

**WEST NORRITON TOWNSHIP**  
**ANNUAL FINANCIAL REPORT**  
**Year Ended December 31, 2020**

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## INTRODUCTORY SECTION

**WEST NORRITON TOWNSHIP  
ANNUAL FINANCIAL REPORT  
Year Ended December 31, 2020**

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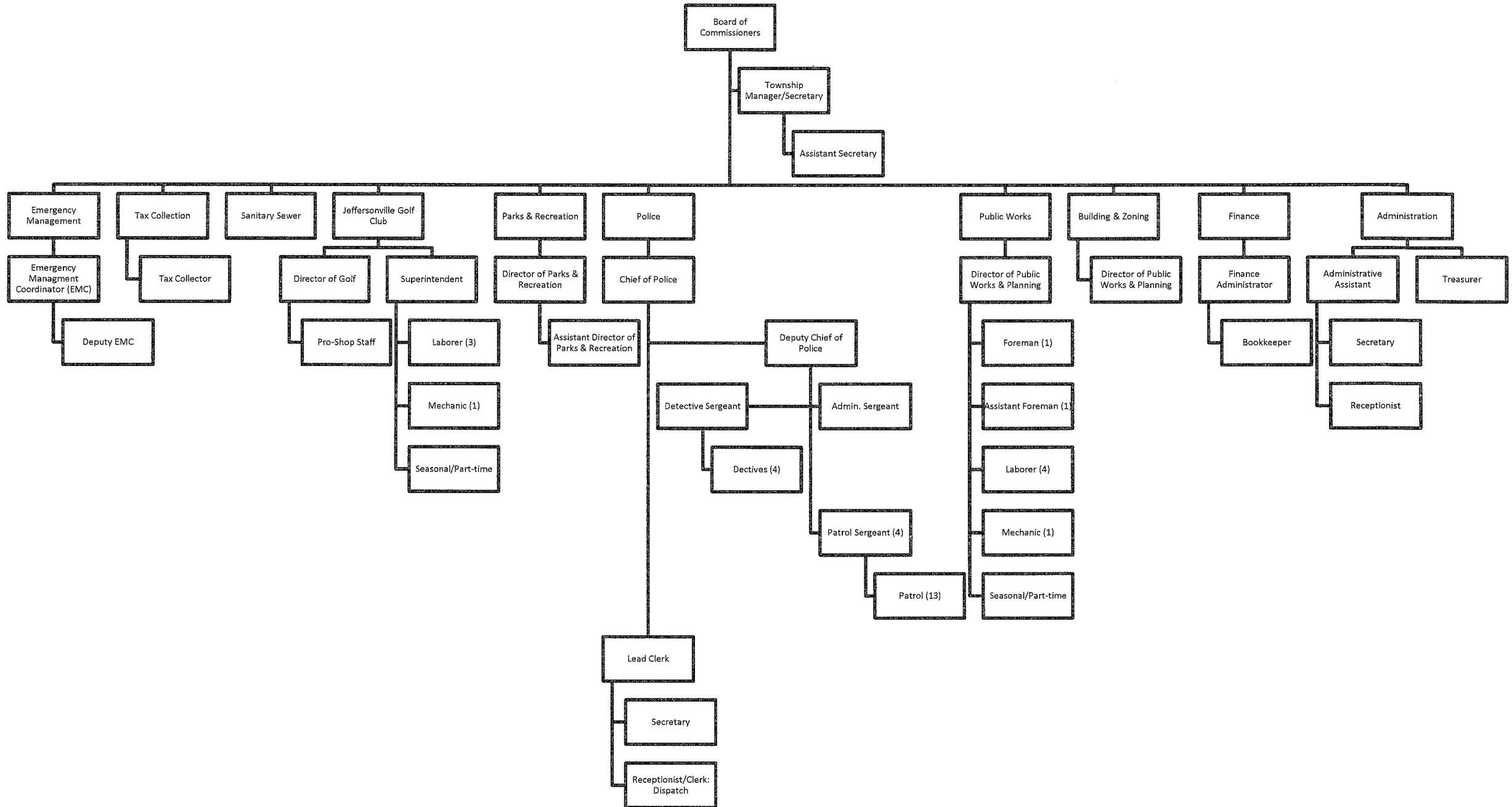
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WEST NORRITON TOWNSHIP  
ORGANIZATIONAL CHART



WEST NORRITON TOWNSHIP  
BOARD OF COMMISSIONERS  
Year Ended December 31, 2020

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**Board Officers:**

President - Martin Miller

Vice President - Judith Eckles

**Board Members:**

Roseanne Milazzo

Anne Pavone

Peter Smock

**WEST NORRITON TOWNSHIP  
BOARD APPOINTMENTS AND TOWNSHIP STAFF  
Year Ended December 31, 2020**

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**Board Appointments:**

Jason Bobst - Township Manager/Secretary  
Michael Murray - Tax Collector  
Kilkenny Law - Township Solicitor  
Erik Garton/Gilmore & Associates - Township Engineer  
Thomas Heisner - Zoning Officer  
Andy Heinrich - Traffic Engineer  
William Dingman/Gilmore & Associates - Sewer Engineer  
Kathy Frederick - Township Assistant Secretary  
Code Inspection, Inc. - Code Enforcement  
Michael Valyo - Fire Marshal  
Jonathan Kennedy - Deputy Fire Marshal  
Jon Dzedzy - Parks and Recreation  
Michael Kelly - Police Chief  
Michael Valyo - Public Works  
Maggie Dobbs - Land Planner

**Township Staff:**

Donna Horn - Finance Administrator/Township Treasurer  
Mary Criswell - Bookkeeper  
Donna Benz - Receptionist  
Diane Kummerer - Secretary

**FINANCIAL SECTION**

May 24, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of  
West Norriton Township  
Jeffersonville, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of West Norriton Township, Pennsylvania, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise West Norriton Township's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of West Norriton Township, Pennsylvania, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-15, budgetary comparison information on pages 61-66, and pension and other post-retirement employee benefit plans information on pages 67-72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*KimmeL, Lorah & Associates, LLP*

Certified Public Accountants

**WEST NORRITON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
Year Ended December 31, 2020**

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**INTRODUCTION**

This section of the financial statements for West Norriton Township (the "Township") presents a narrative overview and analysis of the Township's financial performance for the year ended December 31, 2020. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to the financial statements in order to obtain a thorough understanding of the Township's financial condition at December 31, 2020.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of this report consists of three parts:

*Management's discussion and analysis (this section).*

*Basic financial statements (including notes).*

*Required supplementary information.*

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the Township government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided in the Township's budget to actual figures for the major Governmental Funds.

The basic financial statements present two different views of the Township:

*Government-Wide Financial Statements*, the first two statements, provide information about the Township's overall financial status as well as the financial status of the Township's component unit.

*Fund Financial Statements*, the remaining statements, focus on individual parts of Township government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:

- o *Governmental Funds statements* show how general government services such as public safety were financed in the short term, as well as what remains for future spending.
- o *Proprietary Funds statements* offer short-term and long-term financial information about the activities the Township operates like a business, such as West Norriton Township Sewer Fund and Golf Fund.
- o *Fiduciary Funds statements* reflect activities involving resources that are held by the Township as a trustee or agent for the benefit of others. Examples of this are the funds created to account for police and non-uniform employees' pension. Fiduciary Funds are not reflected in the government-wide statements because the resources cannot be used to support the Township's programs.

**WEST NORRITON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED  
Year Ended December 31, 2020**

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**OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED**

**Government-Wide Financial Statements**

Government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies.

The statement of net position includes all of the Township's assets and liabilities, except Fiduciary Funds, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.

The statement of activities focuses on how the Township's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services and grants) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

All changes to net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid.

Net position is one way to measure the Township's financial position. Whether there are increases or decreases in the Township's net position is one indicator of whether the Township's financial position is improving or deteriorating. However, other nonfinancial factors such as changes in the Township's real property tax base and general economic conditions must be considered to assess the overall position of the Township.

The primary government and its component unit are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the Township can exercise influence and/or be obligated to provide financial support. The Township has one discretely presented component unit, West Norriton Industrial Development Authority. Complete and detailed financial statements for the component unit can be obtained from its administrative office.

There are two categories of activities for the primary government:

*Governmental activities* include the Township's basic services such as general government, public safety, public works, and culture and recreation. Property taxes, earned income tax, and state and federal grants finance most of these activities.

*Business-type activities* such as the Township's Sewer Fund and Golf Fund charge a fee to customers to help cover the costs of services.

Net position of the governmental activities differs from the Governmental Funds balances because Governmental Fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

**WEST NORRITON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED  
Year Ended December 31, 2020**

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**OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED**

**Government-Wide Financial Statements, Continued**

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net position:

Capitalize current outlays for capital assets.

Report long-term debt as a liability.

Depreciate capital assets and allocate the depreciation to the proper program/activities.

Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting.

Allocate the net position balance as follows:

- The portion of net position's net investment in capital assets.
- Unrestricted net position is the portion of net position that is contained by external sources (creditors, grantors, and laws or regulations of governments).

**Fund Financial Statements**

Fund financial statements provide more detailed information on the Township's most significant funds, not the Township as a whole. Funds are accounting devices, i.e., a group of related accounts, the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using current financial resources and modified accrual accounting established by the Government Accounting Standards Board (GASB) for governments.

The Township has three kinds of funds:

*Governmental Funds* include most of the Township's basic services and focus on:

- (1) The flow in and out of cash and other financial assets that can readily be converted into cash.
- (2) The balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis, and a current financial resources measurement focus. Consequently, the Governmental Funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the Township's programs.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and Governmental Funds is described in a reconciliation that is included in the financial statements.

**WEST NORRITON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED  
Year Ended December 31, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED**

**Fund Financial Statements, Continued**

The Township adopts an annual budget for the General, Special Revenue, Liquid Fuels, Sewer, Golf, Sinking, and Capital Reserve Funds.

*Proprietary Funds* report business-type programs and activities that charge fees designed to recover the cost of providing services. They report using full accrual accounting.

*Fiduciary Funds* are funds for which the Township is the trustee or fiduciary. These include certain Agency Funds, or clearing accounts for assets held by the Township in its role as custodian until the funds are allocated to the pension recipients to which they belong. The Township is responsible for ensuring the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Net Position**

Total assets were \$44.6 million at December 31, 2020, which represents an increase of \$4.6 million, or 11.5%, compared to 2019. Business-Type Activities increased by \$1.8 million, primarily from an increase in capital assets of \$.6 million and an increase in other assets of \$1.2 million.

Total liabilities were \$36.1 million, an increase of \$3.0 million, or 8.3%, compared to 2019. This increase was primarily the result of recording Note - Series 2020 proceeds of \$2,560,000, additional draws on bank loan of \$1.6 million and an increase of \$.3 million of deferred inflows related to pension plans and Other Post-Employment Benefits ("OPEB").

GASB 34 requires that all capital assets related to governmental activities be reported separately from those related to business-type activities in the government-wide financial statements. The Township believes it has included its entire infrastructure in the 2020 financial statements.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>		<u>Variances</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<b>ASSETS</b>							
Capital assets	\$6,685,789	\$5,496,732	\$11,682,736	\$11,158,524	\$18,368,525	\$16,655,256	\$1,713,269
Other assets	6,337,071	4,745,419	14,191,792	12,958,017	20,528,863	17,703,436	2,825,427
Deferred outflows	<u>5,684,545</u>	<u>5,621,489</u>	-	-	<u>5,684,545</u>	<u>5,621,489</u>	63,056
TOTAL ASSETS	<u>18,707,405</u>	<u>15,863,640</u>	<u>25,874,528</u>	<u>24,116,541</u>	<u>44,581,933</u>	<u>39,980,181</u>	<u>4,601,752</u>
<b>LIABILITIES</b>							
Other liabilities	605,222	314,157	1,023,369	1,046,294	1,628,591	1,360,451	268,140
Long-term liabilities	23,588,651	22,040,222	8,517,616	7,560,558	32,106,267	29,600,780	2,505,487
Deferred inflows	<u>2,336,661</u>	<u>2,084,775</u>	-	-	<u>2,336,661</u>	<u>2,084,775</u>	251,886
TOTAL LIABILITIES	<u>26,530,534</u>	<u>24,439,154</u>	<u>9,540,985</u>	<u>8,606,852</u>	<u>36,071,519</u>	<u>33,046,006</u>	<u>3,025,513</u>
<b>NET POSITION</b>							
Net investment in capital assets	3,382,794	4,733,573	2,438,550	2,899,932	5,821,344	7,633,505	(1,812,161)
Restricted	-	1,179,570	-	-	-	1,179,570	(1,179,570)
Unrestricted (deficit), restated	<u>(11,205,923)</u>	<u>(14,488,657)</u>	<u>13,894,993</u>	<u>12,609,757</u>	<u>2,689,070</u>	<u>(1,878,900)</u>	<u>4,567,970</u>
TOTAL NET POSITION	<u>(\$7,823,129)</u>	<u>(\$8,575,514)</u>	<u>\$16,333,543</u>	<u>\$15,509,689</u>	<u>\$8,510,414</u>	<u>\$6,934,175</u>	<u>\$1,576,239</u>

**WEST NORRITON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED  
Year Ended December 31, 2020**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS, CONTINUED**

**Changes in Net Position**

The statement of activities represents changes in net position for the year ended December 31, 2020. It shows revenues by source and expenses by function for Governmental Activities, Business-Type Activities and the government as a whole. Reductions in net position can reflect additional annual depreciation and/or the elimination of assets during the particular year. Increases in net position can reflect the completion of previous works-in-progress and/or the purchase of additional assets. The statement of activities can be found in the accompanying Financial Statements.

**Condensed Statements of Activities**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>		<u>Variances</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<b>REVENUES</b>							
Program revenues							
Charges for services	\$73,968	\$305,285	\$4,664,597	\$5,222,481	\$4,738,565	\$5,527,766	(\$789,201)
Operating grants	290,727	202,135	360,453	-	651,180	202,135	449,045
General revenues							
Real estate	4,192,360	4,305,072	-	-	4,192,360	4,305,072	(112,712)
Per capital	44,012	45,323	-	-	44,012	45,323	(1,311)
Transfer	518,807	1,061,303	-	-	518,807	1,061,303	(542,496)
Earned income	3,365,946	3,385,314	-	-	3,365,946	3,385,314	(19,368)
LST	339,942	351,856	-	-	339,942	351,856	(11,914)
Liquid fuels	427,239	439,553	-	-	427,239	439,553	(12,314)
Investment earnings	76,044	115,167	17,040	51,681	93,084	166,848	(73,764)
Licenses, grants and fees	1,035,460	1,408,649	-	-	1,035,460	1,408,649	(373,189)
Miscellaneous	405,199	452,798	3,975	1,550,175	409,174	2,002,973	(1,593,799)
Gain on sales of capital assets	13,601	22,502	-	-	13,601	22,502	(8,901)
Transfers in (out)	(393,994)	1,949,394	393,994	(1,949,394)	-	-	-
<b>TOTAL REVENUES</b>	<b>10,389,311</b>	<b>14,044,351</b>	<b>5,440,059</b>	<b>4,874,943</b>	<b>15,829,370</b>	<b>18,919,294</b>	<b>(3,089,924)</b>
<b>EXPENSES</b>							
General government	3,950,449	4,985,066	-	-	3,950,449	4,985,066	(1,034,617)
Public safety	4,318,834	4,064,440	-	-	4,318,834	4,064,440	254,394
Public works	971,045	853,850	-	-	971,045	853,850	117,195
Culture and recreation	335,943	468,383	-	-	335,943	468,383	(132,440)
Debt service - interest	60,655	28,284	210,716	168,289	271,371	196,573	74,798
Sewer	-	-	2,970,469	2,745,414	2,970,469	2,745,414	225,055
Golf	-	-	1,435,020	1,464,702	1,435,020	1,464,702	(29,682)
<b>TOTAL EXPENSES</b>	<b>9,636,926</b>	<b>10,400,023</b>	<b>4,616,205</b>	<b>4,378,405</b>	<b>14,253,131</b>	<b>14,778,428</b>	<b>(525,297)</b>
<b>CHANGE IN NET POSITION</b>	<b>752,385</b>	<b>3,644,328</b>	<b>823,854</b>	<b>496,538</b>	<b>1,576,239</b>	<b>4,140,866</b>	<b>(2,564,627)</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>(8,575,514)</b>	<b>(12,219,842)</b>	<b>15,509,689</b>	<b>15,013,151</b>	<b>6,934,175</b>	<b>2,793,309</b>	<b>4,140,866</b>
<b>NET POSITION AT END OF YEAR</b>	<b>(\$7,823,129)</b>	<b>(\$8,575,514)</b>	<b>\$16,333,543</b>	<b>\$15,509,689</b>	<b>\$8,510,414</b>	<b>\$6,934,175</b>	<b>\$1,576,239</b>

The Governmental Activities net position was reduced to \$7.8 million deficit in 2020 from a \$8.6 million deficit in 2019 by an increase of \$.8 million excess of revenues over expenses. The Business-Type Activities net position increased by .8 million in 2020, resulting in part from grant proceeds of \$.3 million in 2020.

**WEST NORRITON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED  
Year Ended December 31, 2020**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS, CONTINUED**

**Net Program Expenses**

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. The net program expenses for the year ended December 31, 2020, can be found in the accompanying statement of activities.

Real estate taxes are a significant source of funds to support net program expenses. In 2020, general real estate taxes brought in \$4.2 million and were \$.1 million lower than 2019. The real estate tax is based on the assessed value of real property; changes in the assessed valuation can affect tax revenues.

The Township's tax rate is still well below the Commonwealth-set cap for operating costs. While maintaining low millage rates has a positive political appearance, without an appropriate and supportive fund balance, the Township could suffer negative long-term ramifications when additional tax revenues are necessary. It appears that the current millage rate has helped the Township significantly in covering its net program expenses.

The following table provides a summary of total cost and net cost of services.

**Net Cost of Governmental and Business-Type Activities**

<u>Program</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$3,950,449	\$3,652,072
Public safety	4,318,834	4,266,095
Public works	971,045	971,045
Culture and recreation	335,943	322,364
Sewer and golf course services	4,405,489	619,561
	<u>\$13,981,760</u>	<u>\$9,831,137</u>

**DEBT ADMINISTRATION AND CAPITAL ASSETS**

**Debt Administration**

Long-term liabilities at December 31, 2020 were \$32.2 million, an increase of \$2.6 million from the prior year. There were debt borrowings of \$4.2 million during 2020, offset by \$1.1 million in principal payments of long-term debt and unamortized debt issuance costs. Additionally, the Township recorded \$.1 million decrease in net pension liability and \$.7 million decrease in net Other Post-Employment Benefits (OPEB) liability.

Detailed information about the Township's long-term liabilities can be found in the Notes to the Financial Statements.

**WEST NORRITON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED  
Year Ended December 31, 2020**

**DEBT ADMINISTRATION AND CAPITAL ASSETS, CONTINUED**

**Capital Assets**

The Township's capital assets at December 31, 2020, net of accumulated depreciation, were \$18.4 million. Capital assets consist primarily of land, buildings, infrastructure and equipment. The table below is a summary of capital assets at December 31, 2020, and compares 2020 with 2019.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>		<u>Variances</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
CAPITAL ASSETS							
Land	\$2,798,103	\$2,798,103	\$1,707,748	\$1,704,736	\$4,505,851	\$4,502,839	\$3,012
Building and improvements	6,535,151	5,039,500	27,671,647	26,581,709	34,206,798	31,621,209	2,585,589
Machinery and equipment	3,198,750	3,151,495	1,853,976	1,793,027	5,052,726	4,944,522	108,204
Accumulated depreciation	<u>(5,846,215)</u>	<u>(5,492,366)</u>	<u>(19,550,635)</u>	<u>(18,920,948)</u>	<u>(25,396,850)</u>	<u>(24,413,314)</u>	<u>(983,536)</u>
CAPITAL ASSETS, net	<u>\$6,685,789</u>	<u>\$5,496,732</u>	<u>\$11,682,736</u>	<u>\$11,158,524</u>	<u>\$18,368,525</u>	<u>\$16,655,256</u>	<u>\$1,713,269</u>

Detailed information about the Township's capital assets can be found in Notes to the Financial Statements.

The cost of capital assets increased by \$2.7 million, consisting of \$2.8 million in purchases of capital assets offset by \$.1 million removed upon the sale of certain capital assets

Accumulated depreciation increased by \$1.0 million, consisting of the current year's depreciation in the amount of \$1.1 million, offset by \$.1 million removed upon the sale of certain capital assets.

**GOVERNMENTAL FUNDS**

The Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Governmental Funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, an unreserved/undesignated fund balance may serve as a useful measure of the Township's net resources available for spending at the end of the year. Therefore, some figures will be different in the fund statements than the government-wide statements.

The Township's Governmental Funds include the General Fund, Liquid Fuels Fund, Debt Service Fund, Capital Reserve Fund and Emergency Fund. The General Fund is the chief operating fund for the Township. The Capital Reserve Fund accounts for the proceeds of bond issues. The major funds are shown on the statement of revenues, expenditures and changes in fund balances in the Financial Statements.

**WEST NORRITON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED  
Year Ended December 31, 2020**

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**GOVERNMENTAL FUNDS, CONTINUED**

**Governmental Funds Revenues**

Governmental Funds revenues by source at December 31, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
<b>REVENUES</b>			
Taxes	\$8,888,306	\$9,588,421	(\$700,115)
Fees, licenses and permits	972,201	1,224,422	(252,221)
Court costs and fines	40,903	46,293	(5,390)
Grants	290,727	202,135	88,592
Charges for services	7,650	5,300	2,350
Public safety and highway	75,095	225,627	(150,532)
Recreation and culture	13,579	212,292	(198,713)
Interest	76,044	115,167	(39,123)
Miscellaneous	<u>405,199</u>	<u>452,798</u>	<u>(47,599)</u>
<b>TOTAL REVENUES</b>	<u>\$10,769,704</u>	<u>\$12,072,455</u>	<u>(\$1,302,751)</u>

Governmental Funds revenues totaled \$10.8 million for the year ended December 31, 2020, a decrease of \$1.3 million compared to 2019. Recognized tax revenues decreased by \$.7 million, an additional decrease of \$.3 million in fees, licenses and permits, and other revenues with a net decrease of \$.3 million.

**Governmental Funds Expenditures**

Governmental Funds expenditures by source at December 31, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
<b>EXPENSES</b>			
Administration	\$4,143,678	\$4,607,974	(\$464,296)
Public safety	4,732,177	4,305,245	426,932
Public works	1,640,654	889,722	750,932
Culture and recreation	816,639	1,434,717	(618,078)
Debt service	<u>205,576</u>	<u>353,781</u>	<u>(148,205)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$11,538,724</u>	<u>\$11,591,439</u>	<u>(\$52,715)</u>

Governmental Funds expenditures totaled \$11.6 million for each of the years ended December 31, 2020 and 2019.

**WEST NORRITON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED  
Year Ended December 31, 2020**

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**GOVERNMENTAL FUNDS, CONTINUED**

**Governmental Fund Balances**

The ending balance for Governmental Funds and net position for Proprietary Funds at December 31, 2020, were as follows:

Fund	Governmental Funds	Proprietary Funds
General Fund	\$5,104,242	\$ -
Liquid Fuels Fund	321,105	-
Debt Service Fund	6,269	-
Capital Reserve Fund	538,694	-
Emergency Fund	(16,970)	-
Sewer Fund	-	13,873,333
Golf Fund	-	2,460,210
	<u>\$5,953,340</u>	<u>\$16,333,543</u>

**BUDGETARY HIGHLIGHTS**

The Township Commissioners revise the budget on an as-needed basis. There are two kinds of revisions:

Allocations are made to specific line items from other line items or from contingency funds established in the budget.

New appropriations are budgeted when received, and the anticipated related expense is budgeted at the same time.

Because the Township is on a different fiscal year than the Commonwealth, it is difficult to know what grants will be forthcoming in the Township's fiscal year. Many revenue variances are due to budgeting for grants not received. Other revenue variances are based on grants received, but not anticipated.

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

**Economic Conditions**

The Township's revenues have not kept up with the growing expenditures. This has forced the Township to look for ways to generate revenue from additional sources such as state grants. In addition, the Township is an older, densely populated and developed community with aging infrastructure that requires maintenance, rehabilitation, or reconstruction, further straining municipal resources.

**WEST NORRITON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED  
Year Ended December 31, 2020**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET, CONTINUED**

**Market Impact on Investment Income**

The Commonwealth restricts Township investments to government secured funds and deposits with federally insured institutions. In March 2016, the governor signed legislation (the "Act") which authorized additional financial products to the approved list of approved investments. The Act adds high quality money market instruments including repurchase agreements, commercial paper, negotiable certificates of deposit and bankers' acceptances to the list of approved investments.

**Government Funding**

The Township relies on state funding for various purposes including the Township's projects and programs, Police Department programs and economic development projects. Funding for these programs varies from year to year, and the Township develops strategies to maximize the impact of these funds.

**Personnel Costs**

The Township has contracts with two unions: The West Norriton Police Association and the American Federation of State County and Municipal Employees (AFSCME). The West Norriton Police Association contract was renewed effective January 1, 2019 and is due to expire on December 31, 2022; the current AFSCME contract is due to expire on December 31, 2022.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

These financial statements are designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability. Questions concerning this financial information or requests for additional information should be directed to:

West Norriton  
Township Manager  
1630 West Marshall Street  
Jeffersonville, PA 19403  
Phone: 610-631-0450  
Fax: 610-630-0304

**WEST NORRITON TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**December 31, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$5,861,608	\$12,172,599	\$18,034,207	\$4,030
Accounts receivable	46,015	1,038,346	1,084,361	-
Grant receivable	52,039	92,652	144,691	-
Accrued receivables	164,150	861,295	1,025,445	-
Prepaid expenses	-	3,614	3,614	-
Due from Agency Fund	213,259	23,286	236,545	-
TOTAL CURRENT ASSETS	<u>6,337,071</u>	<u>14,191,792</u>	<u>20,528,863</u>	<u>4,030</u>
<b>CAPITAL ASSETS</b>				
Capital assets not being depreciated	2,798,103	1,707,748	4,505,851	-
Capital assets being depreciated, net	3,887,686	9,974,988	13,862,674	-
TOTAL CAPITAL ASSETS	<u>6,685,789</u>	<u>11,682,736</u>	<u>18,368,525</u>	<u>-</u>
TOTAL ASSETS	<u>\$13,022,860</u>	<u>\$25,874,528</u>	<u>\$38,897,388</u>	<u>\$4,030</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred outflows of resources for pension	\$1,921,744	\$ -	\$1,921,744	\$ -
Deferred outflows of resources for OPEB	3,762,801	-	3,762,801	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$5,684,545</u>	<u>\$ -</u>	<u>\$5,684,545</u>	<u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$56,019	\$278,483	\$334,502	\$ -
Accrued liabilities	325,104	18,183	343,287	-
Sales tax payable	-	133	133	-
Current portion of capital lease obligation	30,099	22,412	52,511	-
Current portion of long-term debt	194,000	704,158	898,158	-
TOTAL CURRENT LIABILITIES	<u>605,222</u>	<u>1,023,369</u>	<u>1,628,591</u>	<u>-</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term portion of capital lease obligation	-	492	492	-
Long-term debt, net of current portion and unamortized issuance costs	3,078,896	8,517,124	11,596,020	-
Net pension liability	7,090,956	-	7,090,956	-
Net OPEB liability	13,418,799	-	13,418,799	-
TOTAL NON-CURRENT LIABILITIES	<u>23,588,651</u>	<u>8,517,616</u>	<u>32,106,267</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$24,193,873</u>	<u>\$9,540,985</u>	<u>\$33,734,858</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources for pension	\$2,051,311	\$ -	\$2,051,311	\$ -
Deferred inflows of resources for OPEB	285,350	-	285,350	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$2,336,661</u>	<u>\$ -</u>	<u>\$2,336,661</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$3,382,794	\$2,438,550	\$5,821,344	\$ -
Unrestricted (deficit)	(11,205,923)	13,894,993	2,689,070	4,030
TOTAL NET POSITION	<u>(\$7,823,129)</u>	<u>\$16,333,543</u>	<u>\$8,510,414</u>	<u>\$4,030</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$18,707,405</u>	<u>\$25,874,528</u>	<u>\$44,581,933</u>	<u>\$4,030</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020**

Functions/Programs	Program Revenues		Operating Grants	Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Expenses	Charges for Services		Activities	Governmental Activities	Business-Type Totals	
<b>PRIMARY GOVERNMENT</b>							
Governmental activities							
General government	\$3,950,449	\$7,650	\$290,727	(\$3,652,072)	\$ -	(\$3,652,072)	
Public safety							
Police	3,950,958	52,739	-	(3,898,219)	-	(3,898,219)	
Fire	367,876	-	-	(367,876)	-	(367,876)	
Public works							
Streets and roads	971,045	-	-	(971,045)	-	(971,045)	
Culture and recreation	335,943	13,579	-	(322,364)	-	(322,364)	
Interest on long-term debt	60,655	-	-	(60,655)	-	(60,655)	
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>9,636,926</u>	<u>73,968</u>	<u>290,727</u>	<u>(9,272,231)</u>	<u>-</u>	<u>(9,272,231)</u>	
Business-type activities							
Sewer	2,970,469	3,252,278	92,652	-	374,461	374,461	
Golf	1,435,020	1,412,319	267,801	-	245,100	245,100	
Interest on long-term debt	210,716	-	-	-	(210,716)	(210,716)	
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>4,616,205</u>	<u>4,664,597</u>	<u>360,453</u>	<u>-</u>	<u>408,845</u>	<u>408,845</u>	
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$14,253,131</u>	<u>\$4,738,565</u>	<u>\$651,180</u>	<u>(9,272,231)</u>	<u>408,845</u>	<u>(8,863,386)</u>	
<b>COMPONENT UNIT</b>							
West Norriton Township IDA	\$ -	\$ -	\$ -				\$ -
<b>GENERAL REVENUES</b>							
Taxes							
Real estate				4,192,360	-	4,192,360	-
Per capita				44,012	-	44,012	-
Transfer				518,807	-	518,807	-
Earned Income				3,365,946	-	3,365,946	-
LST				339,942	-	339,942	-
Liquid fuels				427,239	-	427,239	-
Investment earnings				76,044	17,040	93,084	22
Licenses, grants and fees				1,035,460	-	1,035,460	-
Miscellaneous				405,199	3,975	409,174	-
Gain on sales of capital assets				13,601	-	13,601	-
<b>TRANSFERS</b>				<u>(393,994)</u>	<u>393,994</u>	<u>-</u>	<u>-</u>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				<u>10,024,616</u>	<u>415,009</u>	<u>10,439,625</u>	<u>22</u>
<b>CHANGES IN NET POSITION</b>				752,385	823,854	1,576,239	22
<b>NET POSITION AT BEGINNING OF YEAR</b>				<u>(8,575,514)</u>	<u>15,509,689</u>	<u>6,934,175</u>	<u>4,008</u>
<b>NET POSITION AT END OF YEAR</b>				<u>(\$7,823,129)</u>	<u>\$16,333,543</u>	<u>\$8,510,414</u>	<u>\$4,030</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2020**

	<u>General Fund</u>	<u>Liquid Fuels Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>	<u>Emergency Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$4,995,540	\$321,105	\$6,269	\$538,694	\$ -	\$5,861,608
Accounts receivable	46,015	-	-	-	-	46,015
Grant receivable	52,039	-	-	-	-	52,039
Accrued receivables	164,150	-	-	-	-	164,150
Due from Agency Fund	<u>213,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,259</u>
<b>TOTAL CURRENT ASSETS</b>	<u>5,471,003</u>	<u>321,105</u>	<u>6,269</u>	<u>538,694</u>	<u>-</u>	<u>6,337,071</u>
<b>TOTAL ASSETS</b>	<u>\$5,471,003</u>	<u>\$321,105</u>	<u>\$6,269</u>	<u>\$538,694</u>	<u>\$ -</u>	<u>\$6,337,071</u>
<b>LIABILITIES AND FUND BALANCES (DEFICIT)</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$53,320	\$ -	\$ -	\$ -	\$5,307	\$58,627
Accrued liabilities	<u>313,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,663</u>	<u>325,104</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>366,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,970</u>	<u>383,731</u>
<b>TOTAL LIABILITIES</b>	<u>366,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,970</u>	<u>383,731</u>
<b>FUND BALANCES (DEFICIT)</b>						
Unassigned	<u>5,104,242</u>	<u>321,105</u>	<u>6,269</u>	<u>538,694</u>	<u>(16,970)</u>	<u>5,953,340</u>
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>5,104,242</u>	<u>321,105</u>	<u>6,269</u>	<u>538,694</u>	<u>(16,970)</u>	<u>5,953,340</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)</b>	<u>\$5,471,003</u>	<u>\$321,105</u>	<u>\$6,269</u>	<u>\$538,694</u>	<u>\$ -</u>	<u>\$6,337,071</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**December 31, 2020**

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TOTAL GOVERNMENTAL FUNDS BALANCES	\$5,953,340
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Cost of capital assets	12,532,004
Accumulated depreciation	(5,846,215)
Reversal of escrow transfer included in accounts payable	2,608
<p>Net note issuance costs are not current financial resources and therefore are not reported in the funds</p>	
	79,192
<p>Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.</p>	
Capital leases	(30,099)
Series notes	(3,352,088)
Net pension liability	(7,090,956)
Net OPEB liability	(13,418,799)
<p>Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.</p>	
Deferred outflows - pension	1,921,744
Deferred inflows - pension	(2,051,311)
Deferred outflows - OPEB	3,762,801
Deferred inflows - OPEB	<u>(285,350)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>(\$7,823,129)</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2020**

	<u>General Fund</u>	<u>Liquid Fuels Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>	<u>Emergency Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes	\$8,280,556	\$427,239	\$ -	\$ -	\$180,511	\$8,888,306
Fees, licenses and permits	972,201	-	-	-	-	972,201
Court costs and fines	40,903	-	-	-	-	40,903
Grants	184,130	-	-	-	106,597	290,727
Charges for services	7,650	-	-	-	-	7,650
Public safety and highway	75,095	-	-	-	-	75,095
Recreation and culture	13,579	-	-	-	-	13,579
Interest	40,763	2,500	43	32,738	-	76,044
Miscellaneous	405,199	-	-	-	-	405,199
<b>TOTAL REVENUES</b>	<b>10,020,076</b>	<b>429,739</b>	<b>43</b>	<b>32,738</b>	<b>287,108</b>	<b>10,769,704</b>
<b>EXPENDITURES</b>						
Administration	826,375	-	-	-	-	826,375
Public safety						
Building/zoning	443,805	-	-	-	-	443,805
Police department	3,920,496	-	-	-	-	3,920,496
Fire department	-	-	-	-	367,876	367,876
Public works - Highways and streets	1,348,390	292,264	-	-	-	1,640,654
Recreation and culture	816,639	-	-	-	-	816,639
Payroll taxes	175,693	-	-	-	-	175,693
Insurance	271,457	-	-	-	-	271,457
Employee benefits	2,870,153	-	-	-	-	2,870,153
Debt service						
Principal	84,000	-	-	-	-	84,000
Interest	121,576	-	-	-	-	121,576
<b>TOTAL EXPENDITURES</b>	<b>10,878,584</b>	<b>292,264</b>	<b>-</b>	<b>-</b>	<b>367,876</b>	<b>11,538,724</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(858,508)</b>	<b>137,475</b>	<b>43</b>	<b>32,738</b>	<b>(80,768)</b>	<b>(769,020)</b>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2020**

	<u>General Fund</u>	<u>Liquid Fuels Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>	<u>Emergency Fund</u>	<u>Total Governmental Funds</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from dispositions of capital assets	13,601	-	-	-	-	13,601
Proceeds from Note - Series 2020	2,560,000	-	-	-	-	2,560,000
Transfers in from General Fund	-	-	772,187	1,161,526	100,700	2,034,413
Transfers in from Liquid Fuels Fund	449	-	-	-	-	449
Transfers in from Emergency/Fire Fund	5,000	-	-	-	-	5,000
Transfers in from Debt Service Fund	772,187	-	-	-	-	772,187
Transfers in from Capital Reserve	1,228,017	-	-	-	-	1,228,017
Transfers in from Sewer Fund	1,728	-	-	35,000	-	36,728
Transfers in from Golf Fund	36,986	-	-	267,801	-	304,787
Transfers out	<u>(2,050,303)</u>	<u>-</u>	<u>(772,187)</u>	<u>(1,948,085)</u>	<u>(5,000)</u>	<u>(4,775,575)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,567,665</u>	<u>-</u>	<u>-</u>	<u>(483,758)</u>	<u>95,700</u>	<u>2,179,607</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,709,157	137,475	43	(451,020)	14,932	1,410,587
<b>FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR</b>	<u>3,395,085</u>	<u>183,630</u>	<u>6,226</u>	<u>989,714</u>	<u>(31,902)</u>	<u>4,542,753</u>
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<u>\$5,104,242</u>	<u>\$321,105</u>	<u>\$6,269</u>	<u>\$538,694</u>	<u>(\$16,970)</u>	<u>\$5,953,340</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2020**

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$1,410,587
<p>Capital outlays are reported in Governmental Funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$1,726,344, consisting of current purchases plus principal payments on an installment contract and a capital lease obligation) exceeds depreciation (\$411,228) in the current period.</p>	
	1,315,116
The net effect of various dispositions of capital assets is a decrease to net position.	(31,376)
<p>The net change in pension expense as it relates to deferred inflows, deferred outflows and net pension liability are reported in Governmental Funds as expenditures. However, on the statement of activities, these costs are not recognized.</p>	
	473,137
<p>Note proceeds, net of issuance costs, are reported as financing sources on Governmental Funds and thus contribute to the change in fund balance. On the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the statement of net position. In addition, the cost and amortization of issuance costs is not reflected in the Governmental Funds. However, the net issuance costs are recognized in long-term liabilities on the statement of net position and current amortization is recognized as expense on the statement of activities.</p>	
Repayments on general obligation debt/notes	84,000
Proceeds of Note - Series 2020	(2,560,000)
Issuance costs on Note Series 2020	64,500
Amortization of issuance costs	<u>(3,579)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$752,385</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2020**

	<u>Sewer Fund</u>	<u>Golf Fund</u>	<u>Total Proprietary Funds</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$12,040,788	\$131,811	\$12,172,599
Accounts receivable	1,038,346	-	1,038,346
Grant receivable	92,652	-	92,652
Accrued receivables	861,295	-	861,295
Other receivables	3,614	-	3,614
Due from Agency Fund	-	23,286	23,286
<b>TOTAL CURRENT ASSETS</b>	<u>14,036,695</u>	<u>155,097</u>	<u>14,191,792</u>
<b>CAPITAL ASSETS</b>			
Capital assets not being depreciated	-	1,707,748	1,707,748
Capital assets being depreciated, net	<u>7,425,857</u>	<u>2,549,131</u>	<u>9,974,988</u>
<b>TOTAL CAPITAL ASSETS</b>	<u>7,425,857</u>	<u>4,256,879</u>	<u>11,682,736</u>
<b>TOTAL ASSETS</b>	<u>\$21,462,552</u>	<u>\$4,411,976</u>	<u>\$25,874,528</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$261,041	\$17,442	\$278,483
Accrued liabilities	4,979	13,204	18,183
Sales tax payable	-	133	133
Current portion of capital lease obligations	-	22,412	22,412
Current portion of long-term debt	<u>595,158</u>	<u>109,000</u>	<u>704,158</u>
<b>TOTAL CURRENT LIABILITIES</b>	861,178	162,191	1,023,369
<b>LONG-TERM LIABILITIES</b>			
Long-term portion of capital lease obligations	-	492	492
Long-term portion of debt, net of unamortized issuance costs	<u>6,728,041</u>	<u>1,789,083</u>	<u>8,517,124</u>
<b>TOTAL LIABILITIES</b>	<u>7,589,219</u>	<u>1,951,766</u>	<u>9,540,985</u>
<b>NET POSITION</b>			
Net investment in capital assets	102,658	2,335,400	2,438,058
Unrestricted	<u>13,770,675</u>	<u>124,810</u>	<u>13,895,485</u>
<b>TOTAL NET POSITION</b>	<u>13,873,333</u>	<u>2,460,210</u>	<u>16,333,543</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$21,462,552</u>	<u>\$4,411,976</u>	<u>\$25,874,528</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2020**

	Sewer Fund	Golf Fund	Total Proprietary Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$3,252,278	\$1,412,319	\$4,664,597
Grant income	<u>92,652</u>	<u>267,801</u>	<u>360,453</u>
	<u>3,344,930</u>	<u>1,680,120</u>	<u>5,025,050</u>
<b>OPERATING EXPENSES</b>			
Sewer treatment expenses	806,645	-	806,645
Professional services	194,280	618	194,898
Employee salaries, payroll taxes and benefits	772,748	816,963	1,589,711
Supplies and materials	8,491	249,388	257,879
Insurance	53,045	51,137	104,182
Capital improvements and purchase of major equipment	-	3,811	3,811
Utilities	104,351	52,745	157,096
Depreciation and amortization	490,669	186,503	677,172
Repairs and maintenance	450,974	3,328	454,302
General expenses	<u>89,266</u>	<u>70,527</u>	<u>159,793</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>2,970,469</u>	<u>1,435,020</u>	<u>4,405,489</u>
 <b>OPERATING INCOME (LOSS)</b>	 <u>374,461</u>	 <u>245,100</u>	 <u>619,561</u>
 <b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest expense	(145,091)	(65,625)	(210,716)
Investment earnings	8,998	8,042	17,040
Miscellaneous revenue	<u>2,675</u>	<u>1,300</u>	<u>3,975</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(133,418)</u>	<u>(56,283)</u>	<u>(189,701)</u>
 <b>INCOME (LOSS) BEFORE TRANSFERS</b>	 <u>241,043</u>	 <u>188,817</u>	 <u>429,860</u>
 <b>TRANSFERS</b>			
Transfers in from General Fund	15,441	-	15,441
Transfers in from Capital Reserve Fund	-	720,068	720,068
Transfers in from Golf Fund	33,293	-	33,293
Transfers out	<u>(36,728)</u>	<u>(338,080)</u>	<u>(374,808)</u>
<b>TOTAL TRANSFERS</b>	<u>12,006</u>	<u>381,988</u>	<u>393,994</u>
 <b>CHANGE IN NET POSITION</b>	 253,049	 570,805	 823,854
 <b>NET POSITION AT BEGINNING OF YEAR</b>	 <u>13,620,284</u>	 <u>1,889,405</u>	 <u>15,509,689</u>
 <b>NET POSITION AT END OF YEAR</b>	 <u>\$13,873,333</u>	 <u>\$2,460,210</u>	 <u>\$16,333,543</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended December 31, 2020**

	Sewer Fund	Golf Fund	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from charges for services	\$3,590,633	\$1,409,985	\$5,000,618
Payments to employees	(768,642)	(806,426)	(1,575,068)
Payments to suppliers	<u>(1,870,090)</u>	<u>(112,168)</u>	<u>(1,982,258)</u>
<b>NET CASH PROVIDED BY         OPERATING ACTIVITIES</b>	<u>951,901</u>	<u>491,391</u>	<u>1,443,292</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(36,728)	(338,080)	(374,808)
Transfers from other funds	48,734	720,068	768,802
Miscellaneous revenue	<u>2,675</u>	<u>1,300</u>	<u>3,975</u>
<b>NET CASH PROVIDED (USED) BY         NONCAPITAL FINANCING ACTIVITIES</b>	<u>14,681</u>	<u>383,288</u>	<u>397,969</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Net proceeds from note related borrowings	1,674,077	-	1,674,077
Repayments of debt/notes	(429,000)	(269,033)	(698,033)
Interest payments	<u>(145,091)</u>	<u>(65,625)</u>	<u>(210,716)</u>
<b>NET CASH PROVIDED (USED) BY         CAPITAL AND RELATED FINANCING         ACTIVITIES</b>	<u>1,099,986</u>	<u>(334,658)</u>	<u>765,328</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	8,998	8,042	17,040
Purchase of capital assets	<u>(760,805)</u>	<u>(431,029)</u>	<u>(1,191,834)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(751,807)</u>	<u>(422,987)</u>	<u>(1,174,794)</u>
 <b>NET INCREASE (DECREASE) IN CASH AND         CASH EQUIVALENTS</b>	 <u>1,314,761</u>	 <u>117,034</u>	 <u>1,431,795</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>10,726,027</u>	<u>14,777</u>	<u>10,740,804</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$12,040,788</u></u>	<u><u>\$131,811</u></u>	<u><u>\$12,172,599</u></u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP  
STATEMENT OF CASH FLOWS, CONTINUED  
PROPRIETARY FUNDS  
Year Ended December 31, 2020**

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	<u>Sewer Fund</u>	<u>Golf Fund</u>	<u>Total Proprietary Funds</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$374,461	\$245,100	\$619,561
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	490,670	186,502	677,172
(Increase) decrease in:			
Receivables, net	153,051	-	153,051
Due from Agency Fund	-	44,969	44,969
Increase (decrease) in:			
Accounts payable	(70,387)	6,755	(63,632)
Accrued liabilities	4,106	10,537	14,643
Sales tax payable	-	(138)	(138)
Deferred rent	-	(2,334)	(2,334)
	<u>\$951,901</u>	<u>\$491,391</u>	<u>\$1,443,292</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$951,901</u>	<u>\$491,391</u>	<u>\$1,443,292</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
December 31, 2020**

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	Pension Trust Funds		
	Police Pension	Non-Uniform Pension	Agency Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$95,281	\$2,994	\$488,389
Investments	<u>18,479,631</u>	<u>5,600,603</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>18,574,912</u>	<u>5,603,597</u>	<u>\$488,389</u>
<b>LIABILITIES</b>			
Escrow deposits	-	-	\$283,133
Due to General Fund	13,141	5,632	181,970
Due to Golf Fund	<u>-</u>	<u>-</u>	<u>23,286</u>
<b>TOTAL LIABILITIES</b>	<u>13,141</u>	<u>5,632</u>	<u>\$488,389</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	<u>\$18,561,771</u>	<u>\$5,597,965</u>	

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended December 31, 2020**

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	Pension Trust Funds	
	Police Pension	Non-Uniform Pension
<b>ADDITIONS</b>		
Contributions		
Township contribution	\$829,898	\$395,241
State contribution	226,496	103,400
Member contributions	86,576	13,681
<b>TOTAL CONTRIBUTIONS</b>	<b>1,142,970</b>	<b>512,322</b>
Investment earnings		
Net appreciation in fair value of investments	1,540,093	461,507
Interest and dividend income	650,235	196,522
<b>TOTAL INVESTMENT EARNINGS</b>	<b>2,190,328</b>	<b>658,029</b>
Investment expense	(36,590)	(11,056)
<b>INVESTMENT EARNINGS, net</b>	<b>2,153,738</b>	<b>646,973</b>
<b>TOTAL ADDITIONS</b>	<b>3,296,708</b>	<b>1,159,295</b>
<b>DEDUCTIONS</b>		
Benefits	1,185,062	572,802
Actuary fees	5,838	13,380
Insurance	6,580	2,820
<b>TOTAL DEDUCTIONS</b>	<b>1,197,480</b>	<b>589,002</b>
<b>CHANGE IN NET POSITION</b>	<b>2,099,228</b>	<b>570,293</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>16,462,543</b>	<b>5,027,672</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$18,561,771</b>	<b>\$5,597,965</b>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township of West Norriton (the "Township"), located in Montgomery County, Pennsylvania, was organized in 1909. The Township operates under the Township Code, under the laws of the Commonwealth of Pennsylvania, and provides the following services: general administrative services; tax collection; public improvements; public safety; conservation and development; culture and recreation; and maintenance and repairs of streets and roads.

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

**Reporting Entity**

The Board of Commissioners (the "Board") is the elected governing body of the Township. The Board comprises five members elected at large by the Township voters. As required by GAAP, the Township, for financial reporting purposes, includes all funds relevant to the operations of the Township. Management, in determining what potential component units should be included for financial reporting purposes, considers financial accountability and the nature and significance of the relationship. Fiscal accountability, the most significant of all criteria, refers to conditions of financial interdependency between two units, including budgetary adoption, taxing authority, responsibility for debt and control over or responsibility for financial management.

Based on the aforementioned criteria, the Township's component unit is the West Norriton Industrial Development Authority (the "Authority"). The Authority has been reported as a discretely presented component unit in a separate column in the financial statements to emphasize that it is legally separate from the Township.

*West Norriton Township Industrial Development Authority* - The Authority is a separate legal entity created for the purpose of acquiring, holding, constructing, improving, maintaining and operating, owning or leasing (either in the capacity of lessor or lessee) projects of all kinds and character.

The Authority is governed by a five-member board appointed by the Board of Commissioners of the Township.

The Authority's governing board is responsible for decisions made in the operation of the Authority. The Township, however, is responsible for funding any deficit which may arise in the operation of the Authority. The Township also is required to review and approve the Authority's annual operating budget and any amendment thereto.

The Authority is presented as a Proprietary Fund Type, and its financial statements have been prepared on the accrual basis of accounting. Separately issued financial statements of the Authority may be obtained at the Township's administrative office.

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Fund Accounting**

The Township uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Township functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Township are grouped into the categories governmental, proprietary and fiduciary.

The Township reports the following major Governmental Funds:

*General Fund* - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

*Liquid Fuels Fund* - The Liquid Fuels Fund is used by the Township to account for state aid revenues for building, improving and maintaining roads and bridges.

*Debt Service Fund* - The Debt Service Fund is used to account for the accumulation of resources for and payment of general long-term debt principal, interest and related costs.

*Emergency Fund* - The Emergency Fund is used by the Township to account for state aid and property tax revenues used to provide fire fighting and emergency services.

*Capital Reserve Fund* - The Capital Reserve Fund is used to account for capital project expenditures related to the acquisition, construction and renovation of Township facilities.

The Township reports the following Proprietary Funds:

*Sewer Fund* - The Sewer Fund is used to account for the operations of the Township's Sewer System, which is financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to have the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges and cost reimbursement plans.

*Golf Fund* - The Golf Fund is used to account for revenue and expenditures related to the operation of the golf course owned by the Township.

Additionally, the Township reports the following fund types:

*Trust and Agency Funds* - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations. The Township's Trust and Agency Funds consist of developer escrow deposits held by the Township and investments held for the Township's Police Pension Plan and Non-Uniform Pension Plan.

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Basis of Presentation and Accounting**

*Government-Wide Financial Statements* - The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds and Agency Funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Funds financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other receipts, including earned income taxes, are recorded as revenue when received because they are generally not measurable until actually received. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each discretely presented component unit of the Township and for each function or program of the Township's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Township.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

*Fund Financial Statements* - Fund financial statements report detailed information about the Township. The focus of Governmental Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the 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 collectible 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 fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the 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 collectible 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 fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Township finances and meets the cash flow needs of its proprietary activities.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Funds' ongoing operations. The principal operating revenues of the Township's Proprietary Funds are sewer rents and income from the Jeffersonville Golf Course. Operating expenses of the Township's Proprietary Funds include supplies, administrative costs and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township's Pension Trust Funds, discretely presented component unit and Agency Funds are presented on the accrual basis of accounting, whereby revenues are recognized in the period earned, and expenses are recognized when incurred.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use unrestricted resources first, then restricted resources as they are needed.

**Cash and Cash Equivalents**

The cash of individual funds and the component unit is combined to form a pool of cash and cash equivalents. Each fund type's portion of the pool is included on the balance sheet or statement of net position as "cash and cash equivalents" under each fund type's caption. The deposits and investments of the Pension Trust Funds are held separately from those of other Township funds.

Cash and cash equivalents include cash on hand and in banks and investments in short-term highly liquid investments with original maturities of less than 90 days.

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Investments**

The Township follows the provisions of GASB Statement No. 31; therefore, investments are stated at fair value in all funds. Investments that do not have an established market value are reported at estimated fair value.

The Commonwealth restricts Township investments to government secured funds and deposits with federally insured institutions. In March 2016, the governor signed legislation (the "Act") which authorized additional financial products to the approved list of approved investments. The Act adds high quality money market instruments including repurchase agreements, commercial paper, negotiable certificates of deposit and bankers' acceptances to the list of approved investments.

The Township's Pension Trust Funds, which are mostly invested in mutual funds and exchange traded funds, are not bound by these restrictions.

**Receivables**

*Receivables and Payables* - Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

*Sewer Revenues and Accounts Receivable* - Charges for services are recognized when earned. Management considers all sewer receivables to be collectible; accordingly, the allowance for doubtful accounts has been set at \$-0- as of December 31, 2020.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental activities, business-type activities, or discretely presented component unit columns in the government-wide financial statements. The Township defines capital assets as assets with an initial, individual cost equal to or greater than \$5,000. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are reported at estimated fair market value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Property, plant, equipment and infrastructure assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	15
Buildings and building improvements	39 - 40
Machinery and equipment	5 - 7
Infrastructure	10 - 50

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Long-Term Obligations**

In the government-wide and business-type activities financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond or note premiums and discounts, where applicable, are deferred and amortized over the life of the bonds using the effective interest method. Bonds and notes payable are reported net of the applicable premium or discount. Costs relative to debt issuance, whether withheld from debt proceeds or paid separately, are reported as assets and amortized to expense using the straight-line method over the life of the related debt.

In the Governmental Fund Type financial statements, bond or note premiums and discounts, as well as debt issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Net Position/Fund Balances**

The government-wide and business-type activities financial statements utilize net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

*Net Investment in Capital Assets* - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

*Restricted* - This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* - This category represents net position of the Township not restricted for any project or other purpose.

The Township implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent.

*Unassigned Fund Balance* - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**Adoption of Governmental Accounting Standards Board (GASB) Statements**

The Township adopted GASB Statement No. 83 "*Certain Asset Retirement Obligations*" effective January 1, 2020 which addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in GASB Statement No. 83.

The Township adopted GASB Statement No. 84 "*Fiduciary Activities*" effective January 1, 2020 which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The Township adopted GASB Statement No. 88 "*Certain Disclosures Related to Debt including Direct Borrowings and Debt Placements*" effective January 1, 2020 which improves the information that is disclosed in the notes to financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

The Township adopted GASB Statement No. 90 "*Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*" effective January 1, 2020 which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed. Interfund transactions other than quasi-external transactions and reimbursements are reported as transfers.

**Component Unit - West Norriton Industrial Development Authority**

*Basis of Accounting* - The Authority's financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows.

All activities of the Authority are accounted for within one Proprietary (Enterprise) Fund. Proprietary Funds are used to account for operations that are (1) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to have the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net position. Proprietary Fund Type operating statements present increases (revenues) and decreases (expenses) in net position.

*Net Position* - Net position is categorized as net investment in capital assets, restricted and unrestricted as follows:

**Net Investment in Capital Assets**

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

**Unrestricted**

This category represents net position of the Authority not restricted for any project or any other purpose.

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Component Unit - West Norriton Industrial Development Authority, Continued**

*Cash and Cash Equivalents* - For the purposes of the statement of cash flows, the Authority considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

*Use of Estimates* - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**New Accounting Pronouncements**

GASB Statement No. 87 "*Leases*" will be effective for the Township for the year ended December 31, 2022. The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

GASB Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*", will be effective for the Township for the year ended December 31, 2021. The objectives of GASB Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 establishes accounting required for interest cost incurred before the end of a construction period. Such interest costs includes all interest that previously was accounted for in accordance with the requirements of GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*", which are superseded by GASB Statement No. 89. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with government fund accounting principles.

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**DEPOSITS**

The Township is required by statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States of America, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

**CAPITAL ASSETS**

**Primary Government**

A summary of changes to capital assets is as follows:

	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2020</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$2,798,103	\$ -	\$ -	\$2,798,103
<b>TOTAL CAPITAL ASSETS NOT       BEING DEPRECIATED</b>	<u>2,798,103</u>	<u>-</u>	<u>-</u>	<u>2,798,103</u>
Capital assets being depreciated				
Buildings and improvements	5,039,500	1,495,651	-	6,535,151
Machinery and equipment	<u>3,151,495</u>	<u>104,634</u>	<u>(57,379)</u>	<u>3,198,750</u>
<b>TOTAL CAPITAL ASSETS       BEING DEPRECIATED</b>	<u>8,190,995</u>	<u>1,600,285</u>	<u>(57,379)</u>	<u>9,733,901</u>
Accumulated depreciation				
Buildings and improvements	(3,189,260)	(164,450)	-	(3,353,710)
Machinery and equipment	<u>(2,303,106)</u>	<u>(246,778)</u>	<u>57,379</u>	<u>(2,492,505)</u>
<b>TOTAL ACCUMULATED       DEPRECIATION</b>	<u>(5,492,366)</u>	<u>(411,228)</u>	<u>57,379</u>	<u>(5,846,215)</u>
<b>TOTAL CAPITAL ASSETS   BEING DEPRECIATED, net</b>	<u>2,698,629</u>	<u>1,189,057</u>	<u>-</u>	<u>3,887,686</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net</b>	<u>\$5,496,732</u>	<u>\$1,189,057</u>	<u>\$ -</u>	<u>\$6,685,789</u>

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**CAPITAL ASSETS, CONTINUED**

**Primary Government, Continued**

	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2020</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Construction in progress	\$376,007	\$29,131	(\$26,119)	\$379,019
Land	<u>1,328,729</u>	<u>-</u>	<u>-</u>	<u>1,328,729</u>
<b>TOTAL CAPITAL ASSETS NOT         BEING DEPRECIATED</b>	<u>1,704,736</u>	<u>29,131</u>	<u>(26,119)</u>	<u>1,707,748</u>
 Capital assets being depreciated				
Buildings and improvements	26,581,709	1,089,938	-	27,671,647
Machinery and equipment	<u>1,793,027</u>	<u>60,949</u>	<u>-</u>	<u>1,853,976</u>
<b>TOTAL CAPITAL ASSETS         BEING DEPRECIATED</b>	<u>28,374,736</u>	<u>1,150,887</u>	<u>-</u>	<u>29,525,623</u>
 Accumulated depreciation				
Buildings and improvements	(17,503,998)	(523,807)	-	(18,027,805)
Machinery and equipment	<u>(1,416,950)</u>	<u>(105,880)</u>	<u>-</u>	<u>(1,522,830)</u>
<b>TOTAL ACCUMULATED         DEPRECIATION</b>	<u>(18,920,948)</u>	<u>(629,687)</u>	<u>-</u>	<u>(19,550,635)</u>
 <b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, net</b>	<u>9,453,788</u>	<u>521,200</u>	<u>-</u>	<u>9,974,988</u>
 <b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net</b>	<u>\$11,158,524</u>	<u>\$550,331</u>	<u>(\$26,119)</u>	<u>\$11,682,736</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$104,669
Public safety	177,426
Public works	90,952
Culture and recreation	<u>38,181</u>
 <b>TOTAL GOVERNMENTAL ACTIVITIES</b>	 <u>\$411,228</u>
 <b>BUSINESS-TYPE ACTIVITIES</b>	
Golf course and sewer services	<u>\$629,687</u>

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**REAL ESTATE TAXES**

Real estate taxes attach as an enforceable lien on property on May 1. Taxes are billed on March 1, payable under the following terms: 2% discount March 1 through May 1; face amount, May 2 through July 1; and 10% penalty after July 1. The County bills these taxes, which are collected by an independent tax collector. Real estate tax revenues are recognized in the period in which they become susceptible to accrual; that is, when they become both measurable and available. Assessed values of real property are generally 100% of the market value as determined by the Montgomery County Board of Assessment.

The rate of real estate taxation in 2020 was 4.475 mills, consisting of 3.360 mills for general purposes, .070 mills for recreation purposes, .847 mills for debt purposes, and .198 mills for fire protection purposes, on a total County assessed valuation of \$985,509,351.

**DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

**Summary of Significant Accounting Policies**

The Township's Police Pension Plan (the "Police Plan") investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Police Plan is presented on the accrual basis of accounting. Police Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, as required by the Police Plan. For the purpose of measuring the net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions, information about the fiduciary net position has been determined on the same basis as it is reported by the Police Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**Plan Description**

*Plan Administration* - The Township administers the Police Plan, a single-employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. The Police Plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. A stand-alone, GASB No. 67 and 68 valuation report for the 2020 calendar year is available via the Township's website.

The Police Plan is locally controlled by the provisions of Ordinance No. 08-629, as amended, adopted pursuant to Act 600. The Police Plan is also affected by the provisions of collective bargaining agreements between the Township and its police officers. The Police Plan was established January 1, 1967. As of December 31, 2020, the Police Plan had 26 active members, 1 terminated member eligible for vested benefits in the future, and 25 retirees receiving benefits from the Plan.

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN), CONTINUED**

*Benefits Provided* - The Police Plan provides retirement benefits, as well as death and disability benefits. Employees who retire at or after age 50 with 25 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final average compensation. Final average compensation is the employee's total compensation over the last 36 months of credited service. The service increment benefit is capped at \$100 per month for those hired after January 1, 2000. Participants are 100% vested after 12 years of service.

In the event of the death of a member after normal retirement date, the surviving spouse (or the surviving minor children in the absence of a surviving spouse) will receive at least 50% of the monthly benefit the deceased member had been receiving or was eligible to receive. If the benefit is higher than 50%, it is reduced to 50% of the monthly benefit as of the first day of the month in which the surviving spouse is remarried.

If a member should die without a spouse, each dependent child of the member under the age of 18 (or 24 if attending college) will receive a proportional share of the 50% monthly benefit. In the event of the death of a member prior to normal retirement date, the surviving spouse (or the surviving minor children in the absence of a surviving spouse) will receive 100% of compensation payable the year of death including base wages, longevity, college incentive and residency bonuses if killed or dying in the line of service.

Disability benefits are 75% of the compensation earned in the 365 days preceding the incident that caused the disability, including all earned paid leave which can be cashed in. Upon the member's death, 100% of the pension he or she had been receiving will be continued to the surviving spouse (or minor children).

*Contributions* - 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. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$1,032,570 to the Plan for the year ended December 31, 2020.

As a condition of participation, participants are required to make contributions to the Plan. The amount of the contribution for 2020 was 3% of the participant's pay.

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN), CONTINUED**

**Investments**

*Investment Policy* - The Police Plan's policy in regard to the allocation of invested assets is established and may be amended by the West Norriton Police Pension/Investment Board. It is the policy of the West Norriton Police Pension/Investment Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The Police Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following chart shows the asset class allocation as of December 31, 2020:

<u>Target Asset Class</u>	<u>Allocation</u>
Domestic equity	54%
International equity	18%
Fixed income	27%
Cash	1%
	100%

*Concentrations* - One individual investment represented 5% of the Police Plan's total investments.

**Net Pension Liability of the Township**

The components of the net pension liability of the Township at December 31, 2020 were as follows:

Total pension liability	\$23,030,916
Police Plan fiduciary net position	<u>(18,574,913)</u>
<b>NET PENSION LIABILITY</b>	<b><u>\$4,456,003</u></b>
Police Plan fiduciary net position as a percentage of the total pension liability	<u>80.65%</u>

*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%
Projected salary increases	4.50%
Includes inflation at	2.50%

Mortality rates were based on the PUB-2010 Safety Amount-Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable), projected from 2010 with Mortality Improvement Scale MP-2020.

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN), CONTINUED**

**Net Pension Liability of the Township, Continued**

According to the Police Plan's investment consultant, the long-term expected return on assets is to be approximately 7.00%.

*Discount Rate* - The discount rate is based on the long-term expected rate of return on Police Plan investments that are expected to be used to finance the payments of benefits. The Police Plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the Police Plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania Law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost, and Police Plan expenses, as well as amortization of the unfunded liability, to ultimately achieve fully funded status.

*Changes in the Net Pension Liability*

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a)-(b)</u>
Balances at 12/31/2019	<u>\$20,896,995</u>	<u>\$16,469,104</u>	<u>\$4,427,891</u>
Changes for the year:			
Service cost	739,891	-	739,891
Interest cost	1,421,312	-	1,421,312
Changes of assumptions	1,117,235	-	1,117,235
Differences between expected and actual experience	40,545	-	40,545
Contributions:			
Township and state aid	-	1,032,570	(1,032,570)
Employee	-	86,576	(86,576)
Net investment income	-	2,214,153	(2,214,153)
Benefit payments	(1,185,062)	(1,185,062)	-
Administrative expense	<u>-</u>	<u>(42,428)</u>	<u>42,428</u>
Net changes	<u>2,133,921</u>	<u>2,105,809</u>	<u>28,112</u>
Balances at 12/31/2020	23,030,916	18,574,913	4,456,003
Deferred Retirement Option Program (DROP) balance at 12/31/2020	<u>1,315,373</u>	<u>1,315,373</u>	<u>-</u>
Total at 12/31/2020	<u>\$24,346,289</u>	<u>\$19,890,286</u>	<u>\$4,456,003</u>

The above township and state aid amount includes \$226,496 from funds provided by the Commonwealth of Pennsylvania to the Township, which is included in the Township's miscellaneous revenue.

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN), CONTINUED**

**Net Pension Liability of the Township, Continued**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the net pension liability of the Township, calculated using the discount rate of 7.00%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Township's net pension liability	<u>\$7,128,653</u>	<u>\$4,456,003</u>	<u>\$2,220,030</u>

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension**

For the year ended December 31, 2020, the Township incurred pension expense of \$589,231. At December 31, 2020, the Township reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$30,148	\$300,716
Changes of assumptions	1,356,254	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>1,337,601</u>
Total pension expense	<u>\$1,386,402</u>	<u>\$1,638,317</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2021	\$8,603
2022	227,554
2023	(271,457)
2024	<u>(216,615)</u>
Total	<u>(\$251,915)</u>

**Deferred Retirement Option Program (DROP)**

An active member who has met the eligibility requirements for normal retirement may elect to participate in the Deferred Retirement Option Program (DROP) for a period of not more than 48 months. The member's monthly pension amount will be calculated as of their date of participation in the program and will be distributed in a lump sum at retirement. As of December 31, 2020, the total DROP account balance for the Police Plan was approximately \$1,315,373.

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN)**

**Summary of Significant Accounting Policies**

The Township's Non-Uniform Pension Plan (the "Non-Uniform Plan") investments are carried at fair value as reported by the investment managers. The Non-Uniform Plan is governed by the West Norriton Police Pension/Investment Board, which is responsible for the management of plan assets. Short-term investments are reported at cost, which approximates fair value. Financial information of the Non-Uniform Plan is presented on the accrual basis of accounting. Non-Uniform Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, as required by the Non-Uniform Plan. For the purpose of measuring the net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions, information about the fiduciary net position has been determined on the same basis as it is reported by the Non-Uniform Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**Plan Description**

*Plan Administration* - The Township administers the Non-Uniform Plan, a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 1470, adopted pursuant to Act 15 of 1974. Each full-time employee of the Township, who is not a member of the police force, becomes eligible upon the first of the month on or after the completion of six consecutive months of full-time service.

The Non-Uniform Plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. A stand-alone, GASB No. 67 and 68 valuation report for the 2020 calendar year is available via the Township's website. As of December 31, 2020, the plan had 22 active members, 22 retirees or beneficiaries currently receiving benefits, and 14 inactive employees entitled to but not yet receiving benefits.

*Benefit Provisions* - The Non-Uniform Pension Plan provides retirement and death benefits to plan members and their beneficiaries. Participants are 100% vested after 5 years of service. Each participant will be eligible for retirement on the first of the month coincident with or next following attainment of age 65 and the completion of 5 years of service. Each participant will be eligible for early retirement on the first of the month coincident with or next following attainment of age 55. The first day of the month following the member's actual retirement date, if after that member's normal retirement date, is the deferred retirement date.

For members who were hired on or after October 1, 2004, the Accrued Benefit is 2% of the Average Monthly Compensation multiplied by completed years and months of service as of the date of determination, to a maximum of 25 years of service.

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN), CONTINUED**

*Benefit Provisions, Continued*

Members who first became participants on or after January 1, 2003, but prior to October 1, 2004, the Accrued Benefit is 50% of the Average Monthly Compensation calculated as of the date of determination, multiplied by the ratio of completed years of service (excluding any service with the Township Municipal Authority prior to January 1, 2003) over the greater of 25 years or the completed number of years of service as of the normal retirement date (including service with the Township Municipal Authority prior to January 1, 2003).

For employees who were participants of the Non-Uniform Plan prior to January 1, 2003, the Accrued Benefit is 50% of the Average Monthly Compensation calculated as of the date of determination, multiplied by the ratio of completed years of service over the completed years of service as of the normal retirement date.

Notwithstanding anything above to the contrary, the Accrued Benefit will not be less than 2% of the Average Monthly Compensation times completed years and months of service, to a maximum of 25 years.

Average Monthly Compensation is the average monthly earnings of a member during the last 36 months of employment excluding overtime.

The monthly benefit upon normal retirement shall be the member's Accrued Benefit as of that date, payable for the remainder of the member's life, no less than \$10 per month.

For those choosing early retirement, the benefit is reduced 5/12ths of 1% for each month by which the early retirement date precedes the normal retirement date. For those with at least 25 years of service, the reduction is 5/12% for each month that such actual retirement date precedes the first day of the month coincident with or next following age 62.

If a member continues employment beyond the normal retirement date, no benefit will be paid until actual retirement. The member will be entitled to a benefit equal to the greater of the actuarial equivalent of the monthly retirement benefit the member was entitled to at the close of the prior plan year, or the member's Accrued Benefit determined at the close of the plan year.

For single members, the benefit is paid in the form of a straight life annuity. For those married, the benefit is a joint and 50% survivor annuity, actuarially equivalent to straight life annuity. The member may also opt for other similar annuities.

*Contributions* - Act 205 requires that annual contributions be based upon the Non-Uniform Plan's minimum municipal obligation (MMO). The MMO is based upon the Non-Uniform Plan's biennial actuarial valuation. In accordance with the Non-Uniform Plan's governing ordinance, members are required to contribute at least 1.00% of total pensionable wages. The Non-Uniform Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. In accordance with Act 205 the Township was required to contribute \$498,641 to the Plan for the year ended December 31, 2020.

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN), CONTINUED**

*Contributions, Continued*

Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205. Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the Non-Uniform Plan and funded through investment earnings.

**Investments**

*Investment Policy* - The Non-Uniform Plan's investment policy is the same as for the Police Plan above (see separate note).

The following chart shows the asset class allocation as of December 31, 2020:

<u>Target Asset Class</u>	<u>Allocation</u>
Domestic equity	54%
International equity	18%
Fixed income	27%
Cash	1%
	<u>100%</u>

*Concentrations* - One individual investment exceeded 5% of the Non-Uniform Plan's total investments.

**Net Pension Liability of the Township**

The components of the net pension liability of the Township at December 31, 2020 were as follows:

Total pension liability	\$8,172,5969
Non-Uniform Plan fiduciary net position	<u>(5,537,643)</u>
<b>NET PENSION LIABILITY</b>	<b><u>\$2,634,953</u></b>
 Non-Uniform Plan fiduciary net position as a percentage of the total pension liability	 <u>63.91%</u>

*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%
Projected salary increases	4.50%
Includes inflation at	2.50%

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN), CONTINUED**

**Net Pension Liability of the Township, Continued**

*Actuarial Assumptions, Continued*

Mortality rates were based on the PUB-2010 Safety Amount-Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable), projected from 2010 with Mortality Improvement Scale MP-2020.

According to the Non-Uniform Plan's investment consultant, the long-term expected return on assets is to be approximately 7.00%.

*Discount Rate* - The discount rate is based on the long-term expected rate of return on Plan investments that are expected to be used to finance the payments of benefits. The Plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the Plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania Law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost, and plan expenses, as well as amortization of the unfunded liability, to ultimately achieve fully funded status.

*Changes in the Net Pension Liability*

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a)-(b)</u>
Balances at 12/31/2019	<u>\$7,548,547</u>	<u>\$4,824,578</u>	<u>\$2,723,969</u>
Changes for the year:			
Service cost	142,677	-	142,677
Interest cost	513,445	-	513,445
Changes in assumptions	374,458	-	374,458
Differences between expected and actual experience	20,720	-	20,720
Contributions:			
Township and state aid	-	498,641	(498,641)
Employee	-	6,998	(6,998)
Net investment income	-	653,906	(653,906)
Benefit payments	(427,251)	(427,251)	-
Administrative expense	-	(19,229)	19,229
Net changes	<u>624,049</u>	<u>713,065</u>	<u>(89,016)</u>
Balances at 12/31/2020	8,172,596	5,537,643	2,634,953
Deferred Retirement Option Program (DROP) balance at 12/31/2020	<u>65,954</u>	<u>65,954</u>	<u>-</u>
Total at 12/31/2020	<u>\$8,238,550</u>	<u>\$5,603,597</u>	<u>\$2,634,953</u>

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN), CONTINUED**

**Net Pension Liability of the Township, Continued**

The above township and state aid amount includes \$103,401 from funds provided by the Commonwealth of Pennsylvania to the Township, which is included in the Township's miscellaneous revenue.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the net pension liability of the Township, calculated using the discount rate of 7.00%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Township's net pension liability	<u>\$3,549,089</u>	<u>\$2,634,953</u>	<u>\$1,860,965</u>

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pension**

For the year ended December 31, 2020, the Township incurred pension expense of \$471,486. At December 31, 2020, the Township has not reported deferred outflows and deferred inflows of resources related to pensions (see Basis for Qualified Opinion) from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$66,673	\$ -
Changes of assumptions	468,669	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>412,994</u>
Total pension expense	<u>\$535,342</u>	<u>\$412,994</u>

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2021	\$169,827
2022	161,781
2023	(144,702)
2024	<u>(64,558)</u>
Total	<u>\$122,348</u>

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN), CONTINUED**

**Deferred Retirement Option Program (DROP)**

An active member who has met the eligibility requirements for normal retirement may elect to participate in the Deferred Retirement Option Program (DROP) for a period of not more than 48 months. The member's monthly pension amount will be calculated as of their date of participation in the program and will be distributed in a lump sum at retirement. As of December 31, 2020, the total DROP account balance for the Non-Uniform Pension Plan is approximately \$65,954.

**POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**Plan Description**

*Plan Administration* - West Norriton Township sponsors a single-employer defined benefit post employment plan to provide post-employment benefits for employees of the Township. The Plan was established and is governed by the provision of the collective bargaining agreement between the Township and the police officers and their spouses, to provide continuation of medical, dental, prescription, and vision insurance for officers who retire from the Township. The Plan also provides continuation of these benefits for eligible retired non-uniformed employees and their spouses. The Township funds the plan on a pay-as-you-go basis and there is no irrevocable trust established for the Plan. The plan does not issue a stand-alone financial report.

At December 31, 2020, the plan consisted of the following:

	<u>Uniformed</u>	<u>Non-Uniformed</u>	<u>Total</u>
Active Employees	26	24	50
Retirees and Covered Spouses	<u>24</u>	<u>-</u>	<u>24</u>
Total	<u>50</u>	<u>24</u>	<u>74</u>

*Eligibility* - A police officer will be eligible for coverage upon retirement after attainment of age 50 with 25 years of continuous service or upon receiving an honorable discharge as a result of a work-related injury or illness. A non-uniformed employee will be eligible for coverage upon retirement after attainment of age 62 and 20 years of continuous service.

*Benefits Provided* - Healthcare benefits which include medical, prescription drug, dental and vision benefits are provided to eligible retired police officers and their spouses for a period of five years from date of retirement. Spouses of retirees continue the healthcare benefits for one year after the date of the officer's death. Benefits are provided for life for officers who retire due to permanent disability. At retirement a police officer may elect to receive compensation in an amount of 50% of the annual benefit for five years, in lieu of the healthcare benefits. This election is not available to non-uniformed employees.

Healthcare benefits are also provided to eligible retired non-uniformed employees and their spouses for a period of three years from date of retirement, but not later than age 65.

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

*Benefits Provided (continued)* - Life insurance benefits of \$15,000 are provided to both officers who retire due to permanent disability and normal retirement. No contributions are required. Fully insured \$15,000 accidental death benefit for normal retirees prior to age 70 is also provided. There is no life insurance provided to non-uniformed employees upon retirement.

Sick Leave - Each officer shall have thirty days of paid sick leave per calendar year. Each officer may accumulate up to ninety days of unused sick leave and may carry that amount over from year to year, in addition to the current year accrual. An officer shall be permitted to sell back to the Township up to seventy-five days of accumulated and unused sick days at the time of normal retirement, calculated at the officer's then rate of pay. At the time of retirement, non-uniformed employees will be paid out a maximum of seventy-five accumulated sick days (or 600 hours) at a rate of \$16.00 per hour.

*Contributions* - The contribution requirements of the Township are established and may be amended by the collective bargaining agreement between the Township and the West Norriton Township Police Association. The plan required police officers who retired on/after January 1, 1999, to contribute \$1,750 annually, plus 50% of the benefit costs less the active officer contribution, while they are working. Effective January 1, 2019, the \$1,750 contribution by police officers was eliminated. Non-uniformed employees must reimburse the Township 50% of the benefits. If the retiree or spouse fails or neglects to reimburse the Township within 30 days, the Township is relieved of further obligation to pay this benefit. The medical premiums for retired members are paid from the Township's General Fund monthly as they come due.

**Net OPEB Liability**

The Township's net OPEB liability was measured as of the Plan Measurement Date of January 1, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Mortality rates were based on the PUB-2010 Safety Amount-Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable), projected from 2010 with Mortality Improvement Scale MP-2019.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study from the period January 1, 2017 to January 1, 2019.

*Actuarial Assumptions* - The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Annual Wage Increases	3.5%
Healthcare Cost Trend Rates	7% for 2019; Rates gradually decrease from 6.75% in 2020 to 4.50% in 2029 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

*Actuarial Assumptions (continued)* - The net OPEB liability was measured as of the Plan Measurement Date of January 1, 2019. The discount rate decreased from 3.64% to 3.26% and the mortality and trend assumptions were updated during 2019.

*Discount Rate* - The discount rate used to measure the net OPEB liability was 3.26% based upon 20-year AA/Aa municipal bond rates for the plan. No assets have been accumulated in an irrevocable trust, so the municipal rate has been applied to all periods.

*Change in Net OPEB Liability*

Balance at January 1, 2019	<u>\$10,746,023</u>
Changes for the year:	
Service cost	405,327
Interest cost	393,708
Net benefits paid by employer	(265,065)
Ad hoc postemployment benefit changes	(2,371,037)
Changes in assumptions	<u>5,205,588</u>
Net changes	<u>3,368,521</u>
Balance at December 31, 2019	<u>\$14,114,544</u>

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* - The following presents the net OPEB liability, calculated using the discount rate of 3.26%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.26%) or one percentage point higher (4.26%) than the current rate:

	<u>1% Decrease (2.26%)</u>	<u>Current Discount Rate (3.26%)</u>	<u>1% Increase (4.26%)</u>
Township's net OPEB liability	<u>\$16,289,491</u>	<u>\$14,114,544</u>	<u>\$12,276,524</u>

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*- The following presents the net OPEB liability of the Township, as well as what the Township's net pension liability would be if it were calculated using a healthcare cost trend rates (7% for 2019; Rates gradually decrease from 6.75% in 2020 to 4.50% in 2029 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model), that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease Valuation Rates</u>	<u>Healthcare Cost Trend Valuation Rates</u>	<u>1% Increase Valuation Rates</u>
Township's net OPEB liability	<u>\$11,632,266</u>	<u>\$14,114,544</u>	<u>\$17,354,701</u>

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

OPEB Expense, and Deferred Outflows and Inflows of Resources

For the Measurement Date of January 1, 2019, the actuarial determined contribution expense for the OPEB was \$577,348. For the Measurement Date of January 1, 2019, the Township reported the following deferred outflows and inflows of resources related to OPEB:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	4,435,531	359,660
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>-</u>
Total pension expense	<u>\$4,435,531</u>	<u>\$359,660</u>

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2020	\$695,747
2021	695,747
2022	695,747
2023	695,747
2024	707,637
2025	<u>585,246</u>
Total	<u>\$4,075,871</u>

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**LONG-TERM DEBT**

**Primary Government**

A summary of changes in long-term debt is as follows:

	Balance Outstanding January 1, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding December 31, <u>2020</u>	Due Within <u>One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Note, Series A of 2014	\$876,088	\$-	(\$84,000)	\$792,088	\$87,000
General Obligation Note, Series of 2020	-	2,560,000	-	2,560,000	107,000
Capital lease obligations	<u>30,099</u>	<u>-</u>	<u>-</u>	<u>30,099</u>	<u>30,099</u>
	887,916	-	(84,000)	3,382,187	224,099
Less: unamortized issuance costs	<u>(18,271)</u>	<u>(64,500)</u>	<u>3,580</u>	<u>(79,191)</u>	<u>-</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES DEBT</b>	<b><u>\$887,916</u></b>	<b><u>\$2,495,500</u></b>	<b><u>(\$82,775)</u></b>	<b><u>\$3,302,996</u></b>	<b><u>\$224,099</u></b>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General Obligation Note, Series B of 2014	\$2,856,081	\$1,674,077	(\$60,000)	\$4,470,158	\$145,158
General Obligation Note, Series A of 2016	975,011	-	-	975,011	-
Federally Taxable General Obligation Note, Series AA of 2016	971,011	-	(2,000)	969,011	109,000
General Obligation Note, Series B of 2016	3,564,000	-	(614,000)	2,950,000	450,000
Capital lease obligations	<u>45,430</u>	<u>-</u>	<u>(22,034)</u>	<u>23,396</u>	<u>22,412</u>
	8,411,533	1,674,077	(698,034)	9,387,576	727,570
Less: unamortized issuance costs	<u>(152,941)</u>	<u>-</u>	<u>9,550</u>	<u>(143,391)</u>	<u>-</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES DEBT</b>	<b><u>\$8,258,592</u></b>	<b><u>\$1,674,077</u></b>	<b><u>(\$688,484)</u></b>	<b><u>\$9,244,185</u></b>	<b><u>\$727,570</u></b>

**General Obligation Note, Series A of 2014**

In September 2014, the Township entered into a General Obligation Note, Series A, with Continental Bank, which subsequently merged with Bryn Mawr Trust Company. This Note was issued for the purpose of financing a streetlight improvement project and to pay the costs of issuing the Note. This issuance provided a total drawable balance of \$1,210,000, of which \$1,198,088 has been drawn to date as of December 31, 2020. Interest is computed on unpaid principal at 2.33% per annum until December 1, 2021, after which this Note will bear interest at a variable rate, reset monthly on the first calendar day of each month, equal to the 30-day LIBOR (London Inter Bank Offering Rate) plus 25 basis points, with a maximum interest rate not to exceed 4% per annum. As per the Note agreement, for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are irrevocably pledged. Payments for interest on the Note commenced in December 2014 and payments including principal commenced in December 2016, and will continue through December 2029. The outstanding balance as of December 31, 2020 on the Series A Note was \$792,088.

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**LONG-TERM DEBT, CONTINUED**

**General Obligation Note, Series A of 2014 (continued)**

The outstanding Series A of 2014 Note summary, using the full drawable balance, is as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$87,000	\$18,232	\$105,232
2022	77,000	27,920	104,920
2023	81,000	24,800	105,800
2024	84,000	21,520	105,520
2025	87,000	18,140	105,140
2026 to 2030	<u>388,000</u>	<u>35,760</u>	<u>423,760</u>
	<u>\$804,000</u>	<u>\$146,372</u>	<u>\$950,372</u>

**General Obligation Note, Series of 2020**

In April 2020, the Township entered into a General Obligation Note, Series of 2020, with Webster Public Finance Corporation. This Note was issued for the purpose of financing paving projects in the Township. This note is in the amount of \$2,560,000, fully funded at closing. Interest is computed on unpaid principal at 2.479% per annum.

As per the Note agreement, for the prompt and full payment of all obligations of this Note, the Township pledges the full faith, credit and taxing power of the Township. Payments for interest on the Note commenced in November, 2020 and payments including principal commence in November 2021, and will continue through November 2039. The outstanding balance as of December 31, 2020 on the Series of 2020 Note was \$2,560,000. The outstanding Series of 2020 Note summary is as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$107,000	\$63,462	\$170,462
2022	110,000	60,810	170,810
2023	113,000	58,083	171,083
2024	115,000	55,282	170,282
2025	118,000	52,431	170,431
2026 to 2030	636,000	216,789	852,789
2031 to 2035	719,000	133,916	852,916
2036 to 2039	<u>642,000</u>	<u>40,234</u>	<u>682,234</u>
	<u>\$2,560,000</u>	<u>\$681,007</u>	<u>\$3,241,007</u>

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**General Obligation Note, Series B of 2014**

In September 2014, the Township entered into a General Obligation Note, Series B, with First National Bank and Trust Company of Newtown. This Note was issued for the purpose of financing improvements to the Rittenhouse and Whitehall sewage pumping stations, improvements to the sewage inflow and infiltration system and other capital improvements related to the sewer system, and to provide capitalized interest on the Note during the construction of such projects and to pay the costs of issuing the Note. This note provided a drawable balance of \$5,590,000, which was overdrawn by \$140,158 with the final draw taken on December 31, 2020. This extra amount was drawn in error and was returned by the Township on January 4, 2021. Interest is computed on unpaid principal at 2.65% per annum until December 1, 2024, after which this Note will bear interest at 75% of the Wall Street Journal Prime Rate as published in *The Wall Street Journal*, to be reset upon each change in the Wall Street Journal Prime Rate, with a maximum interest rate not to exceed 5.25% per annum.

As per the Note agreement, for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are irrevocably pledged. Payments for interest on the Note commenced in December 2014 and payments including principal commenced in December 2015, and will continue through December 2039. The outstanding balance as of December 31, 2020 on the Series B Note was \$4,470,158, including the overdrawn amount of \$140,158, which is included in the 2021 principal amount below. The outstanding Series B of 2014 Note summary is as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$145,158	\$114,745	\$259,903
2022	5,000	114,612	119,612
2023	5,000	114,480	119,480
2024	5,000	114,348	119,348
2025	5,000	226,275	231,275
2026 to 2030	850,000	1,085,700	1,935,700
2031 to 2035	1,720,000	735,525	2,455,525
2036	<u>1,735,000</u>	<u>233,888</u>	<u>1,968,888</u>
	<u>\$4,470,158</u>	<u>\$2,739,573</u>	<u>\$7,209,731</u>

**General Obligation Note, Series A of 2016**

In September 2016, the Township entered into a General Obligation Note, Series A, with The Bryn Mawr Trust Company. This Note was issued to finance capital improvements at the Jeffersonville Golf Course and to pay the costs of issuing the Note. This issuance provided a total drawable balance of \$1,030,000, of which \$975,011 has been drawn to date as of December 31, 2020. Interest is computed on unpaid principal at 2.46% per annum until November 15, 2026, after which this Note will bear interest at a variable rate, reset monthly on the first calendar day of each month, equal to 67% of the sum of the 30-day LIBOR plus 150 basis points, with a maximum interest rate not to exceed 4.50% per annum. As per the Note agreement, for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are irrevocably pledged. Payments for interest on the Note commenced in May 2017 and payments including principal commence in November 2028, and will continue through November 2036. The outstanding balance as of December 31, 2020 on the Series A Note was \$975,011.

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**LONG-TERM DEBT, CONTINUED**

**General Obligation Note, Series A of 2016, Continued**

The outstanding Series A of 2016 Note summary, using the full drawable balance, is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ -	\$25,338	\$25,338
2022	-	25,338	25,338
2023	-	25,338	25,338
2024	-	25,338	25,338
2025	-	25,338	25,338
2026 to 2030	298,000	197,733	495,733
2031 to 2035	596,000	113,400	709,400
2036	<u>136,000</u>	<u>6,120</u>	<u>142,120</u>
	<u>\$1,030,000</u>	<u>\$443,943</u>	<u>\$1,473,943</u>

**Federally Taxable General Obligation Note, Series AA of 2016**

In September 2016, the Township entered into a Federally Taxable General Obligation Note, Series AA, also with The Bryn Mawr Trust Company. This Note was issued to finance capital improvements at the Jeffersonville Golf Course and to pay the costs of issuing the Note. This issuance provided a total drawable balance of \$1,030,000, of which \$971,011 has been drawn to date as of December 31, 2020. Interest is computed on unpaid principal at 3.59% per annum until November 15, 2026, after which this Note will bear interest at a variable rate, reset monthly on the first calendar day of each month, equal to the sum of the 30-day LIBOR plus 150 basis points, with a maximum interest rate not to exceed 6.50% per annum. As per the Note agreement, for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are irrevocably pledged. Payments for interest on the Note commenced in May 2017 and payments including principal commenced in November 2018, and will continue through November 2036. The outstanding balance as of December 31, 2020 on the Series AA Note was \$969,011.

The outstanding Series AA of 2016 Note summary, using the full drawable balance, is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$109,000	\$36,761	\$145,761
2022	114,000	32,850	146,850
2023	118,000	28,756	146,756
2024	122,000	24,520	146,520
2025	126,000	20,140	146,140
2026 to 2030	291,000	70,736	361,736
2031 to 2035	116,000	32,695	148,695
2036	<u>28,000</u>	<u>1,820</u>	<u>29,820</u>
	<u>\$1,024,000</u>	<u>\$248,278</u>	<u>\$1,272,278</u>

**WEST NORRITON TOWNSHIP  
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

**LONG-TERM DEBT, CONTINUED**

**General Obligation Note, Series B of 2016**

In September 2016, the Township entered into a General Obligation Note, Series B, also with The Bryn Mawr Trust Company. This Note was issued to finance, together with available Township funds, the current refunding of the Township's General Obligation Bond, Series of 2010 and to pay the costs of issuing the Note. This issuance provided a total drawable balance of \$4,665,000, all of which has been drawn to date as of December 31, 2020. Interest is computed on unpaid principal at 2.16% per annum until November 15, 2023, after which this Note will bear interest at a variable rate, reset monthly on the first calendar day of each month, equal to 67% of the sum of the 30-day LIBOR plus 150 basis points, with a maximum interest rate not to exceed 3.50% per annum. As per the Note agreement, for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are irrevocably pledged. Payments for interest on the Note commenced in May 2017 and payments including principal commenced in November 2017, and will continue through November 2027. The outstanding balance as of December 31, 2020 on the Series B Note was \$2,950,000.

The outstanding Series B of 2016 Note summary is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	450,000	63,720	513,720
2022	456,000	54,000	510,000
2023	467,000	44,150	511,150
2024	456,000	55,195	511,195
2025	360,000	39,325	399,325
2025 to 2027	<u>761,000</u>	<u>40,090</u>	<u>801,090</u>
	<u>\$2,950,000</u>	<u>\$296,480</u>	<u>\$3,246,480</u>

**CAPITAL LEASES**

In December 2017, the Township entered into a four-year capital lease with Caterpillar Financial Services Corporation, in the amount of \$117,975, for the purchase of a backhoe loader. Interest is computed at 4.20% per annum on a 360-day year. The first payment, in the amount of \$31,418, was made at the beginning of the lease, as per the lease agreement. Three additional payments of \$31,418 were due annually, beginning in December 2018. Final payment, including a \$1 buyout, was made in January of 2021. The lease was secured by the backhoe loader.

In March 2017, the Township entered into a 60-month capital lease with TCF Equipment Finance, in the amount of \$13,574, for the use of an aerator. Interest is computed at 4.42% per annum. Payments in the amount of \$501 are due monthly each year during the months May through October, beginning in June 2017, and continuing until one final payment of \$501 in May 2022. The lease is secured by the aerator. The agreement includes a \$1 purchase option at the end of the lease.

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**CAPITAL LEASES, CONTINUED**

In April 2017, the Township entered into a 55-month capital lease with Yamaha Motor Finance Corporation, U.S.A., in the amount of \$94,595, for the conditional purchase of 21 golf carts. Interest is computed at 3.80% per annum. Payments in the amount of \$3,435 are due monthly each year during the months May through October, beginning in May 2017, and continuing through October 2021. The lease is secured by the golf carts.

The cost of the above items is included in capital assets being depreciated, and amortization is included in depreciation and amortization expense.

The following is a schedule by years of future minimum lease payments due under the above capital leases as of December 31, 2020.

<u>December 31,</u>	<u>General Fund</u>	<u>Golf Fund</u>	<u>Total</u>
2021	\$31,418	\$23,616	\$55,034
2022	<u>-</u>	<u>501</u>	<u>501</u>
Total minimum lease payments	31,418	24,117	55,535
Less amount representing interest	<u>(1,319)</u>	<u>(721)</u>	<u>(2,040)</u>
Present value of minimum lease payments	30,099	23,396	53,495
Less current portion	<u>(30,099)</u>	<u>(22,904)</u>	<u>(53,003)</u>
Long-term capital lease obligation	<u><u>\$-</u></u>	<u><u>\$492</u></u>	<u><u>\$492</u></u>

**RISK MANAGEMENT**

The Township maintains an insurance policy for workers' compensation insurance. Insurance premiums are developed based on employee job descriptions, rate factors and payroll costs for the year. The policy has an audit performed each year, and the Township may be required to pay an additional premium as a result of the audit, or the Township may be entitled to a refund as a result of the audit. Such year-end adjustments due to the payroll audit have historically not been significant. In addition, the Township is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; health care costs; and natural disasters for which the Township carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded insurance coverage for each of the past three years.

**WEST NORRITON TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

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**EVALUATION OF SUBSEQUENT EVENTS**

In preparing the financial statements, the Township has evaluated events and transactions for potential recognition or disclosure through May 24, 2021, the date that the financial statements were available to be issued. Except as noted below, no material subsequent events have occurred since December 31, 2020 that required recognition or disclosure in the financial statements.

During 2020, an outbreak of a novel strain of coronavirus (COVID-19) was identified and spread worldwide including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 14, 2020, Pennsylvania Governor Tom Wolf ordered the closure of the physical location of every “non-essential business” in Montgomery County, Pennsylvania for what may be an extended period of time. Future potential impacts may include disruption of Township services and impairment of the ability to generate revenues. The future effects of these issues are unknown.

**REQUIRED SUPPLEMENTAL INFORMATION**

**WEST NORRITON TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
Year Ended December 31, 2020**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget</u>
<b>REVENUES</b>			
Real estate taxes	\$4,165,175	\$4,011,849	(\$153,326)
Act 511 enabling taxes	3,901,000	4,268,707	367,707
Business/non-business licenses, permits and fees	931,350	972,201	40,851
Fines	42,100	40,903	(1,197)
Federal and state grants and shared revenue	98,000	184,130	86,130
Charges for services	5,000	7,650	2,650
Public safety and highway	258,346	75,095	(183,251)
Recreation and culture	172,600	13,579	(159,021)
Miscellaneous	360,170	405,199	45,029
Interest	<u>30,000</u>	<u>40,763</u>	<u>10,763</u>
<b>TOTAL REVENUES</b>	<u>9,963,741</u>	<u>10,020,076</u>	<u>56,335</u>
<b>EXPENDITURES</b>			
Administration	746,596	826,375	79,779
Police	3,941,231	3,920,496	(20,735)
Building/zoning	142,074	443,805	301,731
Public works - sanitation	7,700	4,162	(3,538)
Public works - other	460,729	1,344,228	883,499
Recreation and culture	540,940	816,639	275,699
Insurance	312,500	271,457	(41,043)
Debt service - principal	284,000	84,000	(200,000)
Debt service - interest	35,201	121,576	86,375
Payroll taxes	178,000	175,693	(2,307)
Employee benefits	<u>3,128,396</u>	<u>2,870,153</u>	<u>(258,243)</u>
<b>TOTAL EXPENDITURES</b>	<u>9,777,367</u>	<u>10,878,584</u>	<u>1,101,217</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>186,374</u>	<u>(858,508)</u>	<u>(1,044,882)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of assets	-	13,601	13,601
Proceeds of Note - Series 2020	-	2,560,000	2,560,000
Transfers in	50,000	1,272,180	1,222,180
Transfers out	<u>(185,000)</u>	<u>(1,278,116)</u>	<u>(1,093,116)</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>(135,000)</u>	<u>2,567,665</u>	<u>2,702,665</u>
<b>NET CHANGE IN FUND BALANCE</b>	51,374	1,709,157	1,657,783
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>3,395,085</u>	<u>3,395,085</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$3,446,459</u>	<u>\$5,104,242</u>	<u>\$1,657,783</u>

See accompanying notes to the budgetary comparison schedules.

**WEST NORRITON TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - LIQUID FUELS FUND  
Year Ended December 31, 2020**

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	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget</u>
<b>REVENUES</b>			
Liquid fuel taxes	\$419,251	\$427,239	\$7,988
Interest	<u>1,000</u>	<u>2,500</u>	<u>1,500</u>
<b>TOTAL REVENUES</b>	<u>420,251</u>	<u>429,739</u>	<u>9,488</u>
<b>EXPENDITURES</b>			
Streets and roads - materials and repairs	<u>420,251</u>	<u>292,264</u>	<u>127,987</u>
<b>TOTAL EXPENDITURES</b>	<u>420,251</u>	<u>292,264</u>	<u>127,987</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>137,475</u>	<u>137,475</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	137,475	137,475
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>183,630</u>	<u>183,630</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$183,630</u>	<u>\$321,105</u>	<u>\$137,475</u>

See accompanying notes to the budgetary comparison schedules.

**WEST NORRITON TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - EMERGENCY FUND  
Year Ended December 31, 2020**

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	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget</u>
<b>REVENUES</b>			
Fire millage/tax	\$188,518	\$180,511	(\$8,007)
Grant for fire company	<u>99,300</u>	<u>106,597</u>	<u>7,297</u>
<b>TOTAL REVENUES</b>	<u>287,818</u>	<u>287,108</u>	<u>(710)</u>
<b>EXPENDITURES</b>			
Fire company contributions and expenses	<u>371,300</u>	<u>367,876</u>	<u>3,424</u>
<b>TOTAL EXPENDITURES</b>	<u>371,300</u>	<u>367,876</u>	<u>3,424</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<u>(83,482)</u>	<u>(80,768)</u>	<u>2,714</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>83,482</u>	<u>95,700</u>	<u>12,218</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>83,482</u>	<u>95,700</u>	<u>12,218</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	14,932	14,932
<b>FUND DEFICIT AT BEGINNING OF YEAR</b>	<u>(31,902)</u>	<u>(31,902)</u>	<u>-</u>
<b>FUND DEFICIT AT END OF YEAR</b>	<u>(\$31,902)</u>	<u>(\$16,970)</u>	<u>\$14,932</u>

See accompanying notes to the budgetary comparison schedules.

**WEST NORRITON TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - SEWER FUND  
Year Ended December 31, 2020**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget</u>
<b>REVENUES</b>			
Intergovernmental	\$450,000	\$48,734	(\$401,266)
Sewer fees	3,563,000	3,252,278	(310,722)
Grant income	-	92,652	92,652
Miscellaneous	-	2,675	2,675
Interest	<u>7,500</u>	<u>8,998</u>	<u>1,498</u>
<b>TOTAL REVENUES</b>	<u>4,020,500</u>	<u>3,405,337</u>	<u>(615,163)</u>
<b>EXPENDITURES</b>			
Intergovernmental	464,000	36,728	(427,272)
Professional fees	324,100	194,280	(129,820)
Wages and salaries	468,484	430,948	(37,536)
Employee benefits	326,308	326,359	51
Insurance	36,677	53,045	16,368
Repairs and maintenance	730,800	450,974	(279,826)
Utilities	127,000	104,351	(22,649)
Treatment	950,000	806,645	(143,355)
Interest	188,025	145,091	(42,934)
Depreciation and amortization	-	490,669	490,669
Other costs	<u>124,834</u>	<u>113,198</u>	<u>(11,636)</u>
<b>TOTAL EXPENDITURES</b>	<u>3,740,228</u>	<u>3,152,288</u>	<u>(587,940)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>280,272</b>	<b>253,049</b>	<b>(27,223)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>13,620,284</u>	<u>13,620,284</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$13,900,556</u>	<u>\$13,873,333</u>	<u>(\$27,223)</u>

See accompanying notes to the budgetary comparison schedules.

**WEST NORRITON TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GOLF FUND  
Year Ended December 31, 2020**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget</u>
<b>REVENUES</b>			
Intergovernmental	\$314,463	\$720,068	\$405,605
Green fees	905,000	1,206,746	301,746
Membership fees	120,000	62,450	(57,550)
Power carts	220,000	102,318	(117,682)
Leases	27,600	28,008	408
Grant income	-	267,801	267,801
Miscellaneous	20,120	14,097	(6,023)
Interest	<u>9,858</u>	<u>8,042</u>	<u>(1,816)</u>
<b>TOTAL REVENUES</b>	<u><b>1,617,041</b></u>	<u><b>2,409,530</b></u>	<u><b>792,489</b></u>
<b>EXPENDITURES</b>			
Intergovernmental	247,000	338,080	91,080
Salaries	607,047	628,660	21,613
Supplies and materials	286,660	249,388	(37,272)
Insurance	32,100	51,137	19,037
Utilities	64,000	52,745	(11,255)
Capital improvements and purchase of major equipment	38,000	3,811	(34,189)
Interest	67,463	65,625	(1,838)
Depreciation and amortization	-	186,503	186,503
Employee benefits	146,627	127,018	(19,609)
Payroll taxes	37,394	61,285	23,891
Other costs	<u>90,750</u>	<u>74,473</u>	<u>(16,277)</u>
<b>TOTAL EXPENDITURES</b>	<u><b>1,617,041</b></u>	<u><b>1,838,725</b></u>	<u><b>221,684</b></u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>570,805</b>	<b>570,805</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u><b>1,889,405</b></u>	<u><b>1,889,405</b></u>	<u><b>-</b></u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><b>\$1,889,405</b></u>	<u><b>\$2,460,210</b></u>	<u><b>\$570,805</b></u>

See accompanying notes to the budgetary comparison schedules.

**WEST NORRITON TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE BUDGETARY COMPARISON SCHEDULES  
Year Ended December 31, 2020**

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**BUDGETARY INFORMATION**

Commonwealth of Pennsylvania statutes require township governments to establish budgetary systems and adopt annual operating budgets. The Township's annual budget includes the General Fund, Liquid Fuels Fund, Emergency Fund, Sewer Fund and Golf Fund and is based on estimates of revenues and expenditures approved by the Township Board of Commissioners. The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

Township Budget Process

- Starting in October, the Township holds public budget hearings for the purpose of receiving oral and written comments from the public in regards to the proposed budget for the following year.
- Public meetings are conducted on the proposed budget. The proposed budget is available for public inspection for 20 days prior to final adoption.
- After the 20-day inspection period, but prior to December 31, the Township Board of Commissioners adopts the final budget by enacting an appropriate resolution.
- Formal budgetary process is employed as a planning device. Budget amounts are as originally adopted, or as amended by, the Township Board of Commissioners.

Level of Control

- The Township maintains budgetary controls at the fund level.

Management Amendment Authority

During the course of the year, department needs may change, emergencies may occur, or additional revenue may arise. As a result, funds are transferred between line items of a department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and approved by the Township Board of Commissioners.

**WEST NORRITON TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
AND RELATED RATIOS - POLICE PENSION PLAN**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY							
Service cost	\$739,891	\$649,677	\$632,489	\$605,253	\$707,331	\$679,025	\$649,785
Interest cost	1,421,312	1,452,755	1,355,627	1,292,732	1,319,103	1,282,593	1,197,471
Changes of assumptions	1,117,235	937,335	-	109,127	-	-	-
Differences between expected and actual experience	40,545	(510,524)	-	(1,524,294)	-	(672,909)	-
Benefit payments	<u>(1,185,062)</u>	<u>(1,151,009)</u>	<u>(1,088,757)</u>	<u>(1,030,013)</u>	<u>(895,743)</u>	<u>(708,087)</u>	<u>(716,502)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	2,133,921	1,378,234	899,359	(547,195)	1,130,691	580,622	1,130,754
TOTAL PENSION LIABILITY AT BEGINNING OF YEAR	<u>20,896,995</u>	<u>19,518,761</u>	<u>18,619,402</u>	<u>19,166,597</u>	<u>18,035,906</u>	<u>17,455,284</u>	<u>16,324,530</u>
TOTAL PENSION LIABILITY AT END OF YEAR (a)	<u>\$23,030,916</u>	<u>\$20,896,995</u>	<u>\$19,518,761</u>	<u>\$18,619,402</u>	<u>\$19,166,597</u>	<u>\$18,035,906</u>	<u>\$17,455,284</u>
PLAN FIDUCIARY NET POSITION							
Contributions:							
Township and state aid	\$1,032,570	\$1,058,363	\$1,051,544	\$1,212,328	\$1,340,004	\$952,976	\$788,038
Employee	86,576	77,038	76,819	105,791	112,406	64,631	71,778
Net investment income	2,214,153	2,870,103	(1,043,412)	1,951,192	1,152,090	(77,735)	690,836
Benefit payments	(1,185,062)	(1,151,009)	(1,088,757)	(1,030,013)	(895,743)	(708,087)	(716,502)
Administrative expense	<u>(42,428)</u>	<u>(67,055)</u>	<u>(62,308)</u>	<u>(55,547)</u>	<u>(51,642)</u>	<u>(74,949)</u>	<u>(70,174)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,105,809	2,787,440	(1,066,114)	2,183,751	1,657,115	156,836	763,976
PLAN FIDUCIARY NET POSITION AT BEGINNING OF YEAR	<u>16,469,104</u>	<u>13,681,664</u>	<u>14,747,778</u>	<u>12,564,027</u>	<u>10,906,912</u>	<u>10,750,076</u>	<u>9,986,100</u>
PLAN FIDUCIARY NET POSITION AT END OF YEAR (b)	<u>\$18,574,913</u>	<u>\$16,469,104</u>	<u>\$13,681,664</u>	<u>\$14,747,778</u>	<u>\$12,564,027</u>	<u>\$10,906,912</u>	<u>\$10,750,076</u>
NET PENSION LIABILITY AT END OF YEAR (a) - (b)	<u>\$4,456,003</u>	<u>\$4,427,891</u>	<u>\$5,837,097</u>	<u>\$3,871,624</u>	<u>\$6,602,570</u>	<u>\$7,128,994</u>	<u>\$6,705,208</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>80.65%</u>	<u>78.81%</u>	<u>70.09%</u>	<u>79.21%</u>	<u>65.55%</u>	<u>60.47%</u>	<u>61.59%</u>
Covered employee payroll	<u>\$2,862,759</u>	<u>\$2,555,011</u>	<u>\$2,615,526</u>	<u>\$2,512,197</u>	<u>\$2,590,516</u>	<u>\$2,829,774</u>	<u>\$2,904,910</u>
Township's net pension liability as a percentage of covered payroll	<u>155.65%</u>	<u>173.30%</u>	<u>223.17%</u>	<u>154.11%</u>	<u>254.87%</u>	<u>251.93%</u>	<u>230.82%</u>

**Notes to Schedule:**

Above does not include DROP Account Balance.

Assumption Changes - In 2020, the mortality improvement scale projection was updated from 2019 to 2020.

Benefit Changes - None.

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST NORRITON TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN  
Year Ended December 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$1,032,570	\$1,058,363	\$1,051,544	\$1,212,328	\$1,340,004	\$952,976	\$788,038
Contributions in relation to the actuarially determined contribution	<u>1,032,570</u>	<u>1,058,363</u>	<u>1,051,544</u>	<u>1,212,328</u>	<u>1,340,004</u>	<u>952,976</u>	<u>788,038</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered employee payroll	<u>\$2,862,759</u>	<u>\$2,555,011</u>	<u>\$2,615,526</u>	<u>\$2,512,197</u>	<u>\$2,590,516</u>	<u>\$2,829,774</u>	<u>\$2,904,910</u>
Contributions as a percentage of covered employee payroll	<u>36.07%</u>	<u>41.42%</u>	<u>40.20%</u>	<u>48.26%</u>	<u>51.73%</u>	<u>33.68%</u>	<u>27.13%</u>

**Notes to schedule:**

Most recent valuation date: January 1, 2020

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	9 years
Asset valuation method	Adjusted market value
Investment rate of return	7.50%
Projected salary increases	4.50%
Includes inflation at	2.50%
Retirement age	Age 50 and 25 years of service, or at attained age plus 1 year, if later
Pre-retirement	None
Post-retirement	PUB-2010 Safety Amount-Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable), projected from 2010 with Mortality Improvement Scale MP-2020

**Notes to Schedule:**

Assumption Changes - In 2020, the mortality improvement scale projection was updated from 2019 to 2020.

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST NORRITON TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
AND RELATED RATIOS - NON-UNIFORM PENSION PLAN**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY							
Service cost	\$142,677	\$121,266	\$125,564	\$120,157	\$128,798	\$136,028	\$130,171
Interest cost	513,445	534,018	477,524	463,206	454,552	423,906	405,276
Changes of assumptions	374,458	469,705	-	23,082	-	-	-
Differences between expected and actual experience	20,720	117,979	-	(153,861)	-	140,209	-
Benefit payments	<u>(427,251)</u>	<u>(453,957)</u>	<u>(421,078)</u>	<u>(363,831)</u>	<u>(310,528)</u>	<u>(272,551)</u>	<u>(301,536)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	624,049	789,011	182,010	88,753	272,822	427,592	233,911
TOTAL PENSION LIABILITY AT BEGINNING OF YEAR	<u>7,548,547</u>	<u>6,759,536</u>	<u>6,577,526</u>	<u>6,488,773</u>	<u>6,215,951</u>	<u>5,788,359</u>	<u>5,554,448</u>
TOTAL PENSION LIABILITY AT END OF YEAR (a)	<u>\$8,172,596</u>	<u>\$7,548,547</u>	<u>\$6,759,536</u>	<u>\$6,577,526</u>	<u>\$6,488,773</u>	<u>\$6,215,951</u>	<u>\$5,788,359</u>
PLAN FIDUCIARY NET POSITION							
Contributions:							
Township and state aid	\$498,641	\$465,570	\$469,889	\$443,158	\$443,039	\$271,970	\$232,544
Employee	6,998	6,685	7,027	5,561	6,057	5,255	3,852
Net investment income	653,906	863,819	(311,783)	560,861	325,425	(19,677)	223,729
Benefit payments	(427,251)	(453,957)	(421,078)	(363,831)	(310,528)	(272,551)	(301,536)
Administrative expense	<u>(19,229)</u>	<u>(22,455)</u>	<u>(21,985)</u>	<u>(25,016)</u>	<u>(21,943)</u>	<u>(44,310)</u>	<u>(41,497)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	713,065	859,662	(277,930)	620,733	442,050	(59,313)	117,092
PLAN FIDUCIARY NET POSITION AT BEGINNING OF YEAR	<u>4,824,578</u>	<u>3,964,916</u>	<u>4,242,846</u>	<u>3,622,113</u>	<u>3,180,063</u>	<u>3,239,376</u>	<u>3,122,284</u>
PLAN FIDUCIARY NET POSITION AT END OF YEAR (b)	<u>\$5,537,643</u>	<u>\$4,824,578</u>	<u>\$3,964,916</u>	<u>\$4,242,846</u>	<u>\$3,622,113</u>	<u>\$3,180,063</u>	<u>\$3,239,376</u>
NET PENSION LIABILITY AT END OF YEAR (a) - (b)	<u>\$2,634,953</u>	<u>\$2,723,969</u>	<u>\$2,794,620</u>	<u>\$2,334,680</u>	<u>\$2,866,660</u>	<u>\$3,035,888</u>	<u>\$2,548,983</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>67.76%</u>	<u>63.91%</u>	<u>58.66%</u>	<u>64.51%</u>	<u>55.82%</u>	<u>51.16%</u>	<u>55.96%</u>
Covered employee payroll	<u>\$1,494,340</u>	<u>\$1,341,805</u>	<u>\$1,367,968</u>	<u>\$1,364,236</u>	<u>\$1,393,599</u>	<u>\$1,363,136</u>	<u>\$1,342,139</u>
Township's net pension liability as a percentage of covered payroll	<u>176.33%</u>	<u>203.01%</u>	<u>204.29%</u>	<u>171.13%</u>	<u>205.70%</u>	<u>222.71%</u>	<u>189.92%</u>

**Notes to Schedule:**

Above does not include DROP Account Balance.

Assumption Changes - In 2020, the mortality improvement scale projection was updated from 2019 to 2020.

Benefit Changes - None.

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST NORRITON TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - NON-UNIFORM PENSION PLAN  
Year Ended December 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$498,641	\$465,570	\$469,889	\$443,158	\$443,039	\$271,970	\$232,544
Contributions in relation to the actuarially determined contribution	<u>498,641</u>	<u>465,570</u>	<u>469,889</u>	<u>443,158</u>	<u>443,039</u>	<u>271,970</u>	<u>232,544</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered employee payroll	<u>\$1,494,340</u>	<u>\$1,341,805</u>	<u>\$1,367,968</u>	<u>\$1,364,236</u>	<u>\$1,393,599</u>	<u>\$1,363,136</u>	<u>\$1,342,139</u>
Contributions as a percentage of covered employee payroll	<u>33.37%</u>	<u>34.70%</u>	<u>34.35%</u>	<u>32.48%</u>	<u>31.79%</u>	<u>19.95%</u>	<u>17.33%</u>

**Notes to schedule:**

Most recent valuation date: January 1, 2020

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	9 years
Asset valuation method	Adjusted market value
Investment rate of return	7.50%
Projected salary increases	4.50%
Includes inflation at	2.50%
Retirement age	Age 50 and 25 years of service, or at attained age plus 1 year, if later
Pre-retirement	None
Post-retirement	PUB-2010 Safety Amount-Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable), projected from 2010 with Mortality Improvement Scale MP-2020

**Notes to Schedule:**

Assumption Changes - In 2020, the mortality improvement scale projection was updated from 2019 to 2020.

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST NORRITON TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY  
AND RELATED RATIOS -  
POST-RETIREMENT HEALTHCARE AND SICK LEAVE BENEFITS PLAN**

	<u>2020</u>	<u>2019</u>
TOTAL OPEB LIABILITY		
Service cost	\$405,327	\$432,469
Interest cost	393,708	341,792
Ad Hoc Postemployment benefit changes	(2,371,037)	-
Changes of assumptions	5,205,588	(508,280)
Benefit payments	<u>(265,065)</u>	<u>(239,853)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	3,368,521	26,128
TOTAL OPEB LIABILITY AT BEGINNING OF YEAR	<u>10,746,023</u>	<u>10,719,895</u>
TOTAL OPEB LIABILITY AT END OF YEAR (a)	<u>\$14,114,544</u>	<u>\$10,746,023</u>
PLAN FIDUCIARY NET POSITION		
Contributions:		
Township	\$265,065	\$239,853
Employee	-	-
Net investment income (loss)	-	-
Benefit payments	(265,065)	(239,853)
Administrative expense	<u>-</u>	<u>-</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-
PLAN FIDUCIARY NET POSITION		
AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>
PLAN FIDUCIARY NET POSITION AT END OF YEAR (b)	<u>\$ -</u>	<u>\$ -</u>
NET OPEB LIABILITY AT END OF YEAR (a) - (b)	<u>\$14,114,544</u>	<u>\$10,746,023</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.0%</u>	<u>0.0%</u>
Covered employee payroll	<u>\$4,380,350</u>	<u>\$4,201,157</u>
Township's net OPEB liability as a percentage of covered payroll	<u>322.2%</u>	<u>255.2%</u>

The above amounts represent amounts as of the most recent valuation date of January 1, 2019.

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST NORRITON TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS -  
POST-RETIREMENT HEALTHCARE AND SICK LEAVE BENEFITS PLAN**

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	<u>2020</u>	<u>2019</u>
Actuarially determined contribution (ADC)	\$577,348	\$306,553
Contributions in relation to the actuarially determined contribution	<u>265,065</u>	<u>239,853</u>
Contribution deficiency (excess)	<u>(\$312,283)</u>	<u>(\$66,700)</u>
Covered employee payroll	<u>\$4,380,350</u>	<u>\$4,201,157</u>
Contributions as a percentage of covered employee payroll	<u>6.05%</u>	<u>5.71%</u>

The above amounts represent amounts as of the most recent valuation date of January 1, 2019.

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.