

SOLEBURY TOWNSHIP, PENNSYLVANIA
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION
YEAR ENDED DECEMBER 31, 2022

SOLEBURTY TOWNSHIP, PENNSYLVANIA
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Solebury Township
Solebury, Pennsylvania

Report on The Audit of 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, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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

The Township's 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.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 the 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 judgement, 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 matter that we identified during the audit.



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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 employers contributions, investment returns, 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Zelenkofske Axelrod LLC

Zelenkofske Axelrod LLC

Jamison, PA
June 29, 2023

SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(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, 2022. Please read it in conjunction with the Township's financial statements that begin on page 13.

FINANCIAL HIGHLIGHTS

- Solebury Township had a fiscally sound year while enduring the lingering 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.
- The higher than anticipated Earned Income Tax and Real Estate Transfer Tax revenues allowed the Township to fund an additional \$900,000 to various capital funds to set the Township up for future capital projects.
- Moody's again rated the Township at Aa1 due to its strong financial position which has consistently improved over the years.
- The Township authorized the issuance of the Township's General Obligation Note, Series A of 2021, in the principal amount of \$5,063,000 but delayed the drawdown of the funds until June 2022. This Note was 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 Township continued its land preservation efforts by acquiring an additional easement in 2022.
- Utilized a portion of the American Rescue Plan Act (ARPA) funds to operate the Township's Deer Management program. Herd reduction efforts are on track and the program will continue in an effort to sustain the reduction.
- The Township continued its efforts to apply for available grants to fund various capital items in 2022, and was awarded \$50,000 from the PA Department of Economic & Community Development for the dredging and repairs to the Carversville Culvert.
- The Township was awarded \$140,665 in expense reimbursements from FEMA for losses incurred due to Hurricane Ida in September 2021.

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 45 through 53) 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 55) includes optional financial information such as fund budgetary comparison schedules and combining statements for nonmajor funds (which are shown in the fund financial statements in a single column). This other supplemental financial information is provided to address certain specific needs of various users of the Township's annual report.

Basis of Accounting

Government-Wide Financial Statements

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

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 basic services it provides. Governmental fund information helps determine (through a review of changes to fund balance) whether there are more or few financial resources that can be spent in the near future to finance the Township's programs. The Township considers the General, Land Preservation, Debt Service, and Capital Reserve Funds to be its significant or major Governmental funds. All other Governmental funds are aggregated in a single column entitled nonmajor funds.

Fiduciary Funds

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(Unaudited)

Table 1 - Solebury Township's Net Position

	2022	2021
Current and Other Assets	\$ 20,713,356	\$ 16,084,388
Capital Assets	52,862,446	52,976,601
Total Assets	<u>73,575,802</u>	<u>69,060,989</u>
Deferred Charge on Refunding	23,270	27,239
Deferred Outflows from Pension	1,267,742	1,114,545
Total Deferred Outflows of Resources	<u>1,291,012</u>	<u>1,141,784</u>
Current Liabilities	1,057,293	2,241,802
Noncurrent Liabilities	24,389,612	20,818,422
Total Liabilities	<u>25,446,905</u>	<u>23,060,224</u>
Deferred Inflows from Pension	1,212,184	2,226,474
Total Deferred Inflows of Resources	<u>1,212,184</u>	<u>2,226,474</u>
Net Position		
Net Investment in Capital Assets	37,062,015	35,264,462
Restricted	10,843,008	1,742,682
Unrestricted	302,702	7,908,931
Total Net Position	<u>\$ 48,207,725</u>	<u>\$ 44,916,075</u>

The Township's net position increased for the twelfth consecutive year. The net increase of \$4,641,650 is the result of the Township's investment in capital assets (land preservation easements), the receipt of various grants and the Administration's efforts to manage expenses coupled with significantly increased real estate transfer and earned income tax revenue in 2022. While real estate transfer tax and earned income tax revenues slightly decreased from 2021, each exceeded budget by approximately thirteen percent (13%) and twenty-four percent (24%), respectively.

The overall net position of the Township increased \$4.61 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, 2022
(Unaudited)

Table 2 - Solebury Township's Change in Net Position

	<u>2022</u>	<u>2021</u>
Revenues:		
Program Revenues		
Charges for Services	\$ 862,493	\$ 838,528
Operating Grants and Contributions	1,382,660	1,476,786
Capital Grants and Contributions	456,784	860,690
General Revenues:		
Real Estate Taxes	5,354,333	6,001,219
Real Estate Transfer taxes	809,026	1,137,153
Earned Income taxes	3,854,969	3,832,788
Interest and Rents	99,159	63,148
Gain on Sale of Assets	106,919	-
Total Revenues	<u>12,926,343</u>	<u>14,210,312</u>
Expenses:		
General Government	3,162,844	736,651
Public Safety	2,721,792	4,590,693
Public Works	1,943,030	2,302,352
Culture and Recreation	445,819	588,525
Preservation of Natural Resources	941,905	112,919
Interest on Long-Term Debt	419,303	616,820
Total Expenses	<u>9,634,693</u>	<u>8,947,960</u>
Change in Net Position	3,291,650	5,262,352
Net Position - Beginning of Year	<u>44,916,075</u>	<u>39,653,723</u>
Net Position - End of Year	<u><u>\$ 48,207,725</u></u>	<u><u>\$ 44,916,075</u></u>

SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(Unaudited)

Balance Sheet – Governmental Funds

The Township's total Governmental fund balances, resulting from modified accrual basis of accounting transactions, increased from \$12,326,601 to \$18,376,664 between the fiscal years 2021 and 2022.

	<u>2022</u>	<u>2021</u>
Cash and Investments	\$ 18,049,042	\$ 13,196,304
Taxes and other Receivables	1,536,319	2,074,319
Prepaid Items	16,726	41,178
Due from Other Funds	-	96,381
Total Assets	<u>\$ 19,602,087</u>	<u>\$ 15,408,182</u>
Accounts Payable	315,144	\$ 262,707
Escrow Liabilities	-	1,621,148
Due to Other Funds	-	96,381
Unearned Revenues	286,289	261,076
Total Liabilities	<u>601,433</u>	<u>2,241,312</u>
Deferred Inflow of Resources	410,623	840,269
Fund Balances:		
Nonspendable	16,726	41,178
Restricted	8,782,400	3,684,903
Committed	6,048,362	5,367,788
Unassigned	3,742,543	3,232,732
Total Fund Balances	<u>18,590,031</u>	<u>12,326,601</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 19,602,087</u>	<u>\$ 15,408,182</u>

The forty-nine percent (49%) increase in the Governmental Fund balance is directly attributable to the bond proceeds for investment in land preservation, increased Earned Income Tax and Real Estate Transfer Tax collections and grant revenue.

SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(Unaudited)

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Change in Fund Balances

For the years ended December 31, 2022 and 2021, the Township's total Governmental fund balances changed as follows:

Revenues:		
Program Revenues		
Charges for Services	\$ 522,968	\$ 532,774
Intergovernmental	1,580,604	1,792,330
General Revenues:		
Real Estate Taxes	5,975,157	6,031,401
Real Estate Transfer taxes	809,026	1,137,153
Earned Income taxes	3,854,969	4,094,736
Interest and Rents	99,159	63,148
Licenses and Permits	244,661	223,554
Fines, Forfeits, and Costs	15,656	16,779
Refunds and Miscellaneous	658,334	82,200
Other Financing Sources:		
Proceeds from Bond Issuance and Insurance	5,173,661	4,138,000
Total Revenues and Other Financing Sources	<u>\$ 18,934,195</u>	<u>\$ 18,112,075</u>
Expenditures:		
General Government	1,267,991	2,076,847
Public Safety	3,129,993	3,572,655
Public Works	1,935,196	1,898,062
Culture and Recreation	432,170	481,452
Preservation of Natural Resources	941,905	470,353
Miscellaneous		
Employee Benefits	1,055,614	949,546
Pension	500,077	411,911
Insurance	120,277	106,087
Other	9,683	-
Debt Service	3,277,859	3,227,480
Other Financing Sources:		
Payments to Redeem Bonds	-	4,067,000
Total Expenditures and other Financing Uses	<u>12,670,765</u>	<u>17,261,393</u>
Change in Fund Balances	6,263,430	850,682
Fund Balances - Beginning of Year	<u>12,326,601</u>	<u>11,475,919</u>
Fund Balances - End of Year	<u><u>\$ 18,590,031</u></u>	<u><u>\$ 12,326,601</u></u>

Budget to Actual comparisons for the major funds are noted in these Financial Statements beginning on page 51.

SOLEBURY TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(Unaudited)

For the year ended December 31, 2022, the General Fund revenues exceeded budget by \$793,043 and expenditures were below budget by approximately \$433,076 prior to accounting for inter-fund transfers over and above the budgeted amount which were completed in order to build other reserve balances. The increase in revenue is directly attributable to greater than expected collections in Earned Income Taxes, Real Estate 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 future years. 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: \$250,000 to the Capital Reserve Fund; \$100,000 to Capital Equipment; \$300,000 to the Sustainability Fund; \$100,000 to the Roads & Bridges Fund; and \$154,000 to various other funds. 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

	2022	2021
Land, Art, and Land Easements	\$ 38,953,175	\$ 38,484,864
Land Improvements	7,300	9,387
Park Improvements	4,665,791	4,781,529
Buildings and improvements	5,395,315	5,693,477
Vehicles and Equipment	1,374,133	1,359,607
Furniture and Equipment	283,938	256,223
Infrastructure	2,182,794	2,391,514
Total	<u>\$ 52,862,446</u>	<u>\$ 52,976,601</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, 2022 and 2021, the Township had \$21,700,000 and \$19,517,000, respectively, in long-term debt outstanding. Principal and interest payments in 2022 were \$2,813,000 and \$464,859 and in 2021 were \$2,593,000 and \$561,755, 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.

Table 4 - Outstanding Debt

	2022	2021
General Obligation Bonds	\$ 11,880,000	\$ 13,650,000
Direct Placement Notes	9,820,000	5,867,000
Total General obligation Notes and Bonds	<u>\$ 21,700,000</u>	<u>\$ 19,517,000</u>

The Township continued its debt repayment plan during 2022, 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 2023 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 2023 Budget did not require a tax increase and the real estate tax millage allocation remained constant to meet 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 2022 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 Suga Road, P.O. Box 139, Solebury, PA 18963 or 215-297-5656.

SOLEBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 18,049,042
Accounts Receivable	607,037
Taxes Receivable	929,282
Prepaid Expenses	16,726
Net Pension Asset	1,111,269
Capital Assets - Not Being Depreciated	
Land	3,344,871
Artwork	42,000
Conservation Easements	35,566,304
Other Capital Assets - Net of Depreciation:	13,909,271
Total Assets	73,575,802
 Deferred Outflows of Resources	
Deferred Charge on Refunding	23,270
Related to Pension	1,267,742
Total Deferred Outflows of Resources	1,291,012
 Liabilities	
Accounts Payable	315,144
Accrued Interest Payable	51,313
Unearned Revenue	690,836
Noncurrent Liabilities	
Due Within One Year	3,264,028
Due Beyond One Year	19,618,477
Net Pension Liability	1,507,107
Total Liabilities	25,446,905
 Deferred Inflows of Resources	
Related to Pension	1,212,184
Total Deferred Inflows of Resources	1,212,184
 Net Position	
Net Investment in Capital Assets	37,062,015
Restricted for:	
Net Pension Asset	(340,280)
Debt Service	405,777
Fire Protection	6,755
Ambulance	4,219
Highway Aid	691,422
Other	7,010
Land Preservation	7,076,729
Capital Reserve	2,400,888
Natural Resources	331,027
Parks and Recreation	259,461
Unrestricted	302,702
Total Net Position	\$ 48,207,725

The accompanying notes are integral part of the financial statements.

SOLEBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General Government	\$ 3,162,844	\$ 214,863	\$ 151,449	\$ -	\$ (2,796,532)
Public Safety	2,721,792	47,962	378,400	-	(2,295,430)
Public Works	1,943,030	519,636	830,396	456,784	(136,214)
Culture and Recreation	445,819	66,032	22,400	-	(357,387)
Preservation of Natural Resources	941,905	14,000	15	-	(927,890)
Interest on Long Term Debt	419,303	-	-	-	(419,303)
Total Governmental Activities	<u>9,634,693</u>	<u>862,493</u>	<u>1,382,660</u>	<u>456,784</u>	<u>(6,932,756)</u>
General Revenues:					
Real Estate Taxes					5,354,333
Real Estate Transfer Taxes					809,026
Earned Income Taxes					3,854,969
Interest and Rents					99,159
Gain on Sale of Equipment					<u>106,919</u>
Total General Revenues and Other Items					<u>10,224,406</u>
Change in Net Position					3,291,650
Net Position - Beginning of Year					<u>44,916,075</u>
Net Position - End of Year					<u>\$ 48,207,725</u>

The accompanying notes are integral part of the financial statements.

SOLEBURY TOWNSHIP, PENNSYLVANIA
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	<u>Major Funds</u>					<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Land</u>	<u>Debt</u>	<u>Capital</u>	<u>ARPA</u>	<u>Governmental</u>	<u>Governmental</u>
<u>Assets</u>		<u>Preservation</u>	<u>Service</u>	<u>Reserve</u>		<u>Funds</u>	<u>Funds</u>
Cash and Cash Equivalents	\$ 3,082,175	\$ 7,077,149	\$ 361,851	\$ 2,400,888	\$ 266,237	\$ 4,860,742	\$ 18,049,042
Accounts Receivable	403,201	-	24,995	-	-	178,841	607,037
Taxes Receivable	874,264	-	44,293	-	-	10,725	929,282
Prepaid Expenses	16,726	-	-	-	-	-	16,726
Total Assets	\$ 4,376,366	\$ 7,077,149	\$ 431,139	\$ 2,400,888	\$ 266,237	\$ 5,050,308	\$ 19,602,087
<u>Liabilities and Fund Balances</u>							
Liabilities							
Accounts Payable and Accrued Liabilities	212,550	420	150	-	-	\$ 102,024	\$ 315,144
Unearned Revenues	-	-	25,212	-	261,077	-	286,289
Total Liabilities	212,550	420	25,362	-	261,077	102,024	601,433
Deferred Inflow of Resources							
Unavailable Revenue - Intergovernmental	-	-	-	-	-	-	-
Unavailable Revenue - Property Taxes	404,547	-	-	-	-	6,076	410,623
Total Deferred Inflow of Resources	404,547	-	-	-	-	6,076	410,623
Fund Balances							
Non-Spendable	16,726	-	-	-	-	-	16,726
Restricted for:							
Land Preservation	-	7,076,729	-	-	-	-	7,076,729
Debt Service	-	-	405,777	-	-	-	405,777
Fire Protection	-	-	-	-	-	6,755	6,755
Ambulance	-	-	-	-	-	4,219	4,219
Highway Aid	-	-	-	-	-	691,422	691,422
Natural Resources	-	-	-	-	-	331,027	331,027
Parks and Recreation	-	-	-	-	-	259,461	259,461
Other	-	-	-	-	5,160	1,850	7,010
Committed to:							
Capital Reserve	-	-	-	2,400,888	-	-	2,400,888
Roads and Bridges	-	-	-	-	-	570,619	570,619
Capital Equipment Reserve	-	-	-	-	-	1,007,040	1,007,040
Capital Projects	-	-	-	-	-	969,812	969,812
Parks and Recreation Capital	-	-	-	-	-	461,915	461,915
Sustainability	-	-	-	-	-	638,088	638,088
Unassigned	3,742,543	-	-	-	-	-	3,742,543
Total Fund Balances	3,759,269	7,076,729	405,777	2,400,888	5,160	4,942,208	18,590,031
Total Liabilities and Fund Balances	\$ 4,376,366	\$ 7,077,149	\$ 431,139	\$ 2,400,888	\$ 266,237	\$ 5,050,308	\$ 19,602,087

The accompanying notes are integral part of the financial statements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022**

Fund Balances - Total Governmental Funds	\$ 18,590,031
Amounts reported for governmental activities in the statement of net position are different because:	
Net Pension Asset and Deferrals are not financial resources and, therefore are not reported in the governmental funds	(340,280)
Deferred Outflows of Resources are Recorded as Expenditures in the Fund Statements but Recorded as a Deferred Outflow of Resources and Amortized in the Statement of Net Position Deferred Charge on Refunding	23,270
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	52,862,446
Other Long-Term Assets (Receivables) are not Available to Pay for Current-Period Expenditures and, therefore, are Unavailable in the Funds	6,076
Long term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Compensated Absences	(447,772)
Accrued Interest	(51,313)
General Obligation Bonds and Note Payable	(22,434,733)
Net Position of Governmental Activities	<u>\$ 48,207,725</u>

The accompanying notes are integral part of the financial statements.

SOLEBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	<u>Major Funds</u>					Nonmajor Governmental Funds	Total Governmental Funds
	General	Land Preservation	Debt Service	Capital Reserve	ARPA		
Revenues							
Real Estate Taxes	\$ 2,045,706	\$ -	\$ 3,162,292	\$ -	\$ -	\$ 767,159	\$ 5,975,157
Real Estate Transfer Taxes	809,026	-	-	-	-	-	809,026
Earned Income Taxes	3,854,969	-	-	-	-	-	3,854,969
Licenses and Permits	244,661	-	-	-	-	-	244,661
Fines, Forfeits, and Costs	15,656	-	-	-	-	-	15,656
Interest and Rents	88,752	4,864	-	-	759	4,784	99,159
Intergovernmental	403,083	-	-	-	448,981	728,540	1,580,604
Charges for Services	508,968	-	-	-	-	14,000	522,968
Refunds and Miscellaneous	155,849	15	-	-	-	502,470	658,334
Total Revenues	8,126,670	4,879	3,162,292	-	449,740	2,016,953	13,760,534
Expenditures							
General Government	1,194,616	-	-	-	-	73,375	1,267,991
Public Safety	2,260,135	-	-	-	-	869,858	3,129,993
Public Works	1,140,703	-	-	-	-	794,493	1,935,196
Culture and Recreation	-	-	-	-	-	432,170	432,170
Preservation of Natural Resources	-	492,443	-	-	-	449,462	941,905
Miscellaneous:							
Employee Benefits	1,055,614	-	-	-	-	-	1,055,614
Pension	500,077	-	-	-	-	-	500,077
Insurance	120,277	-	-	-	-	-	120,277
Other	7,151	-	2,532	-	-	-	9,683
Debt Service:							
Principal	-	-	2,813,000	-	-	-	2,813,000
Interest	-	-	464,859	-	-	-	464,859
Total Expenditures	6,278,573	492,443	3,280,391	-	-	2,619,358	12,670,765
Excess (Deficit) of Revenues Over Expenditures	1,848,097	(487,564)	(118,099)	-	449,740	(602,405)	1,089,769
Other Financing Sources (Uses)							
Proceeds from Insurance	-	-	-	-	-	170,661	170,661
Proceeds from Note Issuance	-	5,003,000	-	-	-	-	5,003,000
Transfers In	620,000	-	-	250,000	-	1,879,000	2,749,000
Transfers Out	(1,959,000)	(95,000)	-	(250,000)	(445,000)	-	(2,749,000)
Total Other Financing Sources (Uses)	(1,339,000)	4,908,000	-	-	(445,000)	2,049,661	5,173,661
Net Change in Fund Balances	509,097	4,420,436	(118,099)	-	4,740	1,447,256	6,263,430
Fund Balances - Beginning of Year	3,250,172	2,656,293	523,876	2,400,888	420	3,494,952	12,326,601
Fund Balances - End of Year	\$ 3,759,269	\$ 7,076,729	\$ 405,777	\$ 2,400,888	\$ 5,160	\$ 4,942,208	\$ 18,590,031

The accompanying notes are integral part of the 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, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$	6,263,430
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Amounts reported for governmental activities in the statement 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

Expenditures less disposals for general capital assets, infrastructure, and other related capital assets adjustments		853,852
Current year depreciation		(968,007)

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		(834,191)
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The change in Net Pension Asset and Deferrals are reported in the Statement of Activities but are not reported in the Governmental Funds.		(938)
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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 consumes the current financial resources of governmental funds.		
This amount is the proceeds of the issuance of General Obligation Bonds.		(5,003,000)

The governmental funds report debt proceeds as financing sources, while repayment of debt principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. The net effect of these differences in the treatment of long-term debt is as follows:

Principal repayments:		
Debt Service		2,813,000
Amortization of Premium and Loss on Refunding		143,918
Change in Accrued Interest		45,556
Change in Compensated Absences		(28,970)
Artwork Financing Payment		7,000
		7,000

Change in Net Position of Governmental Activities	\$	3,291,650
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The accompanying notes are integral part of the financial statements.

SOLEBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2022

	Police Pension Trust	Custodial Funds
Assets		
Cash and Cash Equivalents	\$ 1,013,052	\$ -
Investments	<u>6,948,178</u>	<u>-</u>
Total Assets	<u><u>\$ 7,961,230</u></u>	<u><u>\$ -</u></u>
Net Position		
Restricted for:		
Pensions	<u>7,961,230</u>	<u>-</u>
Total Net Position	<u><u>\$ 7,961,230</u></u>	<u><u>\$ -</u></u>

The accompanying notes are integral part of the financial statements.

SOLEBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Police Pension Trust	Custodial Funds
Additions		
Contributions:		
Commonwealth of Pennsylvania	\$ 265,915	\$ -
Employer	143,143	-
Members	92,741	-
Donations	<u>-</u>	<u>4,990</u>
Total Contributions	<u>501,799</u>	<u>4,990</u>
Investment Earnings:		
Net Depreciation in Fair Value of Investments	<u>(1,050,245)</u>	<u>-</u>
Total Additions (Reductions), Net	<u>(548,446)</u>	<u>4,990</u>
Deductions		
Benefits	338,420	-
Administration and Other	<u>48,426</u>	<u>61,795</u>
Total Deductions	<u>386,846</u>	<u>61,795</u>
Change in Net Position	(935,292)	(56,805)
Net Position Held in Trust for Pension Benefits		
Net Position - Beginning of Year	<u>8,896,522</u>	<u>56,805</u>
Net Position - End of Year	<u><u>\$ 7,961,230</u></u>	<u><u>\$ -</u></u>

The accompanying notes are integral part of the financial statements.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 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. The Police Pension Plan is a Fiduciary component unit and is reported as a fiduciary fund and does not issue separate 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, 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.

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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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, investment 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 Exchanges, the Chicago Board Options Exchanges, 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.

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. These transactions are eliminated in the Statement of Net Position.

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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

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 lienied with County of Bucks by January 31 of the subsequent year.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 its 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.

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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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 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, 2022.

Compensated Absences

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

Use of Estimates

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

NOTE 2 DEPOSITS AND INVESTMENTS

Legal and Contractual Restrictions

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

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

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

Cash, cash equivalents, and investments include \$7,077,149 held in the Land Preservation Fund that is restricted for use in the Township's Land Preservation Program.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

At December 31, 2022, the carrying value of the Township's deposits with banks was \$18,049,042 including certificates of deposit of \$510,434, in the various governmental funds. The bank balances were \$18,095,569. 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, 2022, the Township's bank balances and certificates of deposit were exposed to custodial credit risk as follows:

Insured by FDIC	\$ 250,000
Collateralized	-
Uninsured and Collateral Held by the Pledging Bank's Trust Department not in the Government's Name	<u>17,845,569</u>
Total	<u><u>\$ 18,095,569</u></u>

Investments

The Township categorizes its fair value measurements within the fair value hierarchy established by U.S. 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, 2022, 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, 2022 are as follows:

Investment and Cash Equivalent Type	Valuation Inputs Level	Fair Value
Police Pension Trust Fund:		
Money Market Funds (1)	N/A	\$ 1,013,052
ETF's - Equity Funds	Level 1	1,516,539
iShares - Equity Mutual Funds	Level 1	2,761,113
Certificates of Deposit	Level 2	1,365,847
Government Bonds	Level 2	<u>1,304,679</u>
Total Police Pension Trust Fund		<u>7,961,230</u>
Combined Total		<u><u>\$ 7,961,230</u></u>

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

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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	\$ 666,133	\$ 534,532	\$ 104,014	\$ -	\$ -	\$ 1,304,679
	<u>\$ 666,133</u>	<u>\$ 534,532</u>	<u>\$ 104,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,304,679</u>

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

	Maturity Year					Total
	2023	2024	2025	2026	2027-2029	
Certificates of Deposit	\$ 49,818	\$ 627,893	\$ 144,868	\$ 167,269	\$ 375,999	\$ 1,365,847
	<u>\$ 49,818</u>	<u>\$ 627,893</u>	<u>\$ 144,868</u>	<u>\$ 167,269</u>	<u>\$ 375,999</u>	<u>\$ 1,365,847</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, 2022, the Township had no investments exceeding 5% of the Township's total investments of the Governmental funds.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,344,871	\$ -	\$ -	\$ 3,344,871
Art	42,000	-	-	42,000
Easements	35,097,993	468,311	-	35,566,304
Total Capital Assets, Not Being Depreciated	38,484,864	468,311	-	38,953,175
Capital Assets, Depreciated:				
Fixtures	286,292	12,789	-	299,081
Land Improvements	38,601	-	-	38,601
Park Improvements	5,797,354	-	-	5,797,354
Buildings / PW Buildings	9,648,773	-	-	9,648,773
Furniture & Office Equipment	225,344	57,940	-	283,284
Vehicles & Equipment	2,528,459	229,479	77,791	2,680,147
Infrastructure	5,467,379	-	-	5,467,379
Total Capital Assets, Being Depreciated	23,992,202	300,208	77,791	24,214,619
Accumulated Depreciation for:				
Fixtures	77,422	23,989	-	101,411
Land Improvements	29,214	2,087	-	31,301
Park Improvements	1,015,825	115,738	-	1,131,563
Buildings / PW Buildings	3,955,296	313,850	(15,688)	4,253,458
Furniture & Office Equipment	177,991	19,025	-	197,016
Vehicles & Equipment	1,168,852	284,598	(147,436)	1,306,014
Infrastructure	3,075,865	208,720	-	3,284,585
Total Accumulated Depreciation	9,500,465	968,007	(163,124)	10,305,348
Total Capital Assets, Being Depreciated, Net	14,491,737	(667,799)	240,915	13,909,271
Governmental Activities Capital Assets, Net	\$ 52,976,601	\$ (199,488)	\$ 240,915	\$ 52,862,446

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 333,229
Public Safety	22,984
Public Works	495,933
Culture and Recreation	115,861
Total Depreciation Expense, Governmental Activities	<u>\$ 968,007</u>

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

	Transfers In	Transfers Out
General Fund	\$ 620,000	\$ 1,959,000
Land Preservation Fund	-	95,000
Capital Reserve Fund	250,000	250,000
Nonmajor Governmental Funds		
ARPA Fund	-	445,000
Sustainability Fund	815,000	-
Park and Recreation Capital Fund	50,000	-
Natural Resource	25,000	-
Park and Recreation Fund	315,000	-
Ambulance Fund	32,000	-
Library Fund	7,000	-
Roads and Bridges Fund	400,000	-
Capital Equipment Fund	235,000	-
Total	<u>\$ 2,749,000</u>	<u>\$ 2,749,000</u>

Transfers are used to (1) move revenues from the fund required to be collected by statute or budget to the fund required by statute or budget to expend them, or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. There were no Interfund receivables and payables as of December 31, 2022.

NOTE 5 LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Direct Borrowing Notes Payable:					
Series 2011 - 2.95% (DVRFA Note)	\$ 2,206,000	\$ -	\$ (416,000)	\$ 1,790,000	\$ 428,000.00
Series 2021A - 1.25% (Capital Projects)	60,000	5,003,000	(2,000)	5,061,000	1,000.00
Series 2021B - 0.79% (Refunding 2012A, 2012B, 2017 Note)	3,580,000	-	(625,000)	2,955,000	636,000.00
Notes payable - Artwork	21,000	-	(7,000)	14,000	7,000.00
Total Notes Payable	<u>\$ 5,867,000</u>	<u>\$ -</u>	<u>\$ (1,050,000)</u>	<u>\$ 9,820,000</u>	<u>\$ 1,072,000</u>
Unamortized Premium	882,620	-	(147,887)	734,733	-
General Obligation Bonds Payable:					
Series 2017A - 0.87% - 2.00% (Bond)	3,320,000	\$ -	(1,180,000)	\$ 2,140,000	1,220,000
Series 2019A - 2.0% - 5.0% (New Money)	1,315,000	-	-	1,315,000	-
Series 2019B - 2.0% - 5.0% (Red Bond)	4,170,000	-	(585,000)	3,585,000	615,000
Series 2020 - 1.1% - 3.00% (Bond)	4,845,000	-	(5,000)	4,840,000	5,000
Total Bonds Payable	<u>\$ 13,650,000</u>	<u>\$ -</u>	<u>\$ (1,770,000)</u>	<u>\$ 11,880,000</u>	<u>\$ 1,840,000</u>
Compensated Absences	418,802	359,040	(330,070)	447,772	352,028
Governmental Activity Long-Term Debt	<u>\$ 20,818,422</u>	<u>\$ 359,040</u>	<u>\$ (3,297,957)</u>	<u>\$ 22,882,505</u>	<u>\$ 3,264,028</u>

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

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

As of December 31, 2021, the Township had received \$60,000 of available proceeds to finance the related issuance costs. The remaining proceeds of \$5,003,000 were received in 2022.

During 2021, the Township issued \$4,078,000 of a non-electoral General Obligation Note, Series 2021B, for the purpose of advance refunding the Series 2012 Bonds and the Series of 2017 Note. The Series 2021B Note has a maturity of June 2025 with interest being paid semi-annually, June 1 and December 1. The interest rate on the Series 2021A Note is 0.79%. Upon the occurrence of an event of default as defined in the Series 2021A 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%.

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 Bonds, Series 2017A, 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 Series 2017A 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 2012A 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 Mounts of \$850,000, \$1,437,000, and \$3,239,000, respectively. The Bond proceeds also funded the issuance costs of \$100,366.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

The Bonds have varying maturities through December 2025 with interest being paid semiannually, June 1 and December 1. The interest 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 rate was eliminated.

During 2011, the Township incurred \$5,345,000 of electoral debt through the issuance of General Obligation Note, Series 2011. The Note is included in the Interest Rate Management Plan and 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 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 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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Interest Rate Risk (Continued) - 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.

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.

Credit Risk (Continued)

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 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 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 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 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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM DEBT (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, 2022, 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	Type of Note	Gain (Loss) (1)
2011 Notes	15-Nov-11	25-Apr-26	\$ 1,790,000	Fixed	(83,881)

(1) Based on Fair Value Estimates as of December 31, 2022

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, 2022 totaled \$11,880,000.

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
2023	1,840,000	282,190	2,122,190	1,071,000	128,515	1,199,515
2024	1,375,000	228,315	1,603,315	1,611,000	108,510	1,719,510
2025	1,445,000	171,715	1,616,715	1,612,000	86,061	1,698,061
2026	2,675,000	114,590	2,789,590	468,000	67,823	535,823
2027	3,205,000	55,790	3,260,790	1,000	63,219	64,219
2028-2030	1,340,000	32,170	1,372,170	5,057,000	62,394	5,119,394
Total	\$ 11,880,000	\$ 884,770	\$ 12,764,770	\$ 9,820,000	\$ 516,522	\$10,336,522

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, 2022, the Township's liability for compensated absences was \$447,772. 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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 for its employees, the Police Pension Plan and the Non-Uniform Pennsylvania Municipal Retirement System (PMRS) Plan. Required disclosures regarding these plans are presented in Notes 8 and 9.

For the year ended December 31, 2022, the Township recognized pension credit of \$1,250,520 for the Police Pension Plan and pension credits of \$835,385 for the Non-Uniform PMRS Plan, respectively. The Township recognized a net pension liability of \$1,507,107 for the Police Pension Plan and a net pension asset of \$1,111,269 for the Non-Uniform Pennsylvania Municipal Retirement System (PMRS) Plan. The Police Pension Plan net pension liability was measured as of December 31, 2022. The Non-Uniform Pennsylvania Municipal Retirement System (PMRS) Plan's net pension asset was measured as of December 31, 2021.

At December 31, 2022, 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	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 171,178	\$ 424,261	\$ -	\$ -
Changes in Assumptions	534,532	14,628	-	-
Net Difference Between Projected and Actual Investment Earnings	541,807	-	-	773,295
Contributions Subsequent to the Measurement Date	-	-	20,225	-
	<u>\$ 1,247,517</u>	<u>\$ 438,889</u>	<u>\$ 20,225</u>	<u>\$ 773,295</u>

The deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of \$20,225 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:

Year Ended December 31	Amount
2023	(231,745)
2024	(124,306)
2025	135,261
2026	229,927
2027	8,762
Thereafter	17,434
Total	<u>\$ 35,333</u>

SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 (DROP) upon attaining age 55 and completion of 25 years of service. Under the DROP,

members may accumulate their monthly retirement benefit in an interest-bearing account held by the Plan for up to four years and continue to be employed by the Township. At the end of the DROP period, a lump sum of the accumulated monthly retirement benefit, plus interest, is distributed and the normal monthly retirement benefit distributions commence.

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

Covered Employees	Police
	All Regular Full-Time Sworn Police Officers
Number of Covered Active Employees	17
Number of Persons Receiving Benefits	
Retired Employees and Beneficiaries	5
Terminated Employees Vested but not Receiving Benefits	1
Current Annual Covered Payroll	\$1,825,022
Normal Retirement Date	After 55th Birthday and 25 Years of Service or if Hired prior to December 31, 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 25 or More Years of
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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

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.

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 service, 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 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, 2022:

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

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Concentrations

At December 31, 2022, the Police Pension Plan had the following investments which exceed 5% or more of the Plan Net Assets:

Investments	Amount	Percent of Total
Certificates of Deposit	\$ 1,365,847	17.16%
iShares Russell 1000 Value	491,649	6.18%
iShares Russell 1000 Growth	472,828	5.94%
iShares S&P Midcap 400 Value	402,926	5.06%
iShares S&P Midcap 400 Growth	398,696	5.01%
US Treasury Notes 2.375%	486,970	6.12%

Net Pension Liability

The net pension liability of the plan as of the measurement date of December 31, 2022, was as follows:

Total Pension Liability	\$ 9,468,337
Plan Fiduciary Net Position	7,961,230
Net Pension Liability	<u>\$ 1,507,107</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	<u>84.08%</u>

The Plan's Total Pension Liability as of December 31, 2022 was calculated based on January 1, 2022 rolled forward to December 31, 2022. Method and assumptions used to determine the Total Pension Liability were as follows:

	<u>Police</u>
Valuation Date	1/1/2022
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair 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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 DEFINED BENEFIT POLICE PENSION PLAN (CONTINUED)

Best estimated 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, 2022 are as follows:

Asset Class	Percentage of Fund at December 31, 2022	Estimated Long-Term Rate of Return
Cash and Cash Equivalents	13%	.03-1.5%
Domestic Equities	51%	.16-8.0%
International Equity	2%	.16-8.0%
Fixed Income	34%	1.04-2.6%
Total Weighted Expected Return		5.65%

A schedule of changes in the net pension liability for the year ended December 31, 2022 was as follows:

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/21	\$ 8,861,503	\$ 8,896,522	\$ (35,019)
Changes for the Year			
Service Cost	454,139	-	454,139
Interest on Total Pension Liability	491,115	-	491,115
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Township & State Contributions	-	409,058	(409,058)
Employee Contributions	-	92,741	(92,741)
Net investment income	-	(1,050,245)	1,050,245
Benefit payments, including employee refunds	(338,420)	(338,420)	-
Administrative expense	-	(48,426)	48,426
Other changes	-	-	-
Net Changes	606,834	(935,292)	1,542,126
Balances at 12/31/22	\$ 9,468,337	\$ 7,961,230	\$ 1,507,107

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 THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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:

	1% Decrease (4.65%)	Current Discount Rate (5.65%)	1% Increase (6.65%)
Net Pension Liability (Asset)	\$ 2,887,997	\$ 1,507,107	\$ 370,913
<i>*Per GASB 68 Report</i>			

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 2022 was (11.26) %. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the change amounts actually invested.

NOTE 9 NON-UNIFORMED (PMRS) PENSION PLAN

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.

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

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 NON-UNIFORMED (PMRS) PENSION PLAN

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

	<u>Non-Uniform Defined Benefit</u>
Covered Employees	All Regular Employees Hired Before 1/1/2011, Excluding Sworn Police Officers
Number of Covered Active Employees	5
Number of Persons Receiving Benefits	
Retired Employees and Beneficiaries	10
Terminated Employees Vested but not Receiving Benefits	1
Current Annual Covered Payroll	\$411,857
Normal Retirement Date	After 60th Birthday and 5 Years of Service
Retirement Benefit	Equal to 2.5 Times Credited Service Times Final Average Salary (FAS) but in no Event is the Basic Benefit Greater than 50% of FAS
Early Retirement Date	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, 2021 was as follows:

NU Defined Benefit	
Total Pension Liability	\$ 4,412,758
Plan Fiduciary Net Position	5,524,027
Net Pension Asset	<u>\$ (1,111,269)</u>

Net Pension Liability (Asset) (Continued)

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

	<u>PMRS Plan</u>
Valuation Date	1/1/2021
Actuarial Cose Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Long-Term Investment Rate of Return	5.25%
Projected Salary Increases	2.79-6.22%
Inflation Rate Included	2.80%
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 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.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

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, 2021 was as follows:

	<u>Total Pension Liability</u>	<u>Increase (Decrease) Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at 12/31/21	\$ 4,367,880	\$ 5,062,409	\$ (694,529)
Changes for the Year			
Service Cost	67,667	-	67,667
Interest on Total Pension Liability	226,408	-	226,408
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Township Contributions	-	42,586	(42,586)
Employee Contributions	-	12,356	(12,356)
Net investment income	-	669,412	(669,412)
Benefit payments, including employee refunds	(249,197)	(249,197)	-
Administrative expense	-	(13,539)	13,539
Other changes	-	-	-
Net Changes	<u>44,878</u>	<u>461,618</u>	<u>(416,740)</u>
Balances at 12/31/22	<u>\$ 4,412,758</u>	<u>\$ 5,524,027</u>	<u>\$ (1,111,269)</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).

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 year:

	<u>PMRS Non-Uniform Defined Benefit Plan</u>		
	<u>1% Decrease (4.25%)</u>	<u>Discount Rate (5.25%)</u>	<u>1% Increase (6.25%)</u>
Net Pension Liability (Asset)	\$ (686,176)	\$ (1,111,269)	\$ (1,479,076)

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 NON-UNIFORMED (PMRS) 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 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.

NOTE 10 CASH BALANCE RETIREMENT PLAN

The Township provides pension benefits for all new eligible full-time non-uniformed employees hired on or after January 1, 2011, the effective date of the cash balance pension plan. Non-uniformed employees are eligible to be enrolled in the plan on the date of which the employee completes 90 days of eligible service. Each participant may contribute to the plan by payroll deduction in amounts up to 17.50% of compensation and a minimum of 5%.

Existing employees hired prior to the adoption of the cash balance pension plan are covered under the Township's Non-Uniformed Defined Benefit Pension Plan.

Employees are eligible and the vesting service is based on the Elapsed Time Method. Plan entry date is the employee's employment commencement date. Eligible employees are (1) full-time employees not subject to a collective bargaining agreement scheduled to perform at least 35 hours of service per week or (2) full-time employees subject to a collective bargaining agreement authorized with the Township scheduled to perform at least 40 hours of service per week.

Total contributions to the cash balance plan were \$33,809 for the year ended December 31, 2022.

NOTE 11 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 5%-10% of the employee's base salary. The Township contributed \$36,985 for the year ended December 31, 2022.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 DEFERRED COMPENSATION PLANS (CONTINUED)

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 12 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 Worker's 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 Claim 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, 2022 and settlements have not exceeded coverage in the past three years.

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 13 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 14 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.

NOTE 15 SUBSEQUENT EVENTS

The Township's management has evaluated subsequent events to determine if events or transactions occurring through June 30, 2023, the date which the financial statements were available for issuance, require potential adjustment to, or disclosures in, the accompanying financial statements. Based upon the evaluation, the Township's management did not identify any subsequent events other than the event noted above that require adjustment or disclosure in the financial statements.

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, 2022**

	Police Measurement Year Ended								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 454,139	\$ 436,672	\$ 338,553	\$ 326,502	\$ 305,091	\$ 293,357	\$ 295,026	\$ 294,257	\$ 282,939
Interest	491,155	456,413	448,000	417,915	341,909	317,450	345,166	323,953	301,611
Changes of Benefit Terms	-	-	-	-	-	(160,595)	-	-	-
Differences Between Actual and Expected Experience, if any	-	(304,397)	1,010	398,169	-	(122,553)	(598,822)	(474,839)	-
Assumptions Changes	-	383,165	(27,654)	448,593	-	17,268	-	454,526	-
Benefit Payments, Including Refunds of Employee Contributions	(338,420)	(219,362)	(235,118)	(250,874)	(203,145)	(203,145)	(271,707)	(216,989)	(207,361)
Net change in Total Pension Liability	606,874	752,491	524,791	1,340,305	443,855	141,782	(230,337)	380,908	377,189
Total Pension Liability - Beginning	8,861,503	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>9,468,377</u>	<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									
Contributions - Employer and State Aid	409,058	296,140	312,139	228,402	265,684	461,859	382,265	369,529	281,351
Contributions - Member	92,741	93,068	80,785	80,027	108,073	71,909	67,592	64,902	63,060
Net Investment Income (Loss)	(1,050,245)	1,021,104	876,934	1,125,626	(281,368)	627,570	366,526	19,684	198,682
Benefit Payments	(338,420)	(219,362)	(235,118)	(250,874)	(203,145)	(203,145)	(271,707)	(216,989)	(207,361)
Administrative Expense	(48,426)	(56,131)	(37,451)	(43,823)	(36,708)	(38,730)	(30,886)	(39,629)	(27,088)
Net Change in Plan Fiduciary Position	(935,292)	1,134,819	997,289	1,139,358	(147,464)	919,463	513,790	197,497	308,644
Plan Fiduciary Net Position - Beginning	8,896,522	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>7,961,230</u>	<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 (a) - (b)	<u>\$ 1,507,147</u>	<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 the Total Pension Liability	84.08%	100.40%	95.72%	89.19%	90.09%	99.53%	85.77%	73.69%	75.20%
Covered Payroll	\$ 1,825,022	\$ 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	82.58%	-1.95%	19.93%	53.51%	45.08%	1.91%	59.57%	119.84%	109.49%

Notes to Schedule

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 – SCHEDULE OF EMPLOYER’S CONTRIBUTIONS,
AND INVESTMENT RETURNS
DECEMBER 31, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 409,058	\$ 296,140	\$ 283,739	\$ 228,402	\$ 241,531	\$ 385,120	\$ 382,265	\$ 245,393	\$ 255,864
Contribution in Relation to the Actuarially Determined Contribution	409,058	296,140	312,139	228,402	265,684	461,859	382,265	369,529	281,351
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (28,400)	\$ -	\$ (24,153)	\$ (76,739)	\$ -	\$ (124,136)	\$ (25,487)
Covered Payroll	\$ 1,825,022	\$ 1,797,209	\$ 1,742,326	\$ 1,532,092	\$ 1,372,697	\$ 1,438,190	\$ 1,351,832	\$ 1,292,897	\$ 1,247,495
Contributions as a Percentage of Covered Payroll	22.41%	16.48%	17.92%	14.91%	19.35%	32.11%	28.28%	28.58%	22.55%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	1/1/2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Amortization Period	14 Years
Asset Valuation Method	Adjusted Market Value
Inflation	2.50%
Salary Increases	4.00% average annual increase
Investment Rate of Return	5.65%
Retirement Age	Normal Retirement Age or at attained age plus one year, if later
Mortality	Pub-2010 Safety Amount- Weighted Mortality Tables, projected from 2010 with Mortality Improvement Scale MP-2021.

Notes to Schedule

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-weighted Rate of Return	-11.26%	12.60%	12.50%	19.59%	-5.38%	11.80%	8.10%	0.20%	4.80%
Net of Investment Expense									

Notes to Schedule

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 – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
DECEMBER 31, 2022

	Non-Uniform Measurement Year Ended							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 67,667	\$ 89,717	\$ 81,222	\$ 80,038	\$ 107,713	\$ 111,765	\$ 111,033	\$ 119,638
Interest	226,408	212,007	207,163	194,370	188,989	192,424	182,888	186,433
Differences Between Actual and Expected Experience, if any	-	7,313	-	175,534	-	(175,672)	(18,223)	(191,304)
Assumptions Changes	-	216,121	-	-	-	78,677	29,214	-
Benefit Payments, Including Refunds of Employee Contributions	(249,197)	(208,899)	(200,438)	(214,276)	(120,003)	(84,335)	(214,883)	(91,581)
Net change in Total Pension Liability	44,878	316,259	87,947	235,666	176,699	122,859	90,029	23,186
Total Pension Liability - Beginning	4,367,880	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)	4,412,758	4,367,880	4,051,621	3,963,674	3,728,008	3,551,309	3,428,450	3,338,421
Plan Fiduciary Net Position								
Contributions - Employer and State Aid	42,586	21,182	21,074	43,462	55,140	72,235	73,287	77,552
Contributions - Member	12,356	16,069	14,548	15,120	20,348	21,521	22,190	22,785
Net Investment Income (Loss)	669,412	662,504	832,967	(225,956)	626,281	355,609	(69,789)	105,365
Benefit Payments	(249,197)	(208,899)	(200,438)	(214,276)	(120,003)	(84,335)	(214,883)	(91,581)
Administrative Expense	(13,539)	(10,172)	(7,789)	(9,002)	(9,733)	(10,094)	(9,050)	(7,812)
Net Change in Plan Fiduciary Position	461,618	480,684	660,362	(390,652)	572,033	354,936	(198,245)	106,309
Plan Fiduciary Net Position - Beginning	5,062,409	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)	5,524,027	5,062,409	4,581,725	3,921,363	4,312,015	3,739,982	3,385,046	3,583,291
Net Pension Liability (Asset) (a) - (b)	\$ (1,111,269)	\$ (694,529)	\$ (530,104)	\$ 42,311	\$ (584,007)	\$ (188,673)	\$ 43,404	\$ (244,870)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	125.18%	115.90%	113.08%	98.93%	115.67%	105.31%	98.73%	107.33%
Covered Payroll	\$ 411,857	\$ 535,631	\$ 484,910	\$ 503,998	\$ 678,266	\$ 717,379	\$ 733,513	\$ 779,883
Net Pension Liability as a Percentage of Covered Payroll	-269.82%	-129.67%	-109.32%	8.40%	-86.10%	-26.30%	5.92%	-31.40%

*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 – SCHEDULE OF EMPLOYER CONTRIBUTIONS
AND INVESTMENT RETURNS
DECEMBER 31, 2022**

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 42,586	\$ 21,182	\$ 21,074	\$ 43,462	\$ 55,140	\$ 72,235	\$ 73,287	\$ 76,807
Contribution in Relation to the Actuarially Determined Contribution	42,586	21,182	21,074	43,462	55,140	72,235	73,287	77,552
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (745)
Covered Payroll	\$ 411,857	\$ 535,631	\$ 484,910	\$ 503,998	\$ 678,266	\$ 717,379	\$ 733,513	\$ 779,883
Contributions as a Percentage of Covered Payroll	10.34%	3.95%	4.35%	8.62%	8.13%	10.07%	9.99%	9.94%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	1/1/2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	3 Years
Asset Valuation Method	Adjusted Market Value
Inflation	2.80%
Salary Increases	2.79%-6.22% average annual increase
Investment Rate of Return	5.25%
Retirement Age	Normal retirement age
Mortality	RP-2000 Mortality Table with Scale AA

Notes to Schedule

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

	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-weighted Rate of Return	12.96%	14.24%	21.04%	-5.45%	16.49%	10.21%	-2.20%	2.81%
Net of Investment Expense								

Notes to Schedule

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
DECEMBER 31, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		Pos (Neg)
Revenues				
Real Estate Taxes	\$ 2,076,288	\$ 2,076,288	\$ 2,045,706	\$ (30,582)
Real Estate Transfer Taxes	600,000	700,000	809,026	109,026
Earned Income Taxes	3,280,000	3,380,000	3,854,969	474,969
Licenses and Permits	210,000	237,500	244,661	7,161
Fines, Forfeits, and Costs	21,100	21,100	15,656	(5,444)
Interest and Rents	63,000	73,000	88,752	15,752
Intergovernmental	359,000	359,000	403,083	44,083
Charges for Services	293,425	450,925	508,968	58,043
Refunds and Miscellaneous	17,200	42,200	155,849	113,649
Total Revenues	<u>6,920,013</u>	<u>7,340,013</u>	<u>8,126,670</u>	<u>793,043</u>
Expenditures				
General Government	1,149,625	1,306,825	1,194,616	112,209
Public Safety	2,322,752	2,338,752	2,260,135	78,617
Public Works	1,219,325	1,312,525	1,140,703	171,822
Miscellaneous:				
Employee Benefits	1,039,100	1,039,100	1,055,614	(16,514)
Pension	510,046	511,858	500,077	11,781
Insurance	135,775	135,775	120,277	15,498
Other	<u>10,000</u>	<u>10,000</u>	<u>7,151</u>	<u>2,849</u>
Total Expenditures	<u>6,386,623</u>	<u>6,654,835</u>	<u>6,278,573</u>	<u>433,076</u>
Excess (Deficit) of Revenues Over Expenditures	<u>533,390</u>	<u>685,178</u>	<u>1,848,097</u>	<u>1,226,119</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>(485,000)</u>	<u>(835,000)</u>	<u>(1,339,000)</u>	<u>(504,000)</u>
Total Other Financing Sources (Uses)	<u>(485,000)</u>	<u>(835,000)</u>	<u>(1,339,000)</u>	<u>(504,000)</u>
Net Change in Fund Balances	48,390	(149,822)	509,097	722,119
Fund Balances - Beginning of Year	<u>3,402,708</u>	<u>3,402,708</u>	<u>3,250,172</u>	<u>(152,536)</u>
Fund Balances - End of Year	<u>\$ 3,451,098</u>	<u>\$ 3,252,886</u>	<u>\$ 3,759,269</u>	<u>\$ 569,583</u>

SOLEBURY TOWNSHIP, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – ARPA FUND
DECEMBER 31, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		Pos (Neg)
Revenues				
Interest and Rents	\$ 1,000	\$ 1,000	\$ 759	\$ (241)
Intergovernmental	447,566	447,566	448,981	1,415
Total Revenues	<u>448,566</u>	<u>448,566</u>	<u>449,740</u>	<u>1,174</u>
Expenditures				
General Government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Revenues Over Expenditures	<u>448,566</u>	<u>448,566</u>	<u>449,740</u>	<u>1,174</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>(445,000)</u>	<u>(445,000)</u>	<u>(445,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(445,000)</u>	<u>(445,000)</u>	<u>(445,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 3,566</u>	<u>\$ 3,566</u>	4,740	<u>\$ 1,174</u>
Fund Balance - Beginning of Year			<u>420</u>	
Fund Balance - End of Year			<u>\$ 5,160</u>	

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISONS
DECEMBER 31, 2022**

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 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, 2022

	Budget			Variance with Final Budget
	Original	Final	Actual	Pos (Neg)
Revenues				
Real Estate Taxes	\$ 3,213,695	\$ 3,213,695	\$ 3,162,292	\$ (51,403)
Total Revenues	<u>3,213,695</u>	<u>3,213,695</u>	<u>3,162,292</u>	<u>(51,403)</u>
Expenditures				
Debt Service:				
Debt Issuance Cost	2,500	5,000	2,532	(2,468)
Principal	2,812,000	2,812,000	2,813,000	1,000
Interest	<u>500,063</u>	<u>500,063</u>	<u>464,859</u>	<u>(35,204)</u>
Total Expenditures	<u>3,314,563</u>	<u>3,317,063</u>	<u>3,280,391</u>	<u>36,672</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(100,868)</u>	<u>(103,368)</u>	<u>(118,099)</u>	<u>(14,731)</u>
Net Change in Fund Balances	<u>\$ (100,868)</u>	<u>\$ (103,368)</u>	<u>(118,099)</u>	<u>\$ (14,731)</u>
Fund Balance - Beginning of Year			<u>523,876</u>	
Fund Balance - End of Year			<u>\$ 405,777</u>	

SOLEBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – MAJOR CAPITAL PROJECTS FUND
WITH LEGALLY ADOPTED BUDGET – LAND PRESERVATION FUND
YEAR ENDED DECEMBER 31, 2022

	Budget			Variance with Final Budget
	Original	Final	Actual	Pos (Neg)
Revenues				
Interest and Contributions	\$ 5,100	\$ 5,100	\$ 4,879	\$ (221)
Total Revenues	<u>5,100</u>	<u>5,100</u>	<u>4,879</u>	<u>(221)</u>
Expenditures				
Preservation of Natural Resources	<u>1,756,000</u>	<u>1,763,500</u>	<u>492,443</u>	<u>1,271,057</u>
Total Expenditures	<u>1,756,000</u>	<u>1,763,500</u>	<u>492,443</u>	<u>(1,271,057)</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(1,750,900)</u>	<u>(1,758,400)</u>	<u>(487,564)</u>	<u>1,270,836</u>
Other Financing Sources (Uses)				
Proceeds from Debt Issuance	1,000,000	5,000,000	5,003,000	3,000
Transfers In (Out)	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>905,000</u>	<u>4,905,000</u>	<u>4,908,000</u>	<u>3,000</u>
Net Change in Fund Balances	<u>\$ (845,900)</u>	<u>\$ 3,146,600</u>	4,420,436	<u>\$ 1,273,836</u>
Fund Balance - Beginning of Year			<u>2,656,293</u>	
Fund Balance - End of Year			<u>\$ 7,076,729</u>	

SOLEBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – MAJOR SPECIAL REVENUE FUND
WITH LEGALLY ADOPTED BUDGET – CAPITAL RESERVE FUND
YEAR ENDED DECEMBER 31, 2022

	Budget			Variance with Final Budget
	Original	Final	Actual	Pos (Neg)
Revenues				
Interest and Rents	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Total Revenues	-	-	-	-
Expenditures				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficit) of Revenues Over Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers In (Out)	(250,000)	(250,000)	-	250,000
Total Other Financing Sources (Uses)	(250,000)	(250,000)	-	250,000
Net Change in Fund Balances	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>	-	<u>\$ 250,000</u>
Fund Balance - Beginning of Year			<u>2,400,888</u>	
Fund Balance - End of Year			<u>\$ 2,400,888</u>	

**SOLEBURY TOWNSHIP, PENNSYLVANIA
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

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 transfers 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 Projects 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
YEAR ENDED DECEMBER 31, 2022

	Nonmajor Special Revenue Funds						Capital Projects					Total Nonmajor Funds
	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	
Assets												
Cash	\$ 7,842	\$ 332,905	\$ 262,384	\$ 691,422	\$ 1,040	\$ 9,192	\$ 681,868	\$ 461,915	\$ 570,619	\$ 871,743	\$ 969,812	\$ 4,860,742
Taxes Receivable	5,900	-	-	-	3,170	1,655	-	-	-	-	-	10,725
Accounts Receivable	3,376	-	-	-	1,816	946	-	-	-	172,703	-	178,841
Total Assets	\$ 17,118	\$ 332,905	\$ 262,384	\$ 691,422	\$ 6,026	\$ 11,793	\$ 681,868	\$ 461,915	\$ 570,619	\$ 1,044,446	\$ 969,812	\$ 5,050,308
Liabilities, Deferred Inflows of Resources, and Fund Balance												
Liabilities												
Accounts Payable	\$ 7,020	\$ 1,878	\$ 2,923	\$ -	\$ 10	\$ 9,007	\$ 43,780	\$ -	\$ -	\$ 37,406	\$ -	\$ 102,024
Total Liabilities	7,020	1,878	2,923	-	10	9,007	43,780	-	-	37,406	-	102,024
Deferred Inflow of Resources:												
Unearned Revenue - Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	\$ -
Unavailable Revenue - Property Taxes	3,343	-	-	-	1,797	936	-	-	-	-	-	6,076
Total Deferred Inflow of Resources	3,343	-	-	-	1,797	936	-	-	-	-	-	6,076
Fund Balances												
Restricted	6,755	331,027	259,461	691,422	4,219	1,850	-	-	-	-	-	1,294,734
Committed	-	-	-	-	-	-	638,088	461,915	570,619	1,007,040	969,812	3,647,474
Total Fund Balances	6,755	331,027	259,461	691,422	4,219	1,850	638,088	461,915	570,619	1,007,040	969,812	4,942,208
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,118	\$ 332,905	\$ 262,384	\$ 691,422	\$ 6,026	\$ 11,793	\$ 681,868	\$ 461,915	\$ 570,619	\$ 1,044,446	\$ 969,812	\$ 5,050,308

SOLEBURY TOWNSHIP, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Nonmajor Special Revenue Funds						Capital Projects					Total Nonmajor Funds
	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	
Revenues												
Real Estate Taxes	\$ 421,991	\$ -	\$ -	\$ -	\$ 226,755	\$ 118,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 767,159
Interest and Rents	-	-	2,931	1,853	-	-	-	-	-	-	-	4,784
Intergovernmental	-	-	-	362,567	-	-	-	-	50,000	-	315,973	728,540
Charges for Service	-	14,000	-	-	-	-	-	-	-	-	-	14,000
Miscellaneous	-	-	66,032	2,941	-	-	-	22,400	-	411,097	-	502,470
Total Revenues	421,991	14,000	68,963	367,361	226,755	118,413	-	22,400	50,000	411,097	315,973	2,016,953
Expenditures												
General Government	-	-	-	-	-	-	-	-	-	17,424	55,951	73,375
Public Safety	422,700	-	-	-	259,000	-	-	-	-	188,158	-	869,858
Public Works	-	-	-	166,888	-	-	-	44,516	404,203	178,886	-	794,493
Culture and Recreation	-	-	300,345	-	-	125,000	-	6,825	-	-	-	432,170
Preservation of Natural Resources	-	49,569	-	-	-	-	399,893	-	-	-	-	449,462
Total Expenditures	422,700	49,569	300,345	166,888	259,000	125,000	399,893	51,341	404,203	384,468	55,951	2,619,358
Excess (Deficit) of Revenues Over Expenditures	(709)	(35,569)	(231,382)	200,473	(32,245)	(6,587)	(399,893)	(28,941)	(354,203)	26,629	260,022	(602,405)
Other Financing Sources (Uses)												
Proceeds from Insurance	-	-	-	-	-	-	-	-	-	170,661	-	170,661
Transfers In	-	25,000	315,000	-	32,000	7,000	815,000	50,000	400,000	235,000	-	1,879,000
Total Other Financing Sources (Uses)	-	25,000	315,000	-	32,000	7,000	815,000	50,000	400,000	405,661	-	2,049,661
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(709)	(10,569)	83,618	200,473	(245)	413	415,107	21,059	45,797	432,290	260,022	1,447,256
Fund Balances - Beginning 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
Fund Balances - End of Year	\$ 6,755	\$ 331,027	\$ 259,461	\$ 691,422	\$ 4,219	\$ 1,850	\$ 638,088	\$ 461,915	\$ 570,619	\$ 1,007,040	\$ 969,812	\$ 4,942,208

SOLEBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – MODIFIED ACCRUAL BASIS – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2022

	Natural Resources			Park and Recreation		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Interest and Rents	\$ -	\$ -	\$ -	\$ 2,930	\$ 2,931	\$ 1
Charges for Services	5,500	14,000	8,500	-	-	-
Miscellaneous	-	-	-	49,500	66,032	16,532
Total Revenues	<u>5,500</u>	<u>14,000</u>	<u>8,500</u>	<u>52,430</u>	<u>68,963</u>	<u>16,533</u>
Expenditures						
Culture and Recreation	-	-	-	323,850	300,345	23,505
Preservation of Natural Resources	<u>133,500</u>	<u>49,569</u>	<u>83,931</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>133,500</u>	<u>49,569</u>	<u>83,931</u>	<u>323,850</u>	<u>300,345</u>	<u>23,505</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(128,000)</u>	<u>(35,569)</u>	<u>92,431</u>	<u>(271,420)</u>	<u>(231,382)</u>	<u>40,038</u>
Other Financing Sources (Uses)						
Transfers In (Out)	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>265,000</u>	<u>315,000</u>	<u>50,000</u>
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>265,000</u>	<u>315,000</u>	<u>50,000</u>
Net Change in Fund Balances	<u>\$ (103,000)</u>	<u>(10,569)</u>	<u>\$ 92,431</u>	<u>\$ (6,420)</u>	<u>83,618</u>	<u>\$ 90,038</u>
Fund Balances - Beginning of Year		<u>341,596</u>			<u>175,843</u>	
Fund Balances - End of Year		<u>\$ 331,027</u>			<u>\$ 259,461</u>	

SOLEBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – MODIFIED ACCRUAL BASIS – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Highway Aid			Roads and Bridges		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Intergovernmental	\$ 2,400	\$ 1,853	\$ (547)	\$ 50,500	\$ 50,000	\$ (500)
Charges for Services	357,987	362,567	4,580	-	-	-
Miscellaneous	-	2,941	2,941	-	-	-
Total Revenues	<u>360,387</u>	<u>367,361</u>	<u>6,974</u>	<u>50,500</u>	<u>50,000</u>	<u>(500)</u>
Expenditures						
Public Works	<u>498,300</u>	<u>166,888</u>	<u>331,412</u>	<u>476,000</u>	<u>404,203</u>	<u>71,797</u>
Total Expenditures	<u>498,300</u>	<u>166,888</u>	<u>331,412</u>	<u>476,000</u>	<u>404,203</u>	<u>71,797</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(137,913)</u>	<u>200,473</u>	<u>338,386</u>	<u>(425,500)</u>	<u>(354,203)</u>	<u>71,297</u>
Other Financing Sources (Uses)						
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>400,000</u>	<u>100,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>400,000</u>	<u>100,000</u>
Net Change in Fund Balances	<u>\$ (137,913)</u>	<u>200,473</u>	<u>\$ 338,386</u>	<u>\$ (125,500)</u>	<u>45,797</u>	<u>\$ 171,297</u>
Fund Balances - Beginning of Year		<u>490,949</u>			<u>524,822</u>	
Fund Balances - End of Year		<u>\$ 691,422</u>			<u>\$ 570,619</u>	

SOLEBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – MODIFIED ACCRUAL BASIS – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Capital Equipment Reserve			Capital Projects		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Interest and Rents	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ (100)
Intergovernmental	-	-	-	200,000	315,973	115,973
Miscellaneous	142,940	411,097	268,157	-	-	-
Total Revenues	<u>142,940</u>	<u>411,097</u>	<u>268,157</u>	<u>200,100</u>	<u>315,973</u>	<u>115,873</u>
Expenditures						
General Government	40,000	17,424	22,576	67,775	55,951	11,824
Public Safety	279,440	188,158	91,282	-	-	-
Public Works	35,000	178,886	(143,886)	-	-	-
Total Expenditures	<u>354,440</u>	<u>384,468</u>	<u>(30,028)</u>	<u>67,775</u>	<u>55,951</u>	<u>11,824</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(211,500)</u>	<u>26,629</u>	<u>238,129</u>	<u>132,325</u>	<u>260,022</u>	<u>127,697</u>
Other Financing Sources (Uses)						
Proceeds from Insurance	-	170,661	170,661	-	-	-
Transfers In (Out)	135,000	235,000	100,000	-	-	-
Total Other Financing Sources (Uses)	<u>135,000</u>	<u>405,661</u>	<u>270,661</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (76,500)</u>	<u>432,290</u>	<u>\$ 508,790</u>	<u>\$ 132,325</u>	<u>260,022</u>	<u>\$ 127,697</u>
Fund Balances - Beginning of Year		<u>574,750</u>			<u>709,790</u>	
Fund Balances - End of Year		<u>\$ 1,007,040</u>			<u>\$ 969,812</u>	

SOLEBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – MODIFIED ACCRUAL BASIS – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Fire Protection Tax			Parks and Recreation Capital		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Real Estate Taxes	\$ 428,301	\$ 421,991	\$ (6,310)	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	21,600	22,400	800
Total Revenues	<u>428,301</u>	<u>421,991</u>	<u>(6,310)</u>	<u>21,600</u>	<u>22,400</u>	<u>800</u>
Expenditures						
Public Safety	428,301	422,700	5,601	-	-	-
Public Works	-	-	-	69,600	44,516	25,084
Culture and Recreation	-	-	-	10,000	6,825	3,175
Total Expenditures	<u>428,301</u>	<u>422,700</u>	<u>5,601</u>	<u>79,600</u>	<u>51,341</u>	<u>28,259</u>
Excess (Deficit) of Revenues Over Expenditures	<u>-</u>	<u>(709)</u>	<u>(709)</u>	<u>(58,000)</u>	<u>(28,941)</u>	<u>29,059</u>
Other Financing Sources (Uses)						
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>(709)</u>	<u>\$ (709)</u>	<u>\$ (58,000)</u>	<u>21,059</u>	<u>\$ 79,059</u>
Fund Balances - Beginning of Year		<u>7,464</u>			<u>440,856</u>	
Fund Balances - End of Year		<u>\$ 6,755</u>			<u>\$ 461,915</u>	

SOLEBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – MODIFIED ACCRUAL BASIS – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Library Fund			Ambulance Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Real Estate Taxes	\$ 120,251	\$ 118,413	\$ (1,838)	\$ 229,527	\$ 226,755	\$ (2,772)
Total Revenues	<u>120,251</u>	<u>118,413</u>	<u>(1,838)</u>	<u>229,527</u>	<u>226,755</u>	<u>(2,772)</u>
Expenditures						
Public Safety	-	-	-	259,000	259,000	-
Culture and Recreation	125,000	125,000	-	-	-	-
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>259,000</u>	<u>259,000</u>	<u>-</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(4,749)</u>	<u>(6,587)</u>	<u>(1,838)</u>	<u>(29,473)</u>	<u>(32,245)</u>	<u>(2,772)</u>
Other Financing Sources (Uses)						
Transfers In (Out)	<u>5,000</u>	<u>7,000</u>	<u>2,000</u>	<u>30,000</u>	<u>32,000</u>	<u>2,000</u>
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>7,000</u>	<u>2,000</u>	<u>30,000</u>	<u>32,000</u>	<u>2,000</u>
Net Change in Fund Balances	<u>\$ 251</u>	<u>413</u>	<u>\$ 162</u>	<u>\$ 527</u>	<u>(245)</u>	<u>\$ (772)</u>
Fund Balances - Beginning of Year		<u>1,437</u>			<u>4,464</u>	
Fund Balances - End of Year		<u>\$ 1,850</u>			<u>\$ 4,219</u>	

SOLEBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – MODIFIED ACCRUAL BASIS – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

	Sustainability Fund		
	Budget	Actual	Variance
Revenues			
Total Revenues	\$ -	\$ -	\$ -
Expenditures			
Preservation of Natural Resources	556,000	399,893	156,107
Total Expenditures	556,000	399,893	156,107
Excess (Deficit) of Revenues Over Expenditures	(556,000)	(399,893)	156,107
Other Financing Sources (Uses)			
Transfers In (Out)	515,000	815,000	300,000
Total Other Financing Sources (Uses)	515,000	815,000	300,000
Net Change in Fund Balances	\$ (41,000)	415,107	\$ 456,107
Fund Balance - Beginning of Year		222,981	
Fund Balance - End of Year		\$ 638,088	