

SOLEBURY TOWNSHIP, PENNSYLVANIA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021



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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Solebury Township
Solebury, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Solebury Township (the Township), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

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 (asset) and related ratios, schedules of employer contributions, investment returns and employers net pension liability (asset), and budgetary comparison information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 20, 2022

**SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(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, 2021. Please read it in conjunction with the Township's financial statements that begin on page 16.

Note Regarding the Finalization of Solebury Township's Audited Financial Statements: Due to no fault of the Township's, the audited financial statements were delayed due solely to the Pennsylvania Municipal Retirement System's (PMRS) inability to produce 2020 audited financial statements for the Township's pension plans in a timely manner. These statements are a key component to the completeness of the 2021 audit. The Pennsylvania Department of the Auditor General and the Department of Community and Economic Development (DCED) are fully aware of this deficiency of PMRS. This situation impacted all municipalities that have pension plans administered by PMRS and is documented on the PMRS website.

FINANCIAL HIGHLIGHTS

- Solebury Township had a fiscally sound year while enduring the continuing long-term effects of the COVID-19 pandemic. Township Administration took early corrective action by eliminating, delaying or deferring expenses to subsequent years in order to operate efficiently and within budget. By year-end, Earned Income Tax and Real Estate Transfer Tax collections exceeded budget enabling the Township to end the year with a positive net position.
- Moody's rated the Township at Aa1 due to its strong financial position which has consistently improved in recent years.
- The Township authorized the incurrence of an aggregate principal amount of \$9,141,00 through the issuance of the Township's General Obligation Note, Series A of 2021, in the principal amount of \$5,063,000 and General Obligation Note, Series B of 2021, in the principal amount of \$4,078,000. The Series A Note is being issued as electoral debt to acquire funds: (1) to finance the acquisition of interests in or improvements to real property for open space, including but not limited to the preservation of environmentally sensitive areas and open space for agricultural and conservation easements, active and passive recreation, and cultural purposes as part of the open space program; and (2) to pay the costs of issuance of the Series A Note. The Series B Note is being issued in part as electoral debt in the principal amount of \$2,836,000 and in part as nonelectoral debt in the principal amount of \$1,242,000 to acquire funds to refund the Township's General Obligation Bonds, Series of 2012 and General Obligation Note, Series of 2017 and to pay the costs of issuance of the Series B Note.
- The Township continued its efforts to apply for available grants to fund various capital items in 2021, and was awarded \$50,000 from the Department of Conservation and Natural Resources (DCNR) Greenways, Trails, Recreation Program to complete design work for renovations to the Bond House at Aquetong Spring Park.
- Solebury Township committed to the Aquetong Spring Park project several years ago and actively pursued and received state and federal funding of approximately \$2.4 million, 68% of the total project cost. The project was completed in late 2021.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(Unaudited)**

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental 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.

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 51 through 58) 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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(Unaudited)**

USING THIS ANNUAL REPORT (CONTINUED)

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.

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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(Unaudited)**

USING THIS ANNUAL REPORT (CONTINUED)

Reporting the Township's Most Significant Funds (Continued)

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 – Solebury Township's Net Position

	2021	2020
Current and Other Assets	\$ 16,084,388	\$ 14,107,671
Capital Assets	52,976,601	51,686,678
Total Assets	69,060,989	65,794,349
Deferred Charge on Refunding	27,239	73,035
Deferred Outflows from Pension	1,114,545	870,615
Total Deferred Outflows of Resources	1,141,784	943,650
Current Liabilities	2,241,802	1,599,325
Noncurrent Liabilities	20,818,422	23,873,939
Total Liabilities	23,060,224	25,473,264
Deferred Inflows from Pension	2,226,474	1,611,012
Total Deferred Inflows of Resources	2,226,474	1,611,012
Net Position:		
Net Investment in Capital Assets	35,264,462	31,563,534
Restricted	1,742,682	1,789,700
Unrestricted	7,908,931	6,300,489
Total Net Position	<u>\$ 44,916,075</u>	<u>\$ 39,653,723</u>

The Township's net position increased for the eleventh consecutive year. The net increase of \$5,262,352 is the result of the Township's investment in capital assets (land preservation easements), the receipt of various grants and the administration efforts to manage expenses coupled with significantly increased real estate transfer and earned income tax revenue in 2021. The increased real estate activity appeared to be a result of the COVID-19 pandemic. The Township received approximately \$1.14 million in real estate transfer tax revenue and \$4 million in earned income tax revenue, approximately eighty percent (80%) and thirty-six percent (36%) higher than originally budgeted.

SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Table 2 – Solebury Township's Change in Net Position

	<u>2021</u>	<u>2020</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 838,528	\$ 702,164
Operating Grants and Contributions	1,476,786	771,544
Capital Grants and Contributions	860,690	255,000
General Revenues:		
Real Estate Taxes	6,001,219	5,802,732
Real Estate Transfer Taxes	1,137,153	902,173
Earned Income Taxes	3,832,788	3,243,570
Interest and Rents	63,148	59,200
Total Revenues	<u>14,210,312</u>	<u>11,736,383</u>
Expenses:		
General Government	736,651	1,320,027
Public Safety	4,590,693	4,216,142
Public Works	2,302,352	1,525,815
Culture and Recreation	588,525	398,573
Preservation of Natural Resources	112,919	246,981
Interest on Long-Term Debt	616,820	639,752
Total Expenses	<u>8,947,960</u>	<u>8,347,290</u>
Change in Net Position	5,262,352	3,389,093
Net Position - Beginning of Year	<u>39,653,723</u>	<u>36,264,630</u>
Net Position - End of Year	<u><u>\$ 44,916,075</u></u>	<u><u>\$ 39,653,723</u></u>

The overall net position of the Township increased \$5.262 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.
- Increased revenue from real estate transfer tax and earned income tax.
- Continued low cost of debt due to Township's strong bond rating of Aa1.

SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(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 \$11,475,919 to \$12,326,601 between fiscal years 2020 and 2021.

	<u>2021</u>	<u>2020</u>
Cash and Investments	\$ 13,196,304	\$ 12,057,417
Taxes and Other Receivables	2,074,319	1,490,670
Prepaid Items	41,178	15,660
Due from Other Funds	96,381	-
Total Assets	<u>\$ 15,408,182</u>	<u>\$ 13,563,747</u>
Accounts Payable	\$ 262,707	\$ 233,172
Escrow Liabilities	1,621,148	1,250,624
Due to Other Funds	96,381	-
Unearned Revenues	261,076	-
Total Liabilities	<u>2,241,312</u>	<u>1,483,796</u>
Deferred Inflow of Resources	840,269	604,032
Fund Balances:		
Nonspendable	41,178	15,660
Restricted	3,684,903	4,207,875
Committed	5,367,788	4,206,964
Unassigned	3,232,732	3,045,420
Total Fund Balances	<u>12,326,601</u>	<u>11,475,919</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,408,182</u>	<u>\$ 13,563,747</u>

The seven percent (7%) increase in the Governmental Fund balance is attributable to the bond proceeds for investment in capital assets, increased Earned Income Tax and Real Estate Transfer Tax collections and grant revenue as previously discussed.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(Unaudited)**

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS (CONTINUED)

Change in Fund Balances

For the years ended December 31, 2021 and 2020, the Township's total Governmental fund balances changed as follows:

	<u>2021</u>	<u>2020</u>
Revenues:		
Program Revenues:		
Charges for Service	\$ 838,528	\$ 702,164
Operating Grants and Contributions	1,554,109	771,544
Capital Grants and Contributions	255,000	255,000
General Revenues:		
Real Estate Taxes	6,031,401	5,874,298
Real Estate Transfer Taxes	1,137,153	902,173
Earned Income Taxes	4,094,736	3,307,756
Interest and Rents	63,148	59,200
Other Financing Sources:		
Proceeds from Bond Issuance	4,138,000	4,850,000
Bond Premium	-	275,135
Total Revenues and Other Financing Sources	<u>18,112,075</u>	<u>16,997,270</u>
Expenditures:		
General Government	2,399,268	2,406,513
Public Safety	4,544,658	4,231,030
Public Works	2,047,765	1,214,409
Culture and Recreation	504,868	397,291
Preservation of Natural Resources	470,353	3,807,642
Debt Service	3,227,480	2,990,163
Other Financing Uses:		
Payment to Redeem Bonds	4,067,000	-
Total Expenditures and Other Financing Uses	<u>17,261,392</u>	<u>15,047,048</u>
Change in Fund Balances	850,683	1,950,222
Fund Balances - Beginning of Year	<u>11,475,919</u>	<u>9,525,697</u>
Fund Balances - End of Year	<u><u>\$ 12,326,602</u></u>	<u><u>\$ 11,475,919</u></u>

**SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021
(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 61.

For the year ended December 31, 2021, the General Fund revenues exceeded budget by \$1,307,618 and expenditures were below budget by approximately \$571,980 prior to accounting for inter-fund transfers over and above the budgeted amount which were completed to build other reserve balances. The increase in revenue is directly attributable to greater than expected collections in earned income taxes, real estate transfer taxes, and public safety revenue. The decrease in expenditures is due to the Administration's efforts to minimize expenditure outlays and defer some expenditures to 2022 due to the COVID-19 pandemic. The result of the increased revenue and reduction in expenditures 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: \$500,000 to the Capital Reserve Fund; \$200,000 to Capital Equipment; \$200,000 to the Sustainability Fund; \$275,000 to the Park Capital Fund; and \$300,000 to the Capital Projects Fund. 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>2021</u>	<u>2020</u>
Land, Art, and Land Easements	\$ 38,484,864	\$ 38,267,459
Construction in Process	-	1,090,379
Land Improvements	9,387	11,474
Park Improvements	4,781,529	2,765,235
Buildings and Improvements	5,693,477	5,984,739
Vehicles and Equipment	1,359,607	715,856
Furniture and Equipment	256,223	251,303
Infrastructure	2,391,514	2,600,234
Total	<u>\$ 52,976,601</u>	<u>\$ 51,686,679</u>

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

Capital Debt

At December 31, 2021 and 2020, the Township had \$19,517,000 and \$22,045,000, respectively, in long-term debt outstanding. Principal and interest payments in 2021 were \$2,593,000 and \$561,755 and in 2020 were \$2,453,000 and \$534,698, respectively. With the exception of the General Obligation Bonds, Series 2017A and Series 2019, and General Obligation Note Series 2021B, 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, 2021
(Unaudited)**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Table 4 – Outstanding Debt

	<u>2021</u>	<u>2020</u>
General Obligation Bonds	\$ 13,650,000	\$ 18,350,000
Direct Placement Notes	5,867,000	1,085,000
Total General Obligation Notes and Bonds	<u>\$ 19,517,000</u>	<u>\$ 19,435,000</u>

The Township continued its debt repayment plan during 2020, 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 2022 Solebury Township Budget calls for the continuation of the land preservation, capital projects and roads & bridges programs, and the continued funding of the sustainability fund which will guide the future operational and capital expenditures of the Township (i.e. climate mitigation projects, EV charging stations, renewable energy, etc.). The Township continues to explore and improve upon recreational opportunities for its residents and continues to maintain and improve the Township's infrastructure.

The 2022 Budget did not require a tax increase but millage was reallocated amongst funds to meeting expenditure requirements. The total tax millage of 24.8102 mills was allocated as follows: 8.5 mills for the General Fund; .491 mills for the Library Fund; 13.129 mills for the Debt Service Fund; 1.75 mills for the Fire Fund; and .9402 mills for the EMS Fund. The Township continues to employ a conservative budget approach by holding tax revenues consistent with prior years' receipts and modestly increasing overall Township expenses.

In 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The pandemic continued to have significant effects on global markets, supply chains, businesses, communities, and local governments during 2020 and beyond. Specific to the Township, COVID-19 impacted various parts of 2021 operations and financial results including, but not limited to, reductions in state funding for non-essential programs, and increased costs for emergency preparedness. Township Administration took appropriate actions to mitigate the negative impact by identifying budgeted expenses that were eliminated or deferred to subsequent years. The full impact of COVID-19 is unknown and cannot be reasonably estimated as these events continue to occur.

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 Christopher Garges, Township Manager, 3092 Sugan Road, P.O. Box 139, Solebury, PA 18963 or 215-297-5656.

SOLEBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 12,686,190
Investments	510,114
Accounts Receivable	585,915
Real Estate Taxes Receivable	144,368
Real Estate Transfer Taxes Receivable	62,257
Earned Income Taxes Receivable	1,281,779
Prepaid Expenses	41,178
Net Pension Asset	772,587
Capital Assets Not Being Depreciated:	
Land	3,344,871
Artwork	42,000
Conservation Easements	35,097,993
Other Capital Assets, Net of Depreciation	14,491,737
Total Assets	<u>69,060,989</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	27,239
Deferred Outflows from Pension	1,114,545
Total Deferred Outflows of Resources	<u>1,141,784</u>
LIABILITIES	
Accounts Payable	262,709
Accrued Interest Payable	96,869
Unearned Revenue	261,076
Escrow Liabilities	1,621,148
Noncurrent Liabilities:	
Due Within One Year	3,149,070
Due in More than One Year	17,669,352
Total Liabilities	<u>23,060,224</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows from Pension	2,226,474
Total Deferred Inflows of Resources	<u>2,226,474</u>
NET POSITION	
Net Investment in Capital Assets	35,264,462
Restricted:	
Debt Service	458,277
Fire Protection	11,591
Ambulance	6,683
Highway Aid	490,949
Other	2,595
Pension	772,587
Unrestricted	7,908,931
Total Net Position	<u><u>\$ 44,916,075</u></u>

See accompanying Notes to Financial Statements.

SOLEBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 736,651	\$ 16	\$ 49,779	\$ -	\$ (686,856)
Public Safety	4,590,693	750,560	339,197	-	(3,500,936)
Public Works	2,302,352	9,000	1,087,810	860,690	(344,852)
Culture and Recreation	588,525	73,702	-	-	(514,823)
Preservation of Natural Resources	112,919	5,250	-	-	(107,669)
Interest on Long-Term Debt	616,820	-	-	-	(616,820)
Total Governmental Activities	<u>\$ 8,947,960</u>	<u>\$ 838,528</u>	<u>\$ 1,476,786</u>	<u>\$ 860,690</u>	(5,771,956)
General Revenues					
Taxes:					
Real Estate Taxes					6,001,219
Real Estate Transfer Taxes					1,137,153
Earned Income Taxes					3,832,788
Interest and Rents					63,148
Total General Revenues					<u>11,034,308</u>
Change in Net Position					5,262,352
Net Position - Beginning of Year					<u>39,653,723</u>
Net Position - End of Year					<u>\$ 44,916,075</u>

See accompanying Notes to Financial Statements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Major Funds					Nonmajor	Total
	General	Land Preservation	Debt Service	Capital Reserve	ARPA	Governmental Funds	Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 3,312,790	\$ 2,660,242	\$ 492,976	\$ 2,400,888	\$ 261,496	\$ 3,557,798	\$ 12,686,190
Investments	510,114	-	-	-	-	-	510,114
Accounts Receivable	34,369	-	-	-	-	551,546	585,915
Real Estate Taxes Receivable	67,282	-	62,170	-	-	14,916	144,368
Real Estate Transfer Taxes Receivable	62,257	-	-	-	-	-	62,257
Earned Income Taxes Receivable	1,281,779	-	-	-	-	-	1,281,779
Prepaid Expenditures	17,440	-	-	-	-	23,738	41,178
Due from Other Funds	-	-	-	-	-	96,381	96,381
Total Assets	<u>\$ 5,286,031</u>	<u>\$ 2,660,242</u>	<u>\$ 555,146</u>	<u>\$ 2,400,888</u>	<u>\$ 261,496</u>	<u>\$ 4,244,379</u>	<u>\$ 15,408,182</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 141,583	\$ 3,949	\$ -	\$ -	\$ -	\$ 117,175	\$ 262,707
Escrow Liabilities	1,621,148	-	-	-	-	-	1,621,148
Due to Other Funds	-	-	-	-	-	96,381	96,381
Unearned Revenues	-	-	-	-	261,076	-	261,076
Total Liabilities	<u>1,762,731</u>	<u>3,949</u>	<u>-</u>	<u>-</u>	<u>261,076</u>	<u>213,556</u>	<u>2,241,312</u>
DEFERRED INFLOW OF RESOURCES							
Unavailable Revenue - Intergovernmental	-	-	-	-	-	528,367	528,367
Unavailable Revenue - Income Taxes	235,166	-	-	-	-	-	235,166
Unavailable Revenue - Real Estate Taxes	<u>37,962</u>	<u>-</u>	<u>31,270</u>	<u>-</u>	<u>-</u>	<u>7,504</u>	<u>76,736</u>
Total Deferred Inflow of Resources	<u>273,128</u>	<u>-</u>	<u>31,270</u>	<u>-</u>	<u>-</u>	<u>535,871</u>	<u>840,269</u>
FUND BALANCES							
Nonspendable	17,440	-	-	-	-	23,738	41,178
Restricted for:							
Land Preservation	-	2,656,293	-	-	-	-	2,656,293
Debt Service	-	-	523,876	-	-	-	523,876
Highway Aid	-	-	-	-	-	490,949	490,949
Other	-	-	-	-	420	13,365	13,785
Committed to:							
Capital Reserve	-	-	-	2,400,888	-	-	2,400,888
Natural Resources	-	-	-	-	-	341,596	341,596
Park and Recreation	-	-	-	-	-	614,199	614,199
Roads and Bridges	-	-	-	-	-	524,822	524,822
Capital Equipment Reserve	-	-	-	-	-	574,750	574,750
Capital Projects	-	-	-	-	-	911,533	911,533
Unassigned, Reported in General Fund	<u>3,232,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,232,732</u>
Total Fund Balances	<u>3,250,172</u>	<u>2,656,293</u>	<u>523,876</u>	<u>2,400,888</u>	<u>420</u>	<u>3,494,952</u>	<u>12,326,601</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 5,286,031</u>	<u>\$ 2,660,242</u>	<u>\$ 555,146</u>	<u>\$ 2,400,888</u>	<u>\$ 261,496</u>	<u>\$ 4,244,379</u>	<u>\$ 15,408,182</u>

See accompanying Notes to Financial Statements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021**

Total Governmental Fund Balances	\$ 12,326,601
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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	\$ 62,477,066	
Accumulated Depreciation	<u>(9,500,465)</u>	52,976,601

Net Pension Asset and the Related
Deferred Outflows and Deferred Inflows of Resources are Reported
Only on the Statement of Net Position

Net Pension Asset		772,587
Deferred Outflows from Pensions		1,114,545
Deferred Inflows from Pensions		<u>(2,226,474)</u>

Deferred Outflows are Recorded as Expenditures in the
Fund Statements but Recorded as a Deferred Outflow and
Amortized in the Statement of Net Position:

Deferred Charge on Refunding		27,239
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Other Long-Term Assets (Receivables) are not Available
to Pay for Current-Period Expenditures and, therefore,
are Unavailable in the Funds

		840,267
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Certain Liabilities, Including Bonds Payable, are not Due and Payable
in the Current Period and, therefore, are not Reported in the Funds:

Compensated Absences	(418,802)	
Accrued Interest Payable	(96,869)	
General Obligation Bonds and Notes Payable	<u>(20,399,620)</u>	<u>(20,915,291)</u>

Net Position of Governmental Activities		<u><u>\$ 44,916,075</u></u>
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SOLEBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	Major Funds					Nonmajor	Total
	General	Land Preservation	Debt Service	Capital Reserve	ARPA	Governmental Funds	Governmental Funds
REVENUES							
Real Estate Taxes	\$ 2,028,649	\$ -	\$ 3,238,887	\$ -	\$ -	\$ 763,865	\$ 6,031,401
Real Estate Transfer Taxes	1,137,153	-	-	-	-	-	1,137,153
Earned Income Taxes	4,094,736	-	-	-	-	-	4,094,736
Licenses and Permits	223,554	-	-	-	-	-	223,554
Fines, Forfeits, and Costs	16,779	-	-	-	-	-	16,779
Interest and Rents	57,365	2,888	-	-	420	2,475	63,148
Intergovernmental	372,197	-	-	-	186,489	1,233,644	1,792,330
Charges for Services	477,422	-	-	-	-	55,352	532,774
Refunds and Miscellaneous	49,584	-	-	-	-	32,616	82,200
Total Revenues	8,457,439	2,888	3,238,887	-	186,909	2,087,952	13,974,075
EXPENDITURES							
Current:							
General Government	1,041,861	-	-	-	-	1,034,986	2,076,847
Public Safety	2,575,848	-	-	-	186,489	810,318	3,572,655
Public Works	521,436	-	-	-	-	1,376,626	1,898,062
Culture and Recreation	16,000	-	-	-	-	465,452	481,452
Preservation of Natural Resources	-	275,775	-	-	-	194,578	470,353
Miscellaneous:							
Employee Benefits	949,546	-	-	-	-	-	949,546
Pension	411,911	-	-	-	-	-	411,911
Insurance	106,088	-	-	-	-	-	106,088
Debt Service:							
Principal	-	-	2,592,000	-	-	-	2,592,000
Interest	-	-	566,561	-	-	-	566,561
Bond and Note Issuance Costs	-	-	68,919	-	-	-	68,919
Total Expenditures	5,622,690	275,775	3,227,480	-	186,489	3,881,960	13,194,394
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,834,749	(272,887)	11,407	-	420	(1,794,008)	779,681
Other Financing Sources (Uses):							
Notes Issued	-	-	4,138,000	-	-	-	4,138,000
Payment to Redeem Bonds and Notes	-	-	(4,067,000)	-	-	-	(4,067,000)
Transfers In	85,001	-	-	715,000	-	2,898,486	3,698,487
Transfers Out	(2,716,500)	(85,000)	-	(615,000)	-	(281,987)	(3,698,487)
Total Other Financing Sources (Uses)	(2,631,499)	(85,000)	71,000	100,000	-	2,616,499	71,000
Net Changes in Fund Balances	203,250	(357,887)	82,407	100,000	420	822,491	850,681
Fund Balances - Beginning of Year	3,046,922	3,014,180	441,469	2,300,888	-	2,672,461	11,475,920
Fund Balances - End of Year	\$ 3,250,172	\$ 2,656,293	\$ 523,876	\$ 2,400,888	\$ 420	\$ 3,494,952	\$ 12,326,601

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, 2021**

Net Change in Fund Balances - Governmental Funds \$ 850,681

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	\$ 2,077,005	
Depreciation Expense	<u>(787,083)</u>	1,289,922

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	236,237
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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	140,029	
Debt Service Principal Paid	2,592,000	
Payment to Redeem Bonds	4,067,000	
Proceeds from Notes	(4,138,000)	
Artwork Financing Payment	<u>7,000</u>	2,668,029

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	204,440	
Change in Accrued Interest	18,660	
Change in Compensated Absences Balances:		
General Government	9,441	
Public Safety	(18,273)	
Public Works	<u>3,215</u>	<u>217,483</u>

Change in Net Position of Governmental Activities	<u><u>\$ 5,262,352</u></u>
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SOLEBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2021

	Police Pension Trust	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 1,137,796	\$ 56,805
Investments	7,758,726	-
Total Assets	<u>8,896,522</u>	<u>56,805</u>
NET POSITION		
Restricted for:		
Pensions	8,896,522	-
Robert Nagg Memorial Scholarship	-	56,805
Total Net Position	<u>\$ 8,896,522</u>	<u>\$ 56,805</u>

See accompanying Notes to Financial Statements.

SOLEBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Police Pension Trust	Custodial Funds
Additions:		
Contributions:		
Commonwealth of Pennsylvania	\$ 192,481	\$ -
Employer	103,659	-
Members	93,068	-
Donations	-	4,080
Total Contributions	<u>389,208</u>	<u>4,080</u>
Investment Income	1,021,104	-
Total Additions	1,410,312	4,080
Deductions:		
Benefits	219,362	-
Administrative	56,131	-
Total Deductions	<u>275,493</u>	<u>-</u>
Change in Net Position	1,134,819	4,080
Net Position - Fiduciary Funds:		
Beginning of Year	<u>7,761,703</u>	<u>52,725</u>
End of Year	<u><u>\$ 8,896,522</u></u>	<u><u>\$ 56,805</u></u>

See accompanying Notes to Financial Statements.

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021**

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.
- **ARPA Fund** – Accounts for revenues from a share of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan, to support the Township's response to and recovery from the COVID-19 public health emergency.

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, 2021

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*.

Receivables

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

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 50 Years
Park and Land Improvements	20 to 50 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.

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.

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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 assign 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, 2021.

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.

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 \$2,660,242 held in the Land Preservation Fund that is restricted for use in the Township's Land Preservation Program.

Custodial Credit Risk – Deposits

At December 31, 2021, the carrying value of the Township's deposits with banks was \$13,252,784 including non-negotiable certificates of deposit of \$510,139, in the various governmental and custodial funds. The bank balances were \$13,283,830. 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, 2021, the Township's bank balances and certificates of deposit were exposed to custodial credit risk as follows:

	<u>Bank Deposits</u>
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	13,033,830
Uninsured and Uncollateralized	-
Total Bank Deposits	<u><u>\$ 13,283,830</u></u>

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2021, 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:

Investments held as of December 31, 2021 are as follows:

<u>Investment and Cash Equivalent Type</u>	<u>Valuation Inputs Level</u>	<u>Fair Value</u>
Police Pension Trust Fund:		
Money Market Funds (1)	N/A	\$ 1,137,796
ETF'S - Equity Funds	Level 1	1,960,665
iShares - Equity Mutual Funds	Level 1	3,344,884
Certificates of Deposit	Level 2	1,106,092
Government Bonds	Level 2	1,347,085
Total Police Pension Trust Fund		<u>8,896,522</u>
 Combined Total		 <u><u>\$ 8,896,522</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.

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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)					Total
	Less Than 1	1-5	6-10	11-20	More Than 20	
Government Bonds	\$ 999,980	\$ 227,827	\$ 119,278	\$ -	\$ -	\$ 1,347,085
	<u>\$ 999,980</u>	<u>\$ 227,827</u>	<u>\$ 119,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,347,085</u>

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

	Maturity Year						Total
	2022	2023	2024	2025	2026-2028	2029-2032	
Negotiable Certificates of Deposits							
Police Pension Trust Fund	\$ 251,671	\$ 51,620	\$ 412,417	\$ 159,933	\$ 189,117	\$ 41,334	\$ 1,106,092
	<u>\$ 251,671</u>	<u>\$ 51,620</u>	<u>\$ 412,417</u>	<u>\$ 159,933</u>	<u>\$ 189,117</u>	<u>\$ 41,334</u>	<u>\$ 1,106,092</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 market funds were not rated.

The Township's investments in Government Bonds were rated AAA by Moody's.

Concentration of Credit Risk

The Township does not have a formal investment policy for concentration of credit risk. At December 31, 2021, the Township had no investments exceeding 5% of the Township's total investments of the Governmental funds.

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2021:

	Balance 2020	Additions	Deletions/ Transfers	Balance 2021
Governmental Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,344,871	\$ -	\$ -	\$ 3,344,871
Conservation Easements	34,880,588	217,405	-	35,097,993
Construction in Process	1,090,379	-	(1,090,379)	-
Artwork	42,000	-	-	42,000
Total Capital Assets Not Being Depreciated	39,357,838	217,405	(1,090,379)	38,484,864
Capital Assets, Being Depreciated:				
Land Improvements	38,601	-	-	38,601
Park Improvements	3,699,491	1,007,484	1,090,379	5,797,354
Buildings and Improvements	9,648,773	-	-	9,648,773
Vehicles and Equipment	1,775,876	823,257	(70,674)	2,528,459
Furniture and Fixtures	479,326	32,310	-	511,636
Infrastructure	5,467,379	-	-	5,467,379
Total Capital Assets Being Depreciated	21,109,446	1,863,051	1,019,705	23,992,202
Less Accumulated Depreciation for:				
Land Improvements	27,127	2,087	-	29,214
Park Improvements	934,256	81,569	-	1,015,825
Buildings and Improvements	3,664,034	291,262	-	3,955,296
Vehicles and Equipment	1,060,020	176,055	(67,223)	1,168,852
Furniture and Fixtures	228,023	27,390	-	255,413
Infrastructure	2,867,145	208,720	-	3,075,865
Total Accumulated Depreciation	8,780,605	787,083	(67,223)	9,500,465
Total Capital Assets Being Depreciated, Net	12,328,841	1,075,968	1,086,928	14,491,737
Governmental Type Activities, Capital Assets, Net	<u>\$ 51,686,679</u>	<u>\$ 1,293,373</u>	<u>\$ (3,451)</u>	<u>\$ 52,976,601</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 286,928
Public Safety	135,620
Highway	32,740
Public Works	248,139
Parks and Recreation	83,656
Total Depreciation Expense, Governmental Activities	<u>\$ 787,083</u>

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 85,001	\$ 2,716,500
Land Preservation Fund	-	85,000
Capital Reserve Fund	715,000	615,000
Nonmajor Governmental Funds:		
Capital Project	500,000	165,000
ARPA Fund	-	-
Sustainability Fund	325,000	
Park and Recreation Capital Fund	275,000	-
Natural Resource	150,000	-
Park and Recreation Fund	250,000	-
Highway Aid Fund	-	116,987
Ambulance Fund	5,000	-
Library Fund	6,500	-
Roads and Bridges Fund	450,000	-
Capital Equipment Fund	936,986	-
Total	<u>\$ 3,698,487</u>	<u>\$ 3,698,487</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. Interfund receivables and payables consisted of the following as of December 31, 2021.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Nonmajor Funds:		
Highway Aid Fund	\$ 96,381	\$ -
Capital Equipment Fund	-	96,381
Total Interfund Balances	<u>\$ 96,381</u>	<u>\$ 96,381</u>

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021	Additions	Reductions	Balance December 31, 2021	Due Within One Year
Governmental Activities:							
General Obligation Bonds:							
2012A Issue - 0.5% - 2.00% (Bond)	2025	\$ 845,000	\$ 180,000	\$ -	\$ (180,000)	\$ -	\$ -
2012B Issue - 0.5% - 2.00% (Bond)	2025	4,380,000	2,830,000	-	(2,830,000)	-	-
2017A Issue - 0.87 - 2.00% (Bond)	2025	6,125,000	4,450,000	-	(1,130,000)	3,320,000	1,180,000
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	4,725,000	-	(555,000)	4,170,000	585,000
2020 Issue - 1.1%-3.00% (Bond)	2028	4,850,000	4,850,000	-	(5,000)	4,845,000	5,000
Total General Obligation Bonds			18,350,000	-	(4,700,000)	13,650,000	1,770,000
Direct Borrowing Obligations- Notes:							
2011 Issue - 2.95% (DVRFA Note)	2026	5,345,000	2,610,000	-	(404,000)	2,206,000	416,000
2017 Issue - 2.1 % (Note)	2025	1,060,000	1,057,000	-	(1,057,000)	-	-
2021A Issue 1.25% (Capital Projects)	2030	5,063,000	-	60,000	-	60,000	1,000
2021B Issue - 0.79% (Refunding 2012A, 2012B, 2017 Note)	2025	4,078,000	-	4,078,000	(498,000)	3,580,000	625,000
Note payable - Artwork	2024	42,000	28,000	-	(7,000)	21,000	7,000
Total Direct Obligation Notes			3,695,000	4,138,000	(1,966,000)	5,867,000	1,049,000
Premium for Issuance- Unamortized			1,068,445	-	(185,825)	882,620	-
Total General and Direct Obligation Bonds and Notes			23,113,445	4,138,000	(6,851,825)	20,399,620	2,819,000
Compensated Absences			413,185	341,859	(336,242)	418,802	330,070
Total			<u>\$ 23,526,630</u>	<u>\$ 4,479,859</u>	<u>\$ (7,188,067)</u>	<u>\$ 20,818,422</u>	<u>\$ 3,149,070</u>

During 2021, the Township issued \$5,063,000 of electoral General Obligation Note, Series A of 2021, for the purpose of new funds to finance various capital projects. The 2021 Series A Note has a maturity of June 2029 with interest being paid semi-annually, June 1 and December 1. The interest rate on the 2021 Series A Note is 1.25%. Upon the occurrence of an event of default as defined in the 2021 Series A Note, interest shall be due and payable by the Township on the outstanding principal amount at the default interest rate as defined. As of December 31, 2021, the Township has received \$60,000 of available proceeds to finance the related issuance costs.

During 2021, the Township issued \$4,078,000 of a non-electoral General Obligation Note, Series B of 2021, for the purpose of advance refunding the Series 2012 Bonds and the Series of 2017 Note. The 2021 Series B Note has a maturity of June 2025 with interest being paid semi-annually, June 1 and December 1. The interest rate on the 2021 Series A Note is 0.79%. Upon the occurrence of an event of default as defined in the 2021 Series A Note, interest shall be due and payable by the Township on the outstanding principal amount at the default interest rate as defined. 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 \$133,310. The refunding resulted in a deferred gain of \$29,882.

During 2020, the Township issued \$4,850,000 of electoral General Obligation Bonds, Series 2020, for the purpose of new funds to finance various capital projects. The 2020 Bonds have a maturity of April 2028 with interest being paid annually, April 1 and October 1. The interest rates of the Bonds range between 1% and 3%.

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 Bonds 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. Upon the occurrence of an event of default as defined in the General Obligation Note, interest shall be due and payable by the Township on the outstanding principal amount at the default interest rate as defined.

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.

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM DEBT (CONTINUED)

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. Upon the occurrence of an event of default as defined in the Note, the Township would be required to pay unfunded debt as defined in the note, which could include termination charges (see below).

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.

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 position. In addition, no evaluation has been made to whether the interest rate swaps are effective cash flow hedges.

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM DEBT (CONTINUED)

Interest Rate Management Plan (Continued)

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+" by Moody's and S&P, respectively, with stable outlooks.

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.

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.

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 LONG-TERM DEBT (CONTINUED)

Interest Rate Management Plan (Continued)

Termination Risk (Continued)

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, 2021, 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 Notes	15-Nov-11	25-Apr-26	\$ 2,206,000	Fixed	\$ (83,881)

(1) Based on Fair Value Estimates as of December 31, 2020

Debt Service Requirements

At December 31, 2021, the Township's legal debt limit under the Pennsylvania Local Government Unit Debt Act (the Act) was approximately \$25,161,253 for non-electoral debt. After deducting the non-electoral debt outstanding of \$5,794,000 the Township's remaining borrowing capacity as of December 31, 2021, was approximately \$19,367,253 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, 2019B bond, 2020 bond, and the 2021B note 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, 2021 totaled \$13,702,000.

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:

Year Ended December 31,	Bonds			Direct Borrowing Notes		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,770,000	\$ 354,040	\$ 2,124,040	\$ 1,049,000	\$ 83,208	\$ 1,132,208
2023	1,840,000	282,190	2,122,190	1,072,000	65,705	1,137,705
2024	1,375,000	228,315	1,603,315	1,611,000	45,704	1,656,704
2025	1,445,000	171,715	1,616,715	1,612,000	23,259	1,635,259
2026	2,675,000	114,590	2,789,590	468,000	5,027	473,027
2027-2030	4,545,000	87,320	4,632,320	55,000	640	55,640
Total	<u>\$ 13,650,000</u>	<u>\$ 1,238,170</u>	<u>\$ 14,888,170</u>	<u>\$ 5,867,000</u>	<u>\$ 223,543</u>	<u>\$ 6,090,543</u>

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, the Township's liability for compensated absences was \$418,802. 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. Compensated absences will be paid from the general fund.

NOTE 7 PENSION ASSETS, 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, 2021, the Township recognized pension credit of \$146,337 for the Police Pension Plan and pension credits of \$44,757 and \$13,348 for the Non-Uniform PMRS Plan and Non-Uniform Cash Balance PMRS Plan, respectively. The Township recognized a net pension asset of \$772,587. The Police Pension Plan net pension asset was measured as of December 31, 2021. The Non-Uniform Pennsylvania Municipal Retirement System (PMRS) Plans' (defined benefit and cash balance plans) net pension asset was measured as of December 31, 2020.

At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to its pension plans from the following sources:

	Police Pension Plan		Non-Uniform PMRS Plan		Non-Uniform Cash Balance Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 228,218	\$ 596,464	\$ 3,655	\$ -	\$ -	\$ -	\$ 231,873	\$ 596,464
Changes in Assumptions	695,163	18,970	108,060	-	-	-	803,223	18,970
Net Difference Between Projected and Actual Investment Earnings	-	941,965	-	635,353	-	33,722	-	1,611,040
Contributions Subsequent to the Measurement Date	-	-	42,586	-	36,863	-	79,449	-
	<u>\$ 923,381</u>	<u>\$ 1,557,399</u>	<u>\$ 154,301</u>	<u>\$ 635,353</u>	<u>\$ 36,863</u>	<u>\$ 33,722</u>	<u>\$ 1,114,545</u>	<u>\$ 2,226,474</u>

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 PENSION ASSETS, LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

The deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of \$79,449 that will be recognized as an addition of the net pension asset in the year ended December 31, 2022. 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>
2022	\$ (311,822)
2023	(462,135)
2024	(357,507)
2025	(93,331)
2025	7,221
Thereafter	26,196
Total	<u><u>\$ (1,191,378)</u></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. The Plan does not issue a standalone financial report.

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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Plan Description (Continued)

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

	<u>Police</u>
Covered Employees	All Regular Full-Time Sworn Police Officers
Number of Covered Active Employees	16
Number of Persons Receiving Benefits	
Retired Employees and Beneficiaries	5
Terminated Employees Vested but not Receiving Benefits	2
Current Annual Covered Payroll	\$1,797,209
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
DECEMBER 31, 2021

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, 2021:

<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
DECEMBER 31, 2021

NOTE 8 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Concentrations

At December 31, 2021, 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	\$ 1,106,093	12.43%
Invesco QQQ TR	Equity Mutual Fund	591,205	6.65%
iShares Russell 1000 Value	Equity Mutual Fund	544,429	6.12%
iShares Russell 1000 Growth	Equity Mutual Fund	674,437	7.58%
iShares S&P Midcap 400 Growth	Equity Mutual Fund	497,699	5.59%

Net Pension Asset

The net pension asset of the plan as of the measurement date of December 31, 2021, was as follows:

Total Pension Liability	\$ 8,861,503
Plan Fiduciary Net Position	<u>8,896,522</u>
Net Pension Asset	<u><u>\$ (35,019)</u></u>
Plan Fiduciary Net Position as a % of Total Pension Asset	<u><u>100.40%</u></u>

The Plan's Total Pension Liability as of December 31, 2021 was calculated as of January 1, 2021, the Plan valuation date. Method and assumptions used to determine Total Pension Liability were as follows:

	<u>Police</u>
Valuation Date	January 1, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Adjusted Market Value
Actuarial Assumptions	
Long-Term Investment Rate of Return	5.65%
Projected Salary Increases	4.00%
Inflation Rate Included	2.50%
Mortality Rate	Pub-2010 Safety Amount-Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2021

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
DECEMBER 31, 2021**

NOTE 8 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Net Pension Asset (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, 2021 are as follows:

<u>Asset Class</u>	<u>Percent of Fund at December 31, 2021</u>	<u>Estimated Long-Term Rates of Return</u>
Cash and Cash Alternatives	24%	.03 - 1.5%
Equities	59%	.16 - 8.0%
Fixed Income Securities	16%	1.04 - 2.6%
Total Weighted Expected Return		5.29%

A schedule of changes in the net pension liability for the year ended December 31, 2021 was as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance at December 31, 2020	\$ 8,109,012	\$ 7,761,703	\$ 347,309
Changes for the Year:			
Service Cost	436,672	-	436,672
Interest Cost	456,413	-	456,413
Changes of Assumptions	383,165	-	383,165
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(304,397)	-	(304,397)
Employer Contributions	-	296,140	(296,140)
Employee Contributions	-	93,068	(93,068)
Net Investment Income	-	1,021,104	(1,021,104)
Benefit Payments	(219,362)	(219,362)	-
Administrative Expense	-	(56,131)	56,131
Net Changes	<u>752,491</u>	<u>1,134,819</u>	<u>(382,328)</u>
Balance at December 31, 2021	<u>\$ 8,861,503</u>	<u>\$ 8,896,522</u>	<u>\$ (35,019)</u>

Discount Rate

The discount rate used to measure the total pension liability was 5.65% 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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 5.65%, 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 (4.65%), or 1-percentage-point higher (6.65%) than the current rate:

	<u>1% Decrease (4.65%)</u>	<u>Current Discount Rate (5.65%)</u>	<u>1% Increase (6.65%)</u>
Net Pension Liability (Asset)	\$ 1,265,887	\$ (35,019)	\$ (1,104,270)

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 2021 was 12.60%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

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. A copy of the Comprehensive Annual Financial Report 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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

Plan Description (Continued)

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.

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	5	12
Number of Persons Receiving Benefits		
Retired Employees and Beneficiaries	10	0
Terminated Employees Vested but not Receiving Benefits	1	0
Current Annual Covered Payroll	\$535,631	\$679,456
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, 2020 was as follows:

Total Pension Liability	\$ 4,367,880
Plan Fiduciary Net Position	<u>5,062,409</u>
Net Pension Asset	<u><u>\$ (694,529)</u></u>

The net pension asset of the PMRS Non-Uniform Cash Balance plan as of the measurement date of December 31, 2020 was as follows:

Total Pension Liability	\$ 277,918
Plan Fiduciary Net Position	<u>320,958</u>
Net Pension Asset	<u><u>\$ (43,040)</u></u>

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Net Pension Liability (Asset) (Continued)

Method and assumptions used to determine the Total Pension Liability for the PMRS' Plans were as follows:

	<u>PMRS Plans</u>
Valuation Date	January 1, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Actuarial Assumptions	
Investment Rate of Return	5.25%
Projected Salary Increases	2.79% - 6.22%
Inflation Rate Included	2.2%
Mortality Rate	Males: RP 2000 projected 15 years Females: RP 2000 projected 15 years 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.

A schedule of changes in the net pension liability (asset) of the PMRS Non-Uniform Defined Benefit plan as of the measurement date of December 31, 2020 was as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability(Asset)</u>
Balance at December 31, 2020	\$ 4,051,621	\$ 4,581,725	\$ (530,104)
Changes for the Year:			
Service Cost	89,717	-	89,717
Interest Cost	212,007	-	212,007
Changes of Assumptions	216,121	-	216,121
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	7,313	-	7,313
Employer Contributions	-	21,182	(21,182)
PMRS Assessment Contributions	-	-	-
Employee Contributions	-	16,069	(16,069)
Net Investment Income	-	662,504	(662,504)
Benefit Payments	(208,899)	(208,899)	-
Administrative Expense	-	(10,172)	10,172
Net Changes	<u>316,259</u>	<u>480,684</u>	<u>(164,425)</u>
Balance at December 31, 2021	<u>\$ 4,367,880</u>	<u>\$ 5,062,409</u>	<u>\$ (694,529)</u>

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Net Pension Liability (Asset) (Continued)

A schedule of changes in the net pension liability (asset) of the PMRS Non-Uniform Cash Balance plan as of the measurement date of December 31, 2020 was as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at December 31, 2020	\$ 198,347	\$ 212,167	\$ (13,820)
Changes for the year:			
Service Cost	67,946	-	67,946
Interest Cost	11,625	-	11,625
Changes of Assumptions	-	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Employer Contributions	-	33,973	(33,973)
PMRS Assessment Contributions	-	240	(240)
Employee Contributions	-	33,973	(33,973)
Net Investment Income	-	41,367	(41,367)
Benefit Payments	-	-	-
Administrative Expense	-	(762)	762
Net Changes	<u>79,571</u>	<u>108,791</u>	<u>(29,220)</u>
Balance at December 31, 2021	<u>\$ 277,918</u>	<u>\$ 320,958</u>	<u>\$ (43,040)</u>

Discount Rate

The discount rate used to measure the total pension liability 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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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	\$ (273,759)	\$ (694,529)	\$ (1,058,595)

PMERS Non-Uniform Cash Balance Plan			
	1%	Current	1%
	Decrease	Discount	Increase
	(4.25%)	Rate (5.25%)	(6.25%)
Net Pension (Asset) Liability	\$ 12,544	\$ (43,040)	\$ (98,624)

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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 \$36,322 for the year ended December 31, 2021.

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 deferred compensation plan assets are 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, 2021 and settlements have not exceeded coverage in the past three years.

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations

The General Fund transfers exceeded budget in order to build reserves in other funds for future capital expenditures. 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.

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.

REQUIRED SUPPLEMENTARY INFORMATION

**SOLEBURY TOWNSHIP, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
POLICE PENSION PLAN – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
DECEMBER 31, 2021**

	Measurement Year Ending 12/31/21	Measurement Year Ending 12/31/20	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	\$ 436,672	\$ 338,553	\$ 326,502	\$ 305,091	\$ 293,357	\$ 295,026	\$ 294,257	\$ 282,939
Interest	456,413	448,000	417,915	341,909	317,450	345,166	323,953	301,611
Benefit Payments	(219,362)	(235,118)	(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	(304,397)	1,010	398,169	-	(122,553)	(598,822)	(474,839)	-
Assumption Changes	383,165	(27,654)	448,593	-	17,268	-	454,526	-
Net Change in Total Pension Liability	752,491	524,791	1,340,305	443,855	141,782	(230,337)	380,908	377,189
Total Pension Liability - Beginning	8,109,012	7,584,221	6,243,916	5,800,061	5,658,279	5,888,616	5,507,708	5,130,519
Total Pension Liability - Ending (a)	<u>\$ 8,861,503</u>	<u>\$ 8,109,012</u>	<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	\$ 296,140	\$ 312,139	\$ 228,402	\$ 265,684	\$ 461,859	\$ 382,265	\$ 369,529	\$ 281,351
Contribution - Member	93,068	80,785	80,027	108,073	71,909	67,592	64,902	63,060
Net Investment Income	1,021,104	876,934	1,125,626	(281,368)	627,570	366,526	19,684	198,682
Benefit Payments	(219,362)	(235,118)	(250,874)	(203,145)	(203,145)	(271,707)	(216,989)	(207,361)
Administrative Expense	(56,131)	(37,451)	(43,823)	(36,708)	(38,730)	(30,886)	(39,629)	(27,088)
Other	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,134,819	997,289	1,139,358	(147,464)	919,463	513,790	197,497	308,644
Plan Fiduciary Net Position - Beginning	7,761,703	6,764,414	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>\$ 8,896,522</u>	<u>\$ 7,761,703</u>	<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 (Asset) (a-b)	<u>\$ (35,019)</u>	<u>\$ 347,309</u>	<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	100.40%	95.72%	89.19%	90.09%	99.53%	85.77%	73.69%	75.20%
Covered Payroll	\$ 1,797,209	\$ 1,742,326	\$ 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	-1.95%	19.93%	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
DECEMBER 31, 2021**

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%
2020	283,739	312,139	(28,400)	1,742,326	17.92%
2021	296,140	296,140	-	1,797,209	16.48%

Schedule of Investment Returns*

Actual Money Weighted Rate of Return, Net of Investment Expense	2021	2020	2019	2018	2017	2016	2015	2014
	12.60%	12.50%	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, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Open
Remaining Amortization Period	14 Years
Asset Valuation Method	Adjusted Market Value
Actuarial Assumptions	
Long-Term Investment Rate of Return	5.65%
Projected Salary Increases	4.00%
Inflation Rate Included	2.50%
Mortality Rate**	Pub-210 Safety Amount-Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2021

*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 Pub-210 Safety Amount Weighted Mortality Tables projected from 2010 with Mortality Improvement Scale MP-2021.

SOLEBURY TOWNSHIP, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
NON-UNIFORM PENSION PLAN – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
DECEMBER 31, 2021

	Measurement Year Ending 12/31/20	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 12/31/15	Measurement Year Ending 12/31/14
Total Pension Liability:							
Service Cost	\$ 89,717	\$ 81,222	\$ 80,038	\$ 107,713	\$ 111,765	\$ 111,033	\$ 119,638
Interest	212,007	207,163	194,370	188,989	192,424	182,888	186,433
Benefit Payments	(208,899)	(200,438)	(214,276)	(120,003)	(84,335)	(214,883)	(91,581)
Difference Between Actual and Expected, if Any	7,313	-	175,534	-	(175,672)	(18,223)	(191,304)
Assumption Changes	216,121	-	-	-	78,677	29,214	-
Net Change in Total Pension Liability	316,259	87,947	235,666	176,699	122,859	90,029	23,186
Total Pension Liability - Beginning	4,051,621	3,963,674	3,728,008	3,551,309	3,428,450	3,338,421	3,315,235
Total Pension Liability - Ending (a)	<u>\$ 4,367,880</u>	<u>\$ 4,051,621</u>	<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	\$ 21,182	\$ 21,074	\$ 43,462	\$ 55,140	\$ 72,235	\$ 73,287	\$ 77,552
Contribution - Member	16,069	14,548	15,120	20,348	21,521	22,190	22,785
Net Investment Income	662,504	832,967	(225,956)	626,281	355,609	(69,789)	105,365
Benefit Payments	(208,899)	(200,438)	(214,276)	(120,003)	(84,335)	(214,883)	(91,581)
Administrative Expense	(10,172)	(7,789)	(9,002)	(9,733)	(10,094)	(9,050)	(7,812)
Net Change in Plan Fiduciary Net Position	480,684	660,362	(390,652)	572,033	354,936	(198,245)	106,309
Plan Fiduciary Net Position - Beginning	4,581,725	3,921,363	4,312,015	3,739,982	3,385,046	3,583,291	3,476,982
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,062,409</u>	<u>\$ 4,581,725</u>	<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>\$ (694,529)</u>	<u>\$ (530,104)</u>	<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	115.90%	113.08%	98.93%	115.67%	105.31%	98.73%	107.33%
Covered Payroll	\$ 535,631	\$ 484,910	\$ 503,998	\$ 678,266	\$ 717,379	\$ 733,513	\$ 779,883
Net Pension (Asset) Liability as a Percentage of Covered Payroll	(129.67%)	(109.32%)	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, 2021**

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%
2019	21,074	21,074	-	484,910	4.35%

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, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	4 Years
Asset Valuation Method	Adjusted Market Value
Actuarial Assumptions	
Investment Rate of Return	5.25%
Projected Salary Increases	2.79% - 6.22%
Inflation Rate Included	2.2%

*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 (ASSET) AND RELATED RATIOS
DECEMBER 31, 2021**

	Measurement Year Ending 12/31/20	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 12/31/15	Measurement Year Ending 12/31/14
Total Pension Liability:							
Service Cost	\$ 67,946	\$ 49,811	\$ 39,119	\$ 21,682	\$ 26,191	\$ 19,140	\$ 16,035
Interest	11,625	8,339	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	79,571	58,150	45,831	7,240	29,885	21,474	17,373
Total Pension Liability - Beginning	198,347	140,197	94,366	87,126	57,241	35,767	18,394
Total Pension Liability - Ending (a)	<u>\$ 277,918</u>	<u>\$ 198,347</u>	<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	\$ 34,213	\$ 25,086	\$ 19,766	\$ 10,961	\$ 13,175	\$ 9,572	\$ 7,620
Contribution - Member	33,973	24,906	19,559	10,841	13,095	9,570	8,094
Net Investment Income	41,367	31,622	(8,119)	14,440	3,770	(1,067)	1,425
Benefit Payments	-	-	-	-	-	-	(269)
Administrative Expense	(762)	(477)	(344)	(300)	(267)	(202)	(115)
Transfers	-	-	-	(18,700)	-	-	-
Net Change in Plan Fiduciary Net Position	108,791	81,137	30,862	17,242	29,773	17,873	16,755
Plan Fiduciary Net Position - Beginning	212,167	131,030	100,168	82,926	53,153	35,280	18,525
Plan Fiduciary Net Position - Ending (b)	<u>\$ 320,958</u>	<u>\$ 212,167</u>	<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>\$ (43,040)</u>	<u>\$ (13,820)</u>	<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	115.49%	106.97%	93.46%	106.15%	95.18%	92.86%	98.64%
Covered Payroll	\$ 679,456	\$ 529,459	\$ 422,267	\$ 259,616	\$ 307,094	\$ 227,816	\$ 175,530
Net Pension (Asset) Liability as a Percentage of Covered Payroll	(6.33%)	(2.61%)	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, 2021**

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%
2019	25,085	25,086	(1)	529,459	4.74%

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, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	4 Years
Asset Valuation Method	Adjusted Market Value
Actuarial Assumptions	
Investment Rate of Return	5.25%
Projected Salary Increases	2.79% - 6.22%
Inflation Rate Included	2.2%

*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, 2021**

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Real Estate Taxes	\$ 2,059,597	\$ 2,059,597	\$ 2,028,649	\$ (30,948)
Real Estate Transfer Taxes	600,000	1,000,000	1,137,153	137,153
Earned Income Taxes	2,945,000	3,100,000	4,094,736	994,736
Licenses and Permits	217,000	217,000	223,554	6,554
Fines, Forfeits, and Costs	26,600	26,600	16,779	(9,821)
Interest and Rents	48,000	48,000	57,365	9,365
Intergovernmental	348,800	348,800	372,197	23,397
Charges for Services	274,325	274,325	477,422	203,097
Refunds and Miscellaneous	12,500	12,500	49,584	37,084
Total Revenues	6,531,822	7,086,822	8,457,439	1,370,617
EXPENDITURES				
General Government:				
Legislative	11,000	11,000	10,000	1,000
Tax Collection	25,868	25,868	25,251	617
Legal	146,000	160,000	110,574	49,426
General Government Administration	726,100	765,900	718,601	47,299
General Government Buildings	168,100	208,100	177,435	30,665
Total General Government	1,077,068	1,170,868	1,041,861	129,007
Public Safety:				
Police	2,149,888	2,199,888	1,993,197	206,691
Fire	115,000	115,000	104,130	10,870
Zoning and Planning	469,650	483,650	478,521	5,129
Total Public Safety	2,734,538	2,798,538	2,575,848	222,690
Public Works	577,650	598,650	521,436	77,214
Culture and Recreation	15,375	16,875	16,000	875
Miscellaneous:				
Employee Benefits	1,054,300	1,054,300	949,546	104,754
Pension	442,939	442,939	411,911	31,028
Insurance	112,500	112,500	106,088	6,412
Total Miscellaneous	1,609,739	1,609,739	1,467,545	142,194
Total Expenditures	6,014,370	6,194,670	5,622,690	571,980
Excess of Revenues Over Expenditures	517,452	892,152	2,834,749	1,942,597
Other Financing Sources (Uses):				
Transfers In	267,357	267,357	85,001	(182,356)
Transfers Out	(314,500)	(825,500)	(2,716,500)	(1,891,000)
Total Other Financing Uses	(47,143)	(558,143)	(2,631,499)	(2,073,356)
Net Change in Fund Balances	<u>\$ 470,309</u>	<u>\$ 334,009</u>	203,250	<u>\$ (130,759)</u>
Fund Balance - Beginning of Year			3,046,922	
Fund Balance - End of Year			<u>\$ 3,250,172</u>	

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISONS
DECEMBER 31, 2021

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, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Real Estate Taxes	\$ 3,295,128	\$ 3,295,128	\$ 3,238,887	\$ (56,241)
Total Revenues	3,295,128	3,295,128	3,238,887	(56,241)
EXPENDITURES				
Debt Service:				
Principal	2,670,000	2,695,100	2,592,000	103,100
Interest	591,877	592,882	566,561	26,321
Note Issuance Costs	2,500	2,500	68,919	(66,419)
Total Expenditures	3,264,377	3,290,482	3,227,480	63,002
Excess of Revenues Over (Under)				
Expenditures	30,751	4,646	11,407	6,761
Other Financing Sources:				
Proceeds from Note Issuance	-	-	4,138,000	4,138,000
Payment to Redeem Bonds and Notes	-	-	(4,067,000)	(4,067,000)
Total Other Financing Sources	-	-	71,000	71,000
Net Change in Fund Balances	\$ 30,751	\$ 4,646	82,407	\$ 77,761
Fund Balance - Beginning of Year			441,469	
Fund Balance - End of Year			\$ 523,876	

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, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest and Contributions	\$ 7,600	\$ 5,100	\$ 2,888	\$ (2,212)
Total Revenues	7,600	5,100	2,888	(2,212)
EXPENDITURES				
Preservation of Natural Resources:				
Land Preservation	2,061,500.00	2,100,500.00	275,775	1,824,725
Total Expenditures	2,061,500	2,100,500	275,775	1,824,725
Excess of Revenues Over (Under)				
Expenditures	(2,053,900)	(2,095,400)	(272,887)	1,822,513
Other Financing Sources (Uses):				
Transfers Out	(85,000)	(85,000)	(85,000)	-
Total Other Financing Uses	(85,000)	(85,000)	(85,000)	-
Net Change in Fund Balances	<u>(2,138,900)</u>	<u>(2,180,400)</u>	(357,887)	<u>1,822,513</u>
Fund Balance - Beginning of Year			<u>3,014,180</u>	
Fund Balance - End of Year			<u>\$ 2,656,293</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, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Interest and Rents, Net	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under)				
Expenditures	-	-	-	-
Other Financing Sources:				
Transfers In	165,000	165,000	715,000	550,000
Transfers Out	(615,000)	(615,000)	(615,000)	-
Total Other Financing Sources	(450,000)	(450,000)	100,000	550,000
Net Change in Fund Balances	<u>\$ (450,000)</u>	<u>\$ (450,000)</u>	100,000	<u>\$ 550,000</u>
Fund Balance - Beginning of Year			<u>2,300,888</u>	
Fund Balance - End of Year			<u>\$ 2,400,888</u>	

SOLEBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – MAJOR SPECIAL REVENUE FUND
WITH LEGALLY ADOPTED BUDGET – ARPA FUND
YEAR ENDED DECEMBER 31, 2021

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	\$ 447,566	\$ 447,566	\$ 186,489	\$ (261,077)
Interest and Rents, Net	-	500	420	(80)
Total Revenues	447,566	448,066	186,909	(261,157)
EXPENDITURES				
General Government	-	-	186,489	(186,489)
Total Expenditures	-	-	186,489	(186,489)
Excess of Revenues Over (Under)				
Expenditures	447,566	448,066	420	(447,646)
Other Financing Sources:				
Transfers In	-	-	-	-
Transfers Out	(186,490)	(186,490)	-	186,490
Total Other Financing Sources	(186,490)	(186,490)	-	186,490
Net Change in Fund Balances	<u>\$ 261,076</u>	<u>\$ 261,576</u>	420	<u>\$ (261,156)</u>
Fund Balance - Beginning of Year			0	
Fund Balance - End of Year			<u>\$ 420</u>	

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

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.
- Sustainability Fund – Accounts for continued capital improvements related to sustaining the local environment, funded by both interfund transfers and capital grants.

SOLEBURY TOWNSHIP, PENNSYLVANIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Special Revenue							Capital Projects				Total
	Fire Protection Tax	Natural Resources	Park and Recreation	Highway Aid	Ambulance	Library	Sustainability	Parks and Recreation Capital	Roads and Bridges	Capital Equipment Reserve	Capital Projects	Nonmajor Governmental Funds
ASSETS												
Cash	\$ 10,447	\$ 358,247	\$ 177,971	\$ 394,568	\$ 2,273	\$ 10,294	237,534	\$ 440,856	\$ 525,240	\$ 703,254	697,114	\$ 3,557,798
Taxes Receivable	8,205	-	-	-	4,410	2,301	-	-	-	-	-	14,916
Accounts Receivable	-	-	-	-	-	-	9,000	-	-	213,367	329,179	551,546
Due from Other Funds	-	-	-	96,381	-	-	-	-	-	-	-	96,381
Prepaid Expenses	-	-	2,500	-	-	-	21,238	-	-	-	-	23,738
Total Assets	<u>\$ 18,652</u>	<u>\$ 358,247</u>	<u>\$ 180,471</u>	<u>\$ 490,949</u>	<u>\$ 6,683</u>	<u>\$ 12,595</u>	<u>\$ 267,772</u>	<u>\$ 440,856</u>	<u>\$ 525,240</u>	<u>\$ 916,621</u>	<u>\$ 1,026,293</u>	<u>\$ 4,244,379</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES												
Liabilities:												
Accounts Payable	\$ 7,061	\$ 16,651	\$ 4,628	\$ -	\$ -	\$ 10,000	44,791	\$ -	\$ 418	\$ 32,123	\$ 1,503	\$ 117,175
Due to Other Funds	-	-	-	-	-	-	-	-	-	96,381	-	96,381
Unearned Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>7,061</u>	<u>16,651</u>	<u>4,628</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>44,791</u>	<u>-</u>	<u>418</u>	<u>128,504</u>	<u>1,503</u>	<u>213,556</u>
Deferred Inflow of Resources:												
Unavailable Revenue - Intergovernmental	-	-	-	-	-	-	-	-	-	213,367	315,000	528,367
Unavailable Revenue - Property Taxes	<u>4,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,219</u>	<u>1,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,504</u>
Total Deferred Inflow of Resources	<u>4,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,219</u>	<u>1,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,367</u>	<u>315,000</u>	<u>535,871</u>
Fund Balances:												
Nonspendable	-	-	2,500	-	-	-	21,238	-	-	-	-	23,738
Restricted	<u>7,464</u>	<u>-</u>	<u>-</u>	<u>490,949</u>	<u>4,464</u>	<u>1,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,314</u>
Committed	<u>-</u>	<u>341,596</u>	<u>173,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,743</u>	<u>440,856</u>	<u>524,822</u>	<u>574,750</u>	<u>709,790</u>	<u>2,966,900</u>
Total Fund Balances	<u>7,464</u>	<u>341,596</u>	<u>175,843</u>	<u>490,949</u>	<u>4,464</u>	<u>1,437</u>	<u>222,981</u>	<u>440,856</u>	<u>524,822</u>	<u>574,750</u>	<u>709,790</u>	<u>3,494,952</u>
Total Liabilities and Fund Balances	<u>\$ 18,652</u>	<u>\$ 358,247</u>	<u>\$ 180,471</u>	<u>\$ 490,949</u>	<u>\$ 6,683</u>	<u>\$ 12,595</u>	<u>\$ 267,772</u>	<u>\$ 440,856</u>	<u>\$ 525,240</u>	<u>\$ 916,621</u>	<u>\$ 1,026,293</u>	<u>\$ 4,244,379</u>

SOLEBURY TOWNSHIP, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	Special Revenue							Capital Projects				Total
	Fire Protection Tax	Natural Resources	Park and Recreation	Highway Aid	Ambulance	Library	Sustainability	Parks and Recreation Capital	Roads and Bridges	Capital Equipment Reserve	Capital Projects	Nonmajor Governmental Funds
REVENUES												
Real Estate Taxes	\$ 419,382	\$ -	\$ -	\$ -	\$ 226,344	\$ 118,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 763,865
Interest and Rents	-	-	-	2,475	-	-	-	-	-	-	-	2,475
Intergovernmental	-	-	-	363,454	-	-	9,500	-	-	16,155	844,535	1,233,644
Charges for Services	-	5,250	50,102	-	-	-	-	-	-	-	-	55,352
Miscellaneous	-	-	5,100	-	-	-	-	18,500	-	9,000	16	32,616
Total Revenues	419,382	5,250	55,202	365,929	226,344	118,139	9,500	18,500	-	25,155	844,551	2,087,952
EXPENDITURES												
General Government	-	-	-	-	-	-	-	-	-	27,502	1,007,484	1,034,986
Public Safety	418,058	-	-	-	229,000	-	-	-	-	163,260	-	810,318
Public Works	-	-	-	500,158	-	-	-	-	406,279	470,189	-	1,376,626
Culture and Recreation	-	-	266,567	-	-	125,000	-	73,885	-	-	-	465,452
Preservation of Natural Resources	-	83,059	-	-	-	-	111,519	-	-	-	-	194,578
Total Expenditures	418,058	83,059	266,567	500,158	229,000	125,000	111,519	73,885	406,279	660,951	1,007,484	3,881,960
Excess of Revenues Over (Under)	1,324	(77,809)	(211,365)	(134,229)	(2,656)	(6,861)	(102,019)	(55,385)	(406,279)	(635,796)	(162,933)	(1,794,008)
Expenditures												
Other Financing Sources (Uses):												
Transfers In	-	150,000	250,000	-	5,000	6,500	325,000	275,000	450,000	936,986	500,000	2,898,486
Transfers out	-	-	-	(116,987)	-	-	-	-	-	-	(165,000)	(281,987)
Total Other Financing												
Sources (Uses)	-	150,000	250,000	(116,987)	5,000	6,500	325,000	275,000	450,000	936,986	335,000	2,616,499
Net Changes in Fund Balances	1,324	72,191	38,635	(251,216)	2,344	(361)	222,981	219,615	43,721	301,190	172,067	822,491
Fund Balances - Beginning of Year	6,140	269,405	137,208	742,165	2,120	1,798	-	221,241	481,101	273,560	537,723	2,672,461
Fund Balances - End of Year	\$ 7,464	\$ 341,596	\$ 175,843	\$ 490,949	\$ 4,464	\$ 1,437	\$ 222,981	\$ 440,856	\$ 524,822	\$ 574,750	\$ 709,790	\$ 3,494,952

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, 2021

	Natural Resources			Park and Recreation		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Rents	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	5,500	5,250	(250)	41,440	50,102	8,662
Miscellaneous	-	-	-	5,000	5,100	100
Total Revenues	<u>5,500</u>	<u>5,250</u>	<u>(250)</u>	<u>46,440</u>	<u>55,202</u>	<u>8,762</u>
EXPENDITURES						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	272,000	266,567	5,433
Preservation of Natural Resources	141,300	83,059	58,241	-	-	-
Total Expenditures	<u>141,300</u>	<u>83,059</u>	<u>58,241</u>	<u>272,000</u>	<u>266,567</u>	<u>5,433</u>
Excess of Revenues Over (Under) Expenditures	(135,800)	(77,809)	57,991	(225,560)	(211,365)	14,195
Other Financing Sources (Uses):						
Transfers In	50,000.00	150,000	100,000	140,000	250,000	110,000
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	<u>50,000</u>	<u>150,000</u>	<u>100,000</u>	<u>140,000</u>	<u>250,000</u>	<u>110,000</u>
Net Change in Fund Balances	<u>\$ (85,800)</u>	72,191	<u>\$ 157,991</u>	<u>\$ (85,560)</u>	38,635	<u>\$ 124,195</u>
Fund Balances - Beginning of Year		<u>269,405</u>			<u>137,208</u>	
Fund Balances - End of Year		<u>\$ 341,596</u>			<u>\$ 175,843</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, 2021

	Highway Aid			Roads and Bridges		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Rents	2,000	2,475	475	-	-	-
Intergovernmental	363,454	363,454	-	-	-	-
Charges for Services	-	-	-	500	-	(500)
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>365,454</u>	<u>365,929</u>	<u>475</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
EXPENDITURES						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	835,300	500,158	335,142	462,500	406,279	56,221
Culture and Recreation	-	-	-	-	-	-
Preservation of Natural Resources	-	-	-	-	-	-
Total Expenditures	<u>835,300</u>	<u>500,158</u>	<u>335,142</u>	<u>462,500</u>	<u>406,279</u>	<u>56,221</u>
Excess of Revenues Over (Under)						
Expenditures	(469,846)	(134,229)	335,617	(462,000)	(406,279)	55,721
Other Financing Sources (Uses):						
Transfers In	-	-	-	300,000	450,000	150,000
Transfers Out	-	(116,987)	(116,987)	-	-	-
Total Other Financing Sources	<u>-</u>	<u>(116,987)</u>	<u>(116,987)</u>	<u>300,000</u>	<u>450,000</u>	<u>150,000</u>
Net Change in Fund Balances	<u>\$ (469,846)</u>	<u>(251,216)</u>	<u>\$ 218,630</u>	<u>\$ (162,000)</u>	<u>43,721</u>	<u>\$ 205,721</u>
Fund Balances - Beginning of Year		<u>742,165</u>			<u>481,101</u>	
Fund Balances - End of Year		<u>\$ 490,949</u>			<u>\$ 524,822</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, 2021

	Capital Equipment Reserve			Capital Projects		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Real Estate Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Rents	-	-	-	-	-	-
Intergovernmental	-	16,155	16,155	1,000,000	844,535	(155,465)
Charges for Services	-	-	-	-	-	-
Miscellaneous	2,500	9,000	6,500	-	16	16
Total Revenues	2,500	25,155	22,655	1,000,000	844,551	(155,449)
EXPENDITURES						
General Government	47,000	27,502	19,498	1,085,500	1,007,484	78,016
Public Safety	165,000	163,260	1,740	-	-	-
Public Works	260,000	470,189	(210,189)	-	-	-
Culture and Recreation	-	-	-	-	-	-
Preservation of Natural Resources	-	-	-	-	-	-
Total Expenditures	472,000	660,951	(188,951)	1,085,500	1,007,484	78,016
Excess of Revenues Over (Under) Expenditures	(469,500)	(635,796)	(166,296)	(85,500)	(162,933)	(77,433)
Other Financing Sources (Uses):						
Transfers In	624,133	936,986	312,853	200,000	500,000	300,000
Transfers Out	-	-	-	(165,000)	(165,000)	-
Total Other Financing Sources	624,133	936,986	312,853	35,000	335,000	300,000
Net Change in Fund Balances	<u>\$ 154,633</u>	<u>301,190</u>	<u>\$ 146,557</u>	<u>\$ (50,500)</u>	<u>172,067</u>	<u>\$ 222,567</u>
Fund Balances - Beginning of Year		<u>273,560</u>			<u>537,723</u>	
Fund Balances - End of Year		<u>\$ 574,750</u>			<u>\$ 709,790</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, 2021

	Fire Protection Tax			Parks and Recreation Capital		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Real Estate Taxes	\$ 428,301	\$ 419,382	\$ (8,919)	\$ -	\$ -	\$ -
Interest and Rents	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	12,000	18,500	6,500
Total Revenues	<u>428,301</u>	<u>419,382</u>	<u>(8,919)</u>	<u>12,000</u>	<u>18,500</u>	<u>6,500</u>
EXPENDITURES						
General Government	-	-	-	-	-	-
Public Safety	428,301	418,058	10,243	-	-	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	88,500	73,885	14,615
Preservation of Natural Resources	-	-	-	-	-	-
Total Expenditures	<u>428,301</u>	<u>418,058</u>	<u>10,243</u>	<u>88,500</u>	<u>73,885</u>	<u>14,615</u>
Excess of Revenues Over (Under) Expenditures	-	1,324	1,324	(76,500)	(55,385)	21,115
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	275,000	275,000
Transfers Out	-	-	-	-	-	-
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,000</u>	<u>275,000</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>1,324</u>	<u>\$ 1,324</u>	<u>\$ (76,500)</u>	<u>219,615</u>	<u>\$ 296,115</u>
Fund Balances - Beginning of Year		<u>6,140</u>			<u>221,241</u>	
Fund Balances - End of Year		<u>\$ 7,464</u>			<u>\$ 440,856</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, 2021

	Library Fund			Ambulance Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Real Estate Taxes	\$ 120,045	\$ 118,139	\$ (1,906)	\$ 228,866	\$ 226,344	\$ (2,522)
Interest and Rents	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>120,045</u>	<u>118,139</u>	<u>(1,906)</u>	<u>228,866</u>	<u>226,344</u>	<u>(2,522)</u>
EXPENDITURES						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	229,000	229,000	-
Public Works	-	-	-	-	-	-
Culture and Recreation	125,000	125,000	-	-	-	-
Preservation of Natural Resources	-	-	-	-	-	-
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>229,000</u>	<u>229,000</u>	<u>-</u>
Excess of Revenues Over (Under)						
Expenditures	(4,955)	(6,861)	(1,906)	(134)	(2,656)	(2,522)
Other Financing Uses:						
Transfers In	5,500	6,500	1,000	-	5,000	5,000
Transfers Out	-	-	-	-	-	-
Total Other Financing Uses	<u>5,500</u>	<u>6,500</u>	<u>1,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Net Change in Fund Balances	<u>\$ 545</u>	<u>(361)</u>	<u>\$ (906)</u>	<u>\$ (134)</u>	<u>2,344</u>	<u>\$ 2,478</u>
Fund Balances - Beginning of Year		<u>1,798</u>			<u>2,120</u>	
Fund Balances - End of Year		<u>\$ 1,437</u>			<u>\$ 4,464</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, 2021

	Sustainability Fund		
	Budget	Actual	Variance
REVENUES			
Real Estate Taxes	\$ -	\$ -	\$ -
Interest and Rents	-	-	-
Intergovernmental	-	9,500	9,500
Charges for Services	-	-	-
Miscellaneous	-	-	-
Total Revenues	-	9,500	9,500
EXPENDITURES			
General Government	-	-	-
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Preservation of Natural Resources	41,000	111,519	(70,519)
Total Expenditures	41,000	111,519	(70,519)
Excess of Revenues Over (Under) Expenditures	(41,000)	(102,019)	(61,019)
Other Financing Uses:			
Transfers In	125,000	325,000	200,000
Transfers Out	-	-	-
Total Other Financing Uses	125,000	325,000	200,000
Net Change in Fund Balances	\$ 84,000	222,981	\$ 138,981
Fund Balances - Beginning of Year		-	
Fund Balances - End of Year		\$ 222,981	

SOLEBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation				
Passed through Pennsylvania Department of Transportation:				
Highway Planning and Construction	20.205	R19060034	\$ -	\$ 844,535
Total U.S. Department of Transportation			<u>-</u>	<u>844,535</u>
U.S. Department of the Treasury:				
COVID-19, ARPA Local Fiscal Recovery Funds			-	186,489
Total U.S. Department of Treasury	21.019		<u>-</u>	<u>186,489</u>
 Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,031,024</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Solebury Township, Pennsylvania (the Township) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the financial position or changes in financial position of the Township.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The Township has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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

Board of Supervisors
Solebury Township
Solebury, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Solebury Township, Pennsylvania (the Township), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated December 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

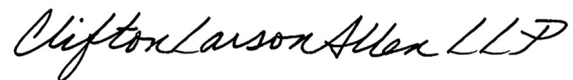
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 20, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Supervisors
Solebury Township
Solebury, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited Solebury Township, Pennsylvania's (the Township) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2021. The Township's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Township's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Township's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Township's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements. We have issued our report thereon, dated December 20, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
December 20, 2022

**SOLEBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)

20.205

Name of Federal Program or Cluster

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? _____ yes x no

**SOLEBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).