to the defined benefit pension plan, the Township has elected to amend its Plan to add a Cash Balance Plan effective January 1, 2011. All non-uniform full-time employees hired after January 1, 2011, have mandatory membership in the Cash Balance Plan (through PMRS) and do not participate in the Non-Uniform Defined Benefit Plan described above. Cash Balance Plan members must contribute 2.5%, but can optionally contribute up to 17.5%, of their compensation to the Cash Balance Plan.

All assets of the Plan are held in a trust and are the assets of the PMRS and, therefore, will be excluded from the Township's financial statements. The assets of the Plan will be managed by the Board of PMRS and are placed in the custody of the Treasurer of the Commonwealth.

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 NON-UNIFORMED (PMRS) PENSION PLANS (CONTINUED)**

**Plan Description (Continued)**

The following table provides information concerning types of covered employees and benefit provisions for each of the Township's PMRS Plans:

	<u>Non-Uniform Defined Benefit</u>	<u>Non-Uniform Cash Balance</u>
Covered Employees	All Regular Employees Hired before 1/1/11, Excluding Sworn Police Officers	All Regular Employees Hired after 1/1/11, Excluding Sworn Police Officers
Number of Covered Active Employees	6	8
Number of Persons Receiving Benefits		
Retired Employees and Beneficiaries	8	0
Terminated Employees Vested but not Receiving Benefits	2	0
Current Annual Covered Payroll	\$503,998	\$422,267
Normal Retirement Date	After 60th Birthday and 5 Years of Service	After 60th Birthday and 5 Years of Service
Retirement Benefit	Equal 2.5% Times Credited Service Times Final Average Salary (FAS) but in no Event is the Basic Benefit Greater than 50% of FAS	Equal to a Single Life Annuity Starting on the Effective Date of Retirement with a Present Value Equal to all Monies Credited to the Member's Account
Early Retirement Date	Voluntary after 20 Years of Service	Voluntary after 20 Years of Service

**Net Pension Liability (Asset)**

The net pension asset of the PMRS Non-Uniform Defined Benefit plan as of the measurement date of December 31, 2018 was as follows:

Total Pension Liability	\$ 3,963,674
Plan Fiduciary Net Position	3,921,363
Net Pension Liability	<u>\$ 42,311</u>

The net pension asset of the PMRS Non-Uniform Cash Balance plan as of the measurement date of December 31, 2018 was as follows:

Total Pension Liability	\$ 140,197
Plan Fiduciary Net Position	131,030
Net Pension Liability	<u>\$ 9,167</u>

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 NON-UNIFORMED (PMRS) PENSION PLANS (CONTINUED)**

**Net Pension Liability (Asset) (Continued)**

Method and assumptions used to determine Net Pension Liability (Asset) for the PMRS' Plans were as follows:

	<u>PMRS Plans</u>
Valuation Date	January 1, 2018
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Actuarial Assumptions	
Investment Rate of Return	5.25%
Projected Salary Increases	3.3%
Inflation Rate Included	2.8%
Mortality Rate	Males: RP 2000 with 1 Year Setback Females: RP 2000 with 5 Year Setback

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class are included in the pension plan's target asset allocation.

**Discount Rate**

The discount rate used to measure the total pension liability (asset) was 5.25%. The projection of cash flow to determine the discount rate assumed the contributions will be made at contractually required rates specified under Act 205. Act 205 requires full funding of the entry age normal cost plus Plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability (asset).



**SOLEBURY TOWNSHIP, PENNSYLVANIA  
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**NOTE 9 NON-UNIFORMED (PMRS) PENSION PLANS (CONTINUED)**

**Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) calculated using the discount rate of 5.25%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.25%), or 1-percentage-point higher (6.25%) than the current rate:

PMERS Non-Uniform Defined Benefit Pension Plan			
	1%	Current	1%
	Decrease	Discount	Increase
	(4.25%)	Rate (5.25%)	(6.25%)
Net Pension (Asset) Liability	\$ 420,321	\$ 42,311	\$ (285,181)

PMERS Non-Uniform Cash Balance Plan			
	1%	Current	1%
	Decrease	Discount	Increase
	(4.25%)	Rate (5.25%)	(6.25%)
Net Pension (Asset) Liability	\$ 37,206	\$ 9,167	\$ (18,873)

**Contributions and Funding Policy**

Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the Plans' biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Employees participating in the Defined Benefit Plan are required to contribute a percentage of covered payroll (3% for Non-Uniform defined benefit). This contribution is governed by the Plan's governing ordinances. Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the Plans and funded through the MMO and/or plan earnings.

Cash Balance Plan members may voluntarily contribute up to 17.5% of their compensation. Optional member contributions will be treated as taxed at the time of contribution, will be tracked separately by PMRS, and will not be treated as taxable when paid out to the member. The Township's contribution will be equal to the Member's contribution up to a maximum of 5% of the Member's compensation. The annual Basic Benefit will be equal to a single life annuity starting on the effective date of retirement with a present value equal to all monies credited to the Member's account.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
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**NOTE 10 DEFERRED COMPENSATION PLANS**

The Township offers certain employees the option to participate in deferred compensation plans created in accordance with the Internal Revenue Code Section 457. The Plans permit the employees to voluntarily defer a percentage of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Township contributes 8%-10% of the employee's base salary. The Township contributed \$33,494 for the year ended December 31, 2019.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust by a third party for the exclusive benefit of participants and their beneficiaries. The compensation deferred is managed by outside Trustees under various investment options. As a result, the deferred compensation plans are not considered to be fiduciary activities of the Township and are excluded from the accompanying financial statements.

**NOTE 11 RISK MANAGEMENT**

The Township is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions by elected officials, employees, and volunteers; personal injury and illness; and natural disasters. The Township carries various types of commercial insurance to manage certain risks of loss, and as a method of financing certain other risks, the Township joined the Delaware Valley Workers' Compensation Trust (DVWCT) and the Delaware Valley Insurance Trust (DVIT).

DVWCT is a regional municipal risk retention pool formed under the authority granted by the Commonwealth of Pennsylvania, Department of Labor and Industry, Bureau of Workers' Compensation. The Trust provides a method of financing an employer's medical and indemnity obligations due to municipal employees under the Pennsylvania Workers' Compensation Act. The purpose and intent of the Trust is to reduce both the frequency and severity of work-related injury and occupational disease claims. The Trust is funded by its member municipalities by annual contributions, which are assessed at the beginning of each year.

DVIT is a regional municipal risk sharing pool providing general liability, automobile, public officials' liability, police professional liability, property and equipment, and crime coverages to local governments in the Commonwealth of Pennsylvania. DVIT was formed under the authority granted by the Pennsylvania Intergovernmental Cooperation Law and the Pennsylvania Political Subdivision Tort Claims Act. The Trust is funded by annual member contributions determined by the trust's actuary in amounts necessary to pay expected losses, administrative expenses, and a recommended risk margin or surplus. DVIT is a member of an excess risk-sharing pool and has three layers of excess coverage which allows the pool to provide a \$10,000,000 per claim liability coverage limit.

There were no significant reductions in coverage during the year ended December 31, 2019 and settlements have not exceeded coverage in the past three years.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
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**NOTE 12 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Excess of Expenditures over Appropriations**

Except for the General Fund, Land Preservation Fund and Debt Service Fund, none of the Township's Fund expenditures were over-budget for the year ended December 31, 2019.

The General Fund transfers exceeded budget in order to build reserves in other funds for future capital expenses. The overage was funded from excess revenues, transfers from other budgeted expenditures and existing fund balance. Approval of the Township Supervisors was obtained for these additional transfers.

The Land Preservation Fund expenditures exceeded budget because the cost of Land Easements purchased in 2019 were higher than budgeted. The excess expenditures were funded from the existing fund balance. The Land Preservation Fund ended the year with a positive fund balance.

The Debt Service Fund expenditures exceeded budget due to the 2019 debt refunding costs which were funded from the bond proceeds and existing fund balance. The Debt Service Fund still ended the year with a positive fund balance.

**NOTE 13 CONTINGENCIES**

In the normal course of business, there are various claims and suits pending against the Township. In the opinion of management and counsel, the amount of such losses that might result from these claims and suits, if any, would not materially affect the financial condition of the Township.

The use of grant monies is subject to compliance audits by governmental agencies. Management of the Township believes the Township is in compliance with substantially all of the significant requirements of such grants.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 RECENT ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board (GASB) has issued the following standards that were adopted by the Township in 2019:

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. Statement 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The provisions in Statement No. 83 are effective for reporting periods beginning after June 15, 2018. The Township adopted Statement No. 83 with no financial statement impact.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions in Statement No. 84 are effective for reporting periods beginning after December 15, 2018. The Township adopted Statement No. 84 and the appropriate changes were made to the financial statements, primarily reclassification of escrow liabilities from a fiduciary fund to the general fund.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is effective for fiscal years beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The Township adopted Statement No. 88 and no financial statement changes were noted.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

The following GASB Standards could impact the Township's financial statements in future years:

In June 2017, the GASB issued Statement No. 87, *Leases*. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Township is required to adopt Statement No. 87 for its calendar 2020 financial statements; however, GASB has issued an exposure draft that if adopted could postpone the date of implementation by one year. The Township is assessing if Statement No. 87 will have any impact on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is effective for fiscal years beginning after December 15, 2019. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Township is assessing if Statement No. 89 will have any impact on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*, which is effective for reporting periods beginning after December 15, 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The Township is assessing if Statement No. 90 will have any impact on its financial statements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
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**NOTE 14 RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which is effective for reporting periods beginning after December 15, 2020. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Township is assessing if Statement No. 91 will have any impact on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, which is effective for fiscal years beginning after June 15, 2020. This statement addresses various matters for clarification of previously issued standards including Statements 73, 74, 83, and 87. The Township is assessing if Statement No. 92 will have any impact on its financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, which is effective for fiscal years beginning after June 15, 2020. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). Some governments have entered into agreements in which variable payments made or received depend on an IBOR—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The Township is assessing if Statement No. 93 will have any impact on its financial statements.

**NOTE 15 SUBSEQUENT EVENTS**

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Township, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, loss of revenues from earned income taxes, reductions of state funding for non-essential programs, costs for emergency preparedness and shortages of personnel. Management believes the Township is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

During the period from January 1, 2020, through April 27, 2020, both domestic and international equity markets have experienced large declines. These losses are not included in the financial statements of the Township's Police Pension Trust Fund as of and for the year ended December 31, 2019.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
REQUIRED SUPPLEMENTARY INFORMATION  
POLICE PENSION PLAN – SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
DECEMBER 31, 2019**

	Measurement Year Ending 12/31/19	Measurement Year Ending 12/31/18	Measurement Year Ending 12/31/17	Measurement Year Ending 12/31/16	Measurement Year Ending 12/31/2015	Measurement Year Ending 12/31/14
Total Pension Liability:						
Service Cost	\$ 326,502	\$ 305,091	\$ 293,357	\$ 295,026	\$ 294,257	\$ 282,939
Interest	417,915	341,909	317,450	345,166	323,953	301,611
Benefit Payments	(250,874)	(203,145)	(203,145)	(271,707)	(216,989)	(207,361)
Changes of Benefit Terms	-	-	(160,595)	-	-	-
Difference Between Actual and Expected Experience, if Any	398,169	-	(122,553)	(598,822)	(474,839)	-
Assumption Changes	448,593	-	17,268	-	454,526	-
Net Change in Total Pension Liability	1,340,305	443,855	141,782	(230,337)	380,908	377,189
Total Pension Liability - Beginning	6,243,916	5,800,061	5,658,279	5,888,616	5,507,708	5,130,519
Total Pension Liability - Ending (a)	<u>\$ 7,584,221</u>	<u>\$ 6,243,916</u>	<u>\$ 5,800,061</u>	<u>\$ 5,658,279</u>	<u>\$ 5,888,616</u>	<u>\$ 5,507,708</u>
Plan Fiduciary Net Position:						
Contribution - Employer and State Aid	\$ 228,402	\$ 265,684	\$ 461,859	\$ 382,265	\$ 369,529	\$ 281,351
Contribution - Member	80,027	108,073	71,909	67,592	64,902	63,060
Net Investment Income	1,125,626	(281,368)	627,570	366,526	19,684	198,682
Benefit Payments	(250,874)	(203,145)	(203,145)	(271,707)	(216,989)	(207,361)
Administrative Expense	(43,823)	(36,708)	(38,730)	(30,886)	(39,629)	(27,088)
Other	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,139,358	(147,464)	919,463	513,790	197,497	308,644
Plan Fiduciary Net Position - Beginning	5,625,056	5,772,520	4,853,057	4,339,267	4,141,770	3,833,126
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,764,414</u>	<u>\$ 5,625,056</u>	<u>\$ 5,772,520</u>	<u>\$ 4,853,057</u>	<u>\$ 4,339,267</u>	<u>\$ 4,141,770</u>
Net Pension Liability (a-b)	<u>\$ 819,807</u>	<u>\$ 618,860</u>	<u>\$ 27,541</u>	<u>\$ 805,222</u>	<u>\$ 1,549,349</u>	<u>\$ 1,365,938</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.19%	90.09%	99.53%	85.77%	73.69%	75.20%
Covered Payroll	\$ 1,532,092	\$ 1,372,697	\$ 1,438,190	\$ 1,351,832	\$ 1,292,897	\$ 1,247,495
Net Pension Liability as a Percentage of Covered Payroll	53.51%	45.08%	1.91%	59.57%	119.84%	109.49%

\*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.



**SOLEBURY TOWNSHIP, PENNSYLVANIA  
REQUIRED SUPPLEMENTARY INFORMATION  
POLICE PENSION PLAN – SCHEDULES OF EMPLOYER CONTRIBUTIONS,  
INVESTMENT RETURNS, AND EMPLOYER'S NET PENSION LIABILITY  
CALCULATED IN ACCORDANCE WITH GASB 67  
DECEMBER 31, 2019**

Schedule of Employer Contributions\*

Measurement Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 255,864	\$ 281,351	\$ (25,487)	\$ 1,247,495	22.55%
2015	245,393	369,529	(124,136)	1,292,897	28.58%
2016	382,265	382,265	-	1,351,832	28.28%
2017	385,120	461,859	(76,739)	1,438,190	32.11%
2018	241,531	265,684	(24,153)	1,372,697	19.35%
2019	228,402	228,402	-	1,532,092	14.91%

Schedule of Investment Returns\*

Actual Money Weighted Rate of Return, Net of Investment Expense	2019	2018	2017	2016	2015	2014
	19.59%	-5.38%	11.80%	8.10%	0.20%	4.80%

Note: Actuarially determined contributions are determined in accordance with Pennsylvania Act 205. Assumptions used for contribution requirements match those used for GASB purposes except as noted below:

	Police
Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Open
Remaining Amortization Period	12 Years
Asset Valuation Method	Adjusted Market Value
Actuarial Assumptions	
Long-term Investment Rate of Return	6.0%
Projected Salary Increases	4.0%
Inflation Rate Included	2.5%
Mortality Rate**	Pub-210 Safety Amount-Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2019

\*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

\*\*Previous year valuations used mortality rates of RP-2000 Combined Health Mortality Table with Blue Collar Adjustment projected to 2017 with Scale AA.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NON-UNIFORM PENSION PLAN – SCHEDULE OF CHANGES IN THE EMPLOYER'S**  
**NET PENSION LIABILITY AND RELATED RATIOS**  
**DECEMBER 31, 2019**

	Measurement Year Ending 12/31/18	Measurement Year Ending 12/31/17	Measurement Year Ending 12/31/16	Measurement Year Ending 12/31/15	Measurement Year Ending 12/31/14
Total Pension Liability:					
Service Cost	\$ 80,038	\$ 107,713	\$ 111,765	\$ 111,033	\$ 119,638
Interest	194,370	188,989	192,424	182,888	186,433
Benefit Payments	(214,276)	(120,003)	(84,335)	(214,883)	(91,581)
Difference Between Actual and Expected, if Any	175,534	-	(175,672)	(18,223)	(191,304)
Assumption Changes	-	-	78,677	29,214	-
Net Change in Total Pension Liability	235,666	176,699	122,859	90,029	23,186
Total Pension Liability - Beginning	3,728,008	3,551,309	3,428,450	3,338,421	3,315,235
Total Pension Liability - Ending (a)	<u>\$ 3,963,674</u>	<u>\$ 3,728,008</u>	<u>\$ 3,551,309</u>	<u>\$ 3,428,450</u>	<u>\$ 3,338,421</u>
Plan Fiduciary Net Position:					
Contribution - Employer	\$ 43,462	\$ 55,140	\$ 72,235	\$ 73,287	\$ 77,552
Contribution - Member	15,120	20,348	21,521	22,190	22,785
Net Investment Income	(225,956)	626,281	355,609	(69,789)	105,365
Benefit Payments	(214,276)	(120,003)	(84,335)	(214,883)	(91,581)
Administrative Expense	(9,002)	(9,733)	(10,094)	(9,050)	(7,812)
Net Change in Plan Fiduciary Net Position	(390,652)	572,033	354,936	(198,245)	106,309
Plan Fiduciary Net Position - Beginning	4,312,015	3,739,982	3,385,046	3,583,291	3,476,982
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,921,363</u>	<u>\$ 4,312,015</u>	<u>\$ 3,739,982</u>	<u>\$ 3,385,046</u>	<u>\$ 3,583,291</u>
Net Pension (Asset) Liability (a-b)	<u>\$ 42,311</u>	<u>\$ (584,007)</u>	<u>\$ (188,673)</u>	<u>\$ 43,404</u>	<u>\$ (244,870)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.93%	115.67%	105.31%	98.73%	107.33%
Covered Payroll	\$ 503,998	\$ 678,266	\$ 717,379	\$ 733,513	\$ 779,883
Net Pension (Asset) Liability as a Percentage of Covered Payroll	8.40%	(86.10%)	(26.30%)	5.92%	(31.4%)

\*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
REQUIRED SUPPLEMENTARY INFORMATION  
NON-UNIFORM PENSION PLAN – SCHEDULES OF EMPLOYER CONTRIBUTIONS  
AND EMPLOYER'S NET PENSION LIABILITY  
DECEMBER 31, 2019**

Schedule of Employer Contributions\*

Measurement Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 76,807	\$ 77,552	\$ (745)	\$ 779,883	9.94%
2015	73,287	73,287	-	733,513	9.99%
2016	72,235	72,235	-	717,379	10.07%
2017	55,140	55,140	-	678,266	8.13%
2018	43,462	43,462	-	503,998	8.62%

Note: Actuarially determined contributions are determined in accordance with Pennsylvania Act 205. Assumptions used for contribution requirements match those used for GASB purposes except as noted below:

Non-Uniform Defined Benefit	
Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	3 Years
Asset Valuation Method	Adjusted Market Value
Actuarial Assumptions	
Investment Rate of Return	5.25%
Projected Salary Increases	3.30%
Inflation Rate Included	2.8%

\*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NON-UNIFORM CASH BALANCE PLAN – SCHEDULE OF CHANGES**  
**IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS**  
**DECEMBER 31, 2019**

	Measurement Year Ending 12/31/18	Measurement Year Ending 12/31/17	Measurement Year Ending 12/31/16	Measurement Year Ending 12/31/15	Measurement Year Ending 12/31/14
Total Pension Liability:					
Service Cost	\$ 39,119	\$ 21,682	\$ 26,191	\$ 19,140	\$ 16,035
Interest	5,691	4,258	3,695	2,333	1,338
Change of Benefits	1,022	-	-	-	-
Difference Between Actual and Expected, if Any	(1)	-	(1)	1	-
Transfers	-	(18,700)	-	-	-
Net Change in Total Pension Liability	45,831	7,240	29,885	21,474	17,373
Total Pension Liability - Beginning	94,366	87,126	57,241	35,767	18,394
Total Pension Liability - Ending (a)	<u>\$ 140,197</u>	<u>\$ 94,366</u>	<u>\$ 87,126</u>	<u>\$ 57,241</u>	<u>\$ 35,767</u>
Plan Fiduciary Net Position:					
Contribution - Employer	\$ 19,766	\$ 10,961	\$ 13,175	\$ 9,572	\$ 7,620
Contribution - Member	19,559	10,841	13,095	9,570	8,094
Net Investment Income	(8,119)	14,440	3,770	(1,067)	1,425
Benefit Payments	-	-	-	-	(269)
Administrative Expense	(344)	(300)	(267)	(202)	(115)
Transfers	-	(18,700)	-	-	-
Net Change in Plan Fiduciary Net Position	30,862	17,242	29,773	17,873	16,755
Plan Fiduciary Net Position - Beginning	100,168	82,926	53,153	35,280	18,525
Plan Fiduciary Net Position - Ending (b)	<u>\$ 131,030</u>	<u>\$ 100,168</u>	<u>\$ 82,926</u>	<u>\$ 53,153</u>	<u>\$ 35,280</u>
Net Pension (Asset) Liability (a-b)	<u>\$ 9,167</u>	<u>\$ (5,802)</u>	<u>\$ 4,200</u>	<u>\$ 4,088</u>	<u>\$ 487</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.46%	106.15%	95.18%	92.86%	98.64%
Covered Payroll	\$ 422,267	\$ 259,616	\$ 307,094	\$ 227,816	\$ 175,530
Net Pension (Asset) Liability as a Percentage of Covered Payroll	2.17%	(2.23%)	1.37%	1.79%	0.28%

\*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
REQUIRED SUPPLEMENTARY INFORMATION  
NON-UNIFORM CASH BALANCE PLAN – SCHEDULES OF EMPLOYER  
CONTRIBUTIONS AND EMPLOYER'S NET PENSION LIABILITY  
DECEMBER 31, 2019**

Schedule of Employer Contributions\*

Measurement Year Ended December 31,	Statutorily Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2014	\$ 8,001	\$ 7,620	\$ 381	\$ 175,530	4.34%
2015	9,670	9,572	98	227,816	4.20%
2016	13,176	13,175	1	307,094	4.29%
2017	10,941	10,961	(20)	259,616	4.22%
2018	19,640	19,766	(126)	422,267	4.68%

Note: Actuarially determined contributions are determined in accordance with Pennsylvania Act 205. Assumptions used for contribution requirements match those used for GASB purposes except as noted below:

PMRS Plans

Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	3 Years
Asset Valuation Method	Adjusted Market Value
Actuarial Assumptions	
Investment Rate of Return	5.25%
Projected Salary Increases	3.30%
Inflation Rate Included	2.80%

\*Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	Budget			Variance With
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Real Estate Taxes	\$ 2,054,834	\$ 2,054,834	\$ 2,033,405	\$ (21,429)
Real Estate Transfer Taxes	575,000	575,000	632,856	57,856
Earned Income Taxes	3,000,000	3,000,000	3,150,007	150,007
Licenses and Permits	241,500	241,500	220,032	(21,468)
Fines, Forfeits, and Costs	26,600	26,600	29,362	2,762
Interest and Rents	86,000	86,000	53,560	(32,440)
Intergovernmental	323,500	323,500	391,241	67,741
Charges for Services	231,725	231,725	378,048	146,323
Refunds and Miscellaneous	22,500	22,500	133,217	110,717
Total Revenues	<u>6,561,659</u>	<u>6,561,659</u>	<u>7,021,728</u>	<u>460,069</u>
<b>EXPENDITURES</b>				
General Government:				
Legislative	13,500	13,500	12,595	905
Tax Collection	24,980	24,980	24,408	572
Legal	170,000	170,000	199,991	(29,991)
General Government Administration	685,900	685,900	642,902	42,998
General Government Buildings	179,800	179,800	148,314	31,486
Total General Government	<u>1,074,180</u>	<u>1,074,180</u>	<u>1,028,210</u>	<u>45,970</u>
Public Safety:				
Police	2,133,136	2,133,136	1,976,736	156,400
Fire	121,000	121,000	118,435	2,565
Zoning and Planning	430,500	430,500	437,014	(6,514)
Total Public Safety	<u>2,684,636</u>	<u>2,684,636</u>	<u>2,532,185</u>	<u>152,451</u>
Public Works	581,856	581,856	436,522	145,334
Culture and Recreation	7,875	7,875	13,875	(6,000)
Miscellaneous:				
Employee Benefits	1,042,575	1,042,575	895,844	146,731
Pension	313,100	313,100	308,413	4,687
Insurance	114,500	114,500	100,299	14,201
Total Miscellaneous	<u>1,470,175</u>	<u>1,470,175</u>	<u>1,304,556</u>	<u>165,619</u>
Total Expenditures	<u>5,818,722</u>	<u>5,818,722</u>	<u>5,315,348</u>	<u>503,374</u>
Excess of Revenues Over Expenditures	742,937	742,937	1,706,380	963,443
Other Financing Sources (Uses):				
Transfers In	85,000	85,000	123,959	38,959
Transfers Out	(691,000)	(691,000)	(1,996,300)	(1,305,300)
Total Other Financing Uses	<u>(606,000)</u>	<u>(606,000)</u>	<u>(1,872,341)</u>	<u>(1,266,341)</u>
Net Change in Fund Balances	<u>\$ 136,937</u>	<u>\$ 136,937</u>	<u>(165,961)</u>	<u>\$ (302,898)</u>
Fund Balance - Beginning of Year			<u>2,989,089</u>	
Fund Balance - End of Year			<u>\$ 2,823,128</u>	

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISONS**  
**DECEMBER 31, 2019**

**NOTE 1 BUDGETARY DATA**

The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- A. Thirty days prior to the final supervisor's meeting in December, a proposed operating budget for the fiscal year commencing the following January 1 is submitted. The operating budget includes proposed expenses and the means of financing them.
- B. The proposed operating budget is advertised in the newspaper at least 30 days prior to the final budget hearing.
- C. At the last Board of Supervisors' meeting in December, the budget is adopted by resolution.
- D. Within 30 days of adoption, the approved budget is advertised in the newspaper as being approved and available for inspection.
- E. Budgetary data are included in the Township management information system and are employed as a management control device during the year.
- F. Legal budgetary control is maintained by the Township Manager with the assistance of the Treasurer at the Fund level. Budget transfers must be approved by the Board of Supervisors.

**NOTE 2 BASIS OF ACCOUNTING**

The budget is prepared on the same modified accrual basis of accounting as applied to the Governmental funds in the basic financial statements. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

## **OTHER SUPPLEMENTARY INFORMATION**



**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – MAJOR DEBT SERVICE FUND**  
**WITH LEGALLY ADOPTED BUDGET – DEBT SERVICE FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	Budget			Variance With
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Real Estate Taxes	\$ 3,052,648	\$ 3,052,648	\$ 3,026,963	\$ (25,685)
Total Revenues	3,052,648	3,052,648	3,026,963	(25,685)
<b>EXPENDITURES</b>				
Debt Service:				
Principal	2,560,000	2,560,000	2,532,144	27,856
Interest	564,492	564,492	587,698	(23,206)
Note Issuance Costs	11,000	11,000	115,414	(104,414)
Total Expenditures	3,135,492	3,135,492	3,235,256	(99,764)
Excess of Revenues Over (Under)				
Expenditures	(82,844)	(82,844)	(208,293)	(125,449)
Other Financing Sources:				
Proceeds from Bond Issuance	-	-	6,009,508	6,009,508
Bond Premium	-	-	533,372	533,372
Payment to Redeem Bonds	-	-	(6,429,394)	(6,429,394)
Total Other Financing Sources	-	-	113,486	113,486
Net Change in Fund Balances	<u>\$ (82,844)</u>	<u>\$ (82,844)</u>	(94,807)	<u>\$ (11,963)</u>
Fund Balance - Beginning of Year			<u>476,837</u>	
Fund Balance - End of Year			<u>\$ 382,030</u>	

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – MAJOR CAPITAL PROJECTS FUND**  
**WITH LEGALLY ADOPTED BUDGET – LAND PRESERVATION FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	Budget			Variance With
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Interest and Contributions	\$ 44,100	\$ 44,100	\$ 5,154	\$ (38,946)
Total Revenues	44,100	44,100	5,154	(38,946)
<b>EXPENDITURES</b>				
Preservation of Natural Resources:				
Land Preservation	1,118,000	1,118,000	1,597,005	(479,005)
Total Expenditures	1,118,000	1,118,000	1,597,005	(479,005)
Excess of Revenues Over (Under)				
Expenditures	(1,073,900)	(1,073,900)	(1,591,851)	(517,951)
Other Financing Uses:				
Proceeds from Bond Issuance	-	-	1,390,492	1,390,492
Transfers Out	(85,000)	(85,000)	(85,000)	-
Total Other Financing Uses	(85,000)	(85,000)	1,305,492	1,390,492
Net Change in Fund Balances	<u>\$ (1,158,900)</u>	<u>\$ (1,158,900)</u>	(286,359)	<u>\$ 872,541</u>
Fund Balance - Beginning of Year			<u>1,963,811</u>	
Fund Balance - End of Year			<u>\$ 1,677,452</u>	

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – MAJOR CAPITAL PROJECTS FUND**  
**WITH LEGALLY ADOPTED BUDGET – CAPITAL RESERVE FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	Budget			Variance With
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Interest and Rents, Net	-	-	-	-
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources:				
Transfers In	25,000	25,000	925,000	900,000
Transfers Out	(250,000)	(250,000)	(350,000)	(100,000)
Total Other Financing Sources	(225,000)	(225,000)	575,000	800,000
Net Change in Fund Balances	<u>\$ (225,000)</u>	<u>\$ (225,000)</u>	575,000	<u>\$ 800,000</u>
Fund Balance - Beginning of Year			<u>2,090,888</u>	
Fund Balance - End of Year			<u>\$ 2,665,888</u>	

**SOLEBURY TOWNSHIP, PENNSYLVANIA  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

The Township's nonmajor funds are as follows:

**Special Revenue Funds**

Account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Township.

- Fire Protection Tax Fund – Accounts for revenues from a share of the Township's real estate taxes, which are used to fund fire protection needs.
- Natural Resources Fund – A special revenue fund that accounts for preservation and maintenance of natural resources in the Township which is funded primarily by proceeds from general obligation notes and fees in lieu of improvements from developers, supplemented by interfund transfers from the General Fund.
- Park and Recreation Fund – Accounts for operations of the Township's recreational programs and events, which are funded in part by user fees and supplemented by an annual Interfund transfer from the General Fund.
- Highway Aid Fund – Accounts for revenues from the distribution of a portion of the state gasoline tax, which are used to fund allowable highway-related expenditures.
- Ambulance Fund – Accounts for revenues from a share of the Township's real estate taxes, which are used to fund local ambulance needs.
- Library Fund – Accounts for revenues from a share of the Township's real estate taxes, which are used to fund library needs.

**Capital Project Funds**

Account for financial resources intended to be used for the acquisition, construction, or reconstruction of Township assets and facilities.

- Park and Recreation Capital Fund – Accounts for capital improvements to the Township's park and recreation facilities, which are funded primarily by fees in lieu of land dedication from developers.
- Road and Bridges Fund Capital Fund – Accounts for capital construction and maintenance of the Township's roads and bridges, which is funded primarily by interfund transfers from the General Fund, proceeds from general obligation notes, and fees in lieu of improvements from developers.
- Capital Equipment Reserve Fund – Accounts for the continued updating and replacement of Township equipment, which is funded primarily by interfund transfers from the General Fund.
- Capital Project Fund – Accounts for the construction of major capital projects, funded by both interfund transfers from the Capital Reserve Fund and capital grants.

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

	Special Revenue						Capital Projects				Total Nonmajor Governmental Funds
	Fire Protection Tax	Natural Resources	Park and Recreation	Highway Aid	Ambulance	Library	Parks and Recreation Capital	Roads and Bridges	Capital Equipment Reserve	Capital Projects	
<b>ASSETS</b>											
Cash	\$ 10,931	\$ 53,179	\$ 150,963	\$ 632,200	\$ 615	\$ 6,645	\$ 160,531	\$ 511,418	\$ 147,653	\$ 363,981	\$ 2,038,116
Taxes Receivable	14,349	-	-	-	7,683	3,804	-	-	-	-	25,836
Total Assets	<u>\$ 25,280</u>	<u>\$ 53,179</u>	<u>\$ 150,963</u>	<u>\$ 632,200</u>	<u>\$ 8,298</u>	<u>\$ 10,449</u>	<u>\$ 160,531</u>	<u>\$ 511,418</u>	<u>\$ 147,653</u>	<u>\$ 363,981</u>	<u>\$ 2,063,952</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>											
Liabilities:											
Accounts Payable	\$ 10,000	\$ 15,148	\$ 7,969	\$ -	\$ -	\$ 6,000	\$ 2,436	\$ 9,003	\$ 1,066	\$ 11,226	\$ 62,848
Total Liabilities	10,000	15,148	7,969	-	-	6,000	2,436	9,003	1,066	11,226	62,848
Deferred Inflow of Resources:											
Unavailable Revenue - Property Taxes	13,293	-	-	-	7,104	3,508	-	-	-	-	23,905
Total Deferred Inflow of Resources	13,293	-	-	-	7,104	3,508	-	-	-	-	23,905
Fund Balances:											
Restricted	1,987	-	-	632,200	1,194	941	-	-	-	-	636,322
Committed	-	38,031	142,994	-	-	-	158,095	502,415	146,587	352,755	1,340,877
Total Fund Balances	1,987	38,031	142,994	632,200	1,194	941	158,095	502,415	146,587	352,755	1,977,199
Total Liabilities and Fund Balances	<u>\$ 25,280</u>	<u>\$ 53,179</u>	<u>\$ 150,963</u>	<u>\$ 632,200</u>	<u>\$ 8,298</u>	<u>\$ 10,449</u>	<u>\$ 160,531</u>	<u>\$ 511,418</u>	<u>\$ 147,653</u>	<u>\$ 363,981</u>	<u>\$ 2,063,952</u>

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	Special Revenue						Capital Projects				Total Nonmajor Governmental Funds
	Fire Protection Tax	Natural Resources	Park and Recreation	Highway Aid	Ambulance	Library	Parks and Recreation Capital	Roads and Bridges	Capital Equipment Reserve	Capital Projects	
<b>REVENUES</b>											
Real Estate Taxes	\$ 422,800	\$ -	\$ -	\$ -	\$ 230,442	\$ 118,184	\$ -	\$ -	\$ -	\$ -	\$ 771,426
Interest and Rents	-	-	-	3,064	-	-	-	-	-	-	3,064
Intergovernmental	-	-	-	402,344	-	-	50,000	-	-	175,000	627,344
Charges for Services	-	5,250	60,633	-	-	-	-	-	-	-	65,883
Miscellaneous	-	-	5,000	-	-	-	17,500	-	2,500	394	25,394
Total Revenues	422,800	5,250	65,633	405,408	230,442	118,184	67,500	-	2,500	175,394	1,493,111
<b>EXPENDITURES</b>											
General Government	-	-	-	-	-	-	-	-	30,214	304,009	334,223
Public Safety	424,105	-	-	-	229,000	-	-	-	125,660	-	778,765
Public Works	-	-	-	297,298	-	-	-	362,067	20,662	-	680,027
Culture and Recreation	-	-	199,357	-	-	120,000	49,501	-	-	-	368,858
Preservation of Natural Resources	-	277,947	-	-	-	-	-	-	-	-	277,947
Total Expenditures	424,105	277,947	199,357	297,298	229,000	120,000	49,501	362,067	176,536	304,009	2,439,820
Excess of Revenues Over (Under) Expenditures	(1,305)	(272,697)	(133,724)	108,110	1,442	(1,816)	17,999	(362,067)	(174,036)	(128,615)	(946,709)
Other Financing Sources (Uses):											
Transfers In	-	225,000	140,000	-	1,800	4,500	250,000	450,000	250,000	350,000	1,671,300
Transfers out	-	-	-	-	-	-	(250,000)	-	(38,959)	-	(288,959)
Total Other Financing Sources (Uses)	-	225,000	140,000	-	1,800	4,500	-	450,000	211,041	350,000	1,382,341
Net Changes in Fund Balances	(1,305)	(47,697)	6,276	108,110	3,242	2,684	17,999	87,933	37,005	221,385	435,632
Fund Balances - Beginning of Year	3,292	85,728	136,718	524,090	(2,048)	(1,743)	140,096	414,482	109,582	131,370	1,541,567
Fund Balances - End of Year	\$ 1,987	\$ 38,031	\$ 142,994	\$ 632,200	\$ 1,194	\$ 941	\$ 158,095	\$ 502,415	\$ 146,587	\$ 352,755	\$ 1,977,199

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**MODIFIED ACCRUAL BASIS – BUDGET AND ACTUAL –**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2019**

	Natural Resources			Park and Recreation		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Rents	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	9,000	5,250	(3,750)	51,000	60,633	9,633
Miscellaneous	-	-	-	-	5,000	5,000
Total Revenues	9,000	5,250	(3,750)	51,000	65,633	14,633
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	208,150	199,357	8,793
Preservation of Natural Resources	326,500	277,947	48,553	-	-	-
Total Expenditures	326,500	277,947	48,553	208,150	199,357	8,793
Excess of Revenues Over (Under)						
Expenditures	(317,500)	(272,697)	44,803	(157,150)	(133,724)	23,426
Other Financing Sources (Uses):						
Transfers In	200,000	225,000	25,000	140,000	140,000	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	200,000	225,000	25,000	140,000	140,000	-
Net Change in Fund Balances	<u>\$ (117,500)</u>	<u>(47,697)</u>	<u>\$ 69,803</u>	<u>\$ (17,150)</u>	<u>6,276</u>	<u>\$ 23,426</u>
Fund Balances - Beginning of Year		<u>85,728</u>			<u>136,718</u>	
Fund Balances - End of Year		<u>\$ 38,031</u>			<u>\$ 142,994</u>	

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**MODIFIED ACCRUAL BASIS – BUDGET AND ACTUAL –**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2019**

	Highway Aid			Roads and Bridges		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Rents	2,000	3,064	1,064	-	-	-
Intergovernmental	391,249	402,344	11,095	-	-	-
Charges for Services	-	-	-	500	-	(500)
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>393,249</u>	<u>405,408</u>	<u>12,159</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	410,800	297,298	113,502	389,000	362,067	26,933
Culture and Recreation	-	-	-	-	-	-
Preservation of Natural Resources	-	-	-	-	-	-
Total Expenditures	<u>410,800</u>	<u>297,298</u>	<u>113,502</u>	<u>389,000</u>	<u>362,067</u>	<u>26,933</u>
Excess of Revenues Over (Under)						
Expenditures	(17,551)	108,110	125,661	(388,500)	(362,067)	26,433
Other Financing Sources (Uses):						
Transfers In	-	-	-	300,000	450,000	150,000
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>450,000</u>	<u>150,000</u>
Net Change in Fund Balances	<u>\$ (17,551)</u>	<u>108,110</u>	<u>\$ 125,661</u>	<u>\$ (88,500)</u>	<u>87,933</u>	<u>\$ 176,433</u>
Fund Balances - Beginning of Year		<u>524,090</u>			<u>414,482</u>	
Fund Balances - End of Year		<u>\$ 632,200</u>			<u>\$ 502,415</u>	



**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**MODIFIED ACCRUAL BASIS – BUDGET AND ACTUAL –**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2019**

	Capital Equipment Reserve			Capital Projects		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Rents	-	-	-	-	-	-
Intergovernmental	-	-	-	445,500	175,000	(270,500)
Charges for Services	-	-	-	-	-	-
Miscellaneous	10,000	2,500	(7,500)	-	394	394
Total Revenues	10,000	2,500	(7,500)	445,500	175,394	(270,106)
<b>EXPENDITURES</b>						
General Government	35,000	30,214	4,786	885,000	304,009	580,991
Public Safety	125,000	125,660	(660)	-	-	-
Public Works	35,000	20,662	14,338	-	-	-
Culture and Recreation	-	-	-	-	-	-
Preservation of Natural Resources	-	-	-	-	-	-
Total Expenditures	195,000	176,536	18,464	885,000	304,009	580,991
Excess of Revenues Over (Under)						
Expenditures	(185,000)	(174,036)	10,964	(439,500)	(128,615)	310,885
Other Financing Sources (Uses):						
Transfers In	150,000	250,000	100,000	300,000	350,000	50,000
Transfers Out	-	(38,959)	(38,959)	-	-	-
Total Other Financing Sources	150,000	211,041	61,041	300,000	350,000	50,000
Net Change in Fund Balances	<u>\$ (35,000)</u>	37,005	<u>\$ 72,005</u>	<u>\$ (139,500)</u>	221,385	<u>\$ 360,885</u>
Fund Balances (Deficit) - Beginning of Year		<u>109,582</u>			<u>131,370</u>	
Fund Balances - End of Year		<u>\$ 146,587</u>			<u>\$ 352,755</u>	

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**MODIFIED ACCRUAL BASIS – BUDGET AND ACTUAL –**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2019**

	Fire Protection Tax			Parks and Recreation Capital		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Real Estate Taxes	\$ 428,089	\$ 422,800	\$ (5,289)	\$ -	\$ -	\$ -
Interest and Rents	-	-	-	500	-	(500)
Intergovernmental	-	-	-	-	50,000	50,000
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	26,000	17,500	(8,500)
Total Revenues	428,089	422,800	(5,289)	26,500	67,500	41,000
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	-
Public Safety	428,089	424,105	3,984	-	-	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	269,000	49,501	219,499
Preservation of Natural Resources	-	-	-	-	-	-
Total Expenditures	428,089	424,105	3,984	269,000	49,501	219,499
Excess of Revenues Over (Under)						
Expenditures	-	(1,305)	(1,305)	(242,500)	17,999	260,499
Other Financing Sources (Uses):						
Transfers In	-	-	-	100,000	250,000	150,000
Transfers Out	-	-	-	-	(250,000)	(250,000)
Total Other Financing Uses	-	-	-	100,000	-	(100,000)
Net Change in Fund Balances	<u>\$ -</u>	<u>(1,305)</u>	<u>\$ (1,305)</u>	<u>\$ (142,500)</u>	17,999	<u>\$ 160,499</u>
Fund Balances - Beginning of Year		<u>3,292</u>			<u>140,096</u>	
Fund Balances - End of Year		<u>\$ 1,987</u>			<u>\$ 158,095</u>	

**SOLEBURY TOWNSHIP, PENNSYLVANIA**  
**SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**MODIFIED ACCRUAL BASIS – BUDGET AND ACTUAL –**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2019**

	Library Fund			Ambulance Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES</b>						
Real Estate Taxes	\$ 119,986	\$ 118,184	\$ (1,802)	\$ 231,697	\$ 230,442	\$ (1,255)
Interest and Rents	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	119,986	118,184	(1,802)	231,697	230,442	(1,255)
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	229,000	229,000	-
Public Works	-	-	-	-	-	-
Culture and Recreation	120,000	120,000	-	-	-	-
Preservation of Natural Resources	-	-	-	-	-	-
Total Expenditures	120,000	120,000	-	229,000	229,000	-
Excess of Revenues Over (Under)						
Expenditures	(14)	(1,816)	(1,802)	2,697	1,442	(1,255)
Other Financing Uses:						
Transfers In	1,000	4,500	3,500	-	1,800	1,800
Transfers Out	-	-	-	-	-	-
Total Other Financing Uses	1,000	4,500	3,500	-	1,800	1,800
Net Change in Fund Balances	<u>\$ 986</u>	2,684	<u>\$ 1,698</u>	<u>\$ 2,697</u>	3,242	<u>\$ 545</u>
Fund Balances - Beginning of Year		<u>(1,743)</u>			<u>(2,048)</u>	
Fund Balances - End of Year		<u>\$ 941</u>			<u>\$ 1,194</u>	

