



Montgomery Township, Pennsylvania



Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2019

Prepared by the Montgomery Township Finance Department

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Montgomery Township, Pennsylvania

Fiscal Year Ended December 31, 2019

Prepared by the Montgomery Township Finance Department

INTRODUCTORY SECTION

MONTGOMERY TOWNSHIP
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**MONTGOMERY TOWNSHIP
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**TANYA C. BAMFORD
CANDYCE FLUEHR CHIMERA
ANNETTE M. LONG
MATTHEW W. QUIGG
BETH A. STAAB**
CAROLYN McCREARY
TOWNSHIP MANAGER

June 1, 2020

To the Board of Supervisors and Citizens of Montgomery Township:

We are pleased to present to you the Comprehensive Annual Financial Report of Montgomery Township for the fiscal year ended December 31, 2019. The financial statements contained within the report are presented in accordance with generally accepted accounting principles by a firm of licensed certified public accountants.

This report was prepared by the Finance Department of Montgomery Township, which is responsible for the accuracy, completeness and fairness of the data presented, including all disclosures. To the best of our knowledge, the information presented in this report is accurate in all material respects and is reported in a manner designed to fairly represent the financial position and results of operations of the funds and component units of Montgomery Township. All disclosures necessary to enable the reader to gain an understanding of Montgomery Township's activities have been included.

Maillie, LLP, a firm of licensed certified public accountants, audits the Township's financial statements and has issued an unmodified ("clean") opinion on Montgomery Township's financial statements for the year ended December 31, 2019. The independent auditor's report is located at the front of the Financial Section of this report.

The purpose of this report is to provide readers with useful information concerning the Township's financial position and operations. Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Montgomery Township's MD&A can be found immediately following the report of the independent auditors.

Profile of the Township

Montgomery Township is a 10.82-square-mile community located in the North Penn area of eastern Montgomery County. The Township is located in Montgomery County, approximately 13 miles from the City of Philadelphia. Montgomery Township is a diverse and dynamic suburban cosmopolitan area, with an excellent mix of housing and expanding opportunities for employment making it one of the most desirable communities in the region in which to live and work.

Incorporated in 1714, the Township was originally a rural-residential community but experienced rapid residential growth in the past 35 years, more than quadrupling its population from 5,718 in 1980 to 25,890 in 2018. While primarily an affluent residential

suburb of Philadelphia, the Township is a center for retail sales and has several major retail centers including the Montgomery Mall, a 1.1 million square foot super regional shopping center. The Bethlehem Pike Industrial Center and Montgomeryville Industrial Center are located in the Township, as is the Hartman Corporate Center. Despite a strong business presence, Montgomery retains its suburban character with a wide range of well-established residential neighborhoods.

The Township is governed by a five-member elected Board of Supervisors that serves as the Township's legislative and policymaking body. The board members are elected at large to staggered six-year terms. The Board of Supervisors is assisted by a full-time appointed Township Manager, who is responsible for the day to day operations of the Township.

The Township provides a full range of municipal services. The public safety programs include police, fire protection, building inspection, planning, zoning, emergency management and code enforcement. Public works programs include street maintenance and repair, street lighting, snow removal, traffic signalization, street markings, storm sewer and storm water basin maintenance, and maintenance of building and parks facilities. In addition to the Community & Recreation Center, the Township owns and maintains numerous community and neighborhood parks and nature areas, and holds an annual autumn festival and free concert in the park series.

Services in the Township are also provided by component units. Component units are legally separate entities for which Montgomery Township is financially accountable and are, therefore, included in this report. The following entities are considered component units of Montgomery Township for financial reporting purposes.

- The Montgomery Township Municipal Sewer Authority was established in 1986 to finance the Township's sewage collection and treatment facilities. A five-member board, appointed by the Township's Board of Supervisors, governs this Utility Authority.
- The volunteer Fire Department of Montgomery Township serves in combination with the Department of Fire Services to provide 24/7 fire protection services to the Township.

Major Initiatives

Following are some of the major initiatives undertaken by the Township during 2019:

- 2019 was a year of transition for Montgomery Township. In March, Township Manager Larry Gregan announced that he would be retiring at the end of the year. In August and October, the Director of Finance and the Director of Fire Services announced that they had accepted positions with other public entities. The Township is fortunate in that they have a well-established management team that help during this transition. The Township hired Carolyn McCreary as the new Township Manager in September. She was tasked with the hiring for the two vacant positions, which were filled in early 2020.
- Planning for Major Capital Improvements – Planning phases were implemented in 2019 for upcoming major capital improvements including renovations to the Fellowship Park Tennis Court, continuance of the annual road program, Information Technology (IT) enhancements to keep pace with ever-expanding technology while providing secure networks, the beginning planning phases of Friendship Park, which include walking trails, bocce courts and tot lots, and the design and construction of an expanded bike and walking trail system. The Township plans for future capital needs by annually committing surplus funds for specific capital projects.

Local Economy

The Township has a thriving business community with employment estimated at over 21,000, based on the Township's Tax records, making the Township essentially a net importer of jobs. The economic growth in the Township has been driven in large part by business development and strong retail sales. The strength of the local economy can be judged by looking at trends in employment and business tax receipts.

While a downturn in the economy can have a significant impact on employment in municipalities with large retail business centers such as Montgomery Township, the diversity of the Township's major employers and the variety of the Township's revenue streams allow the Township to continue to rank below the state and national averages for unemployment. Montgomery Township continues to rank as the 8th largest employment center in Montgomery County. As seen in the statistical section of this report, major employers in the Township, a manufacturing company, car dealerships, as well as a large retail sector and thriving restaurants. In addition to the strong and diverse employment foundation in the Township, the fiscally conservative and progressive approach of the Board of Supervisors has given the Township a strong financial base to sustain itself through difficult times.

Earned Income Tax continues to be the Township's largest revenue stream, about 35% of total revenues, with a steady growth rate of about 1.5% annually over the last five years. This indicates that township residents are continuing to earn higher incomes stemming

from a stable, growing economy.

The ability of the leadership of the Township to continue to be financially conservative and forward thinking has created strength for the Township during the past few years of difficult economic times. While some of the Township's revenues are dependent upon a strong business community and real estate market, the Board has designed a revenue portfolio which is diversified and proportionate to ensure stability of the budget during periods of economic downturns. This diversification was a supporting factor when Standard and Poor's issued the Township's AAA credit rating in 2016, the agency's highest rating, assigned to only a handful of municipalities in Pennsylvania.

Long-Term Financial Planning

The Board of Supervisors and Township staff are committed to providing value to the taxpayers by maintaining quality service levels and offering new benefits whenever the opportunity presents itself and the Township's fiscal position permits. To accomplish this, the Township regularly evaluates its revenue generating strategy. The Township has also developed and maintains multi-year financing plans for replacement of capital assets and infrastructure improvements. These include a 10-Year Equipment Replacement Plan and a 16-Year Road and Curb/Sidewalk Replacement Plan. Both of these programs provide for establishment of reserves funded by annual allocations to ensure that funding is available in the Township's annual budgets to replace needed capital equipment, resurface deteriorated roadway surfaces or replace damaged curbs and sidewalks.

Also, as a part of sound fiscal planning, the Township has adopted the Government Finance Officers Association's recommendation of maintaining an unreserved fund balance in the general fund of no less than ten to fifteen percent of general fund operating revenues. The Township currently maintains a 26.2% unreserved fund balance in the General Fund.

Internal Controls

The management of the Township is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Township are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled and maintained to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that the Township's objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed its benefit, and
2. The evaluation of cost and benefits requires estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe that the Township's internal accounting controls adequately safeguard assets and provide

reasonable assurance of proper recording of transactions and maintenance of asset accountability.

In addition to the above controls, the Township maintains budgetary accounting controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board of Supervisors. Activities of all Township funds, including the General, Capital Reserve, Fire Protection, Park and Recreation, Basin Maintenance, Street Lights, Liquid Fuels, Fire Relief, Environmental, Replacement Tree, Autumn Festival, Park Development, Capital Projects, Restoration, and Debt Service Funds, are included in the annual appropriation budget, with the only exception being the pension trust funds. The annual budget process officially begins in August of each year with the goal-setting conference between staff and the Township Manager. Throughout the course of September and October requests for funding are submitted and reviewed in public workshop meetings with the Board of Supervisors, culminating with a public hearing and vote for adoption by the governing body in December. The Township's fiscal year begins on January 1st and ends on December 31st. All annual appropriations lapse at year-end.

Although the Township maintains the legal level of control established by law for its operating budget, the Board of Supervisors has also established an internal budgetary control system at the departmental level. Each department is required to operate within the annual departmental budget established by the Board of Supervisors.

The level of budgetary control (i.e. the level at which expenditures cannot exceed the appropriated amount) is maintained by department. Changes to the budget by transfer or supplemental appropriation can only be made after April 1st of the budget year in accordance with the Pennsylvania Second Class Township Code. The Board of Supervisors may increase the amount of any object in the budget through supplemental appropriation contingent upon available revenues. To aid departments in maintaining budgetary control, the Township maintains a purchase order and encumbrance accounting system.

As demonstrated by the statements and schedules included in the financial section of this report, the Township continues to meet its responsibility for sound financial management.

Awards and Acknowledgements

The Government Finance Officer Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Montgomery Township for its comprehensive annual financial report for the fiscal year ended December 31, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our

current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting the report to the GFOA to determine its eligibility for certificate award.

Preparation of this report would have been impossible without the hard work of the Finance Department Staff, not just in the compilation of information at year-end, but in maintaining the Township's financial records and fiscal control system throughout the year.

We greatly appreciate the ongoing support and guidance we receive from the Board of Supervisors.


Carolyn McCreary
Township Manager


Brian Shapiro
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Montgomery Township
Pennsylvania

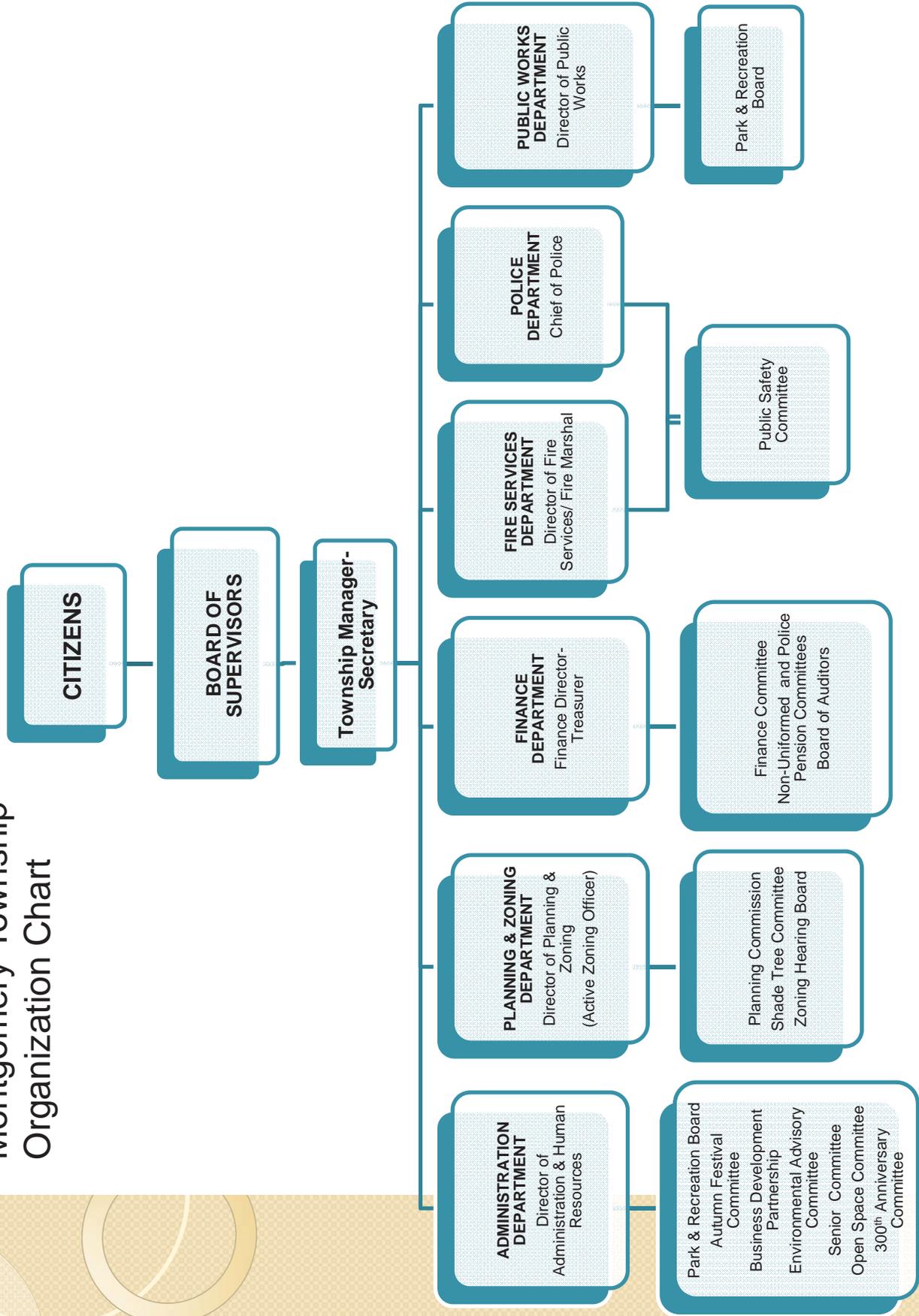
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

Montgomery Township Organization Chart



PRINCIPAL OFFICIALS
AS OF DECEMBER 31, 2019
MONTGOMERY TOWNSHIP, PENNSYLVANIA

BOARD OF SUPERVISORS

Michael J. Fox – Chairperson
Candyce Fluehr Chimera – Vice Chairperson
Tanya C. Bamford – Supervisor
Jeffrey W. McDonnell – Supervisor
Matthew W. Quigg – Supervisor

APPOINTED OFFICIALS

Lawrence J. Gregan – Township Manager
Frank R. Bartle, Esquire – Township Solicitor
Russell Dunlevy, P.E. – Gilmore & Associates – Township Engineer

MANAGEMENT TEAM

J. Scott Bendig – Chief of Police
Kevin A. Costello – Director of Public Works
Richard Grier – Director of Information Technology
Carolyn McCreary – Director of Finance
Ann M. Shade – Director of Administration and Human Resources
Floyd Shaffer – Director of Recreation and Community Center
Bruce Shoupe – Director of Planning and Zoning

TOWNSHIP PROFESSIONALS

Boucher and James, Inc. – Landscape Engineer
Conrad Siegel Actuaries – Pension Plan Actuary
Eckert Seamans Cherin and Mellott, LLC – Labor Law Attorneys
Gregory Gifford, Esquire – Special Counsel
Ken Amey – Planning Consultant
Mary Kay Kelm, Esquire – Zoning Hearing Board Solicitor
Morgan Stanley – Pension Plan Investment Advisor
Traffic Planning and Design, Inc. – Traffic Engineer
Robert Brandt, Esquire, - Special Counsel
Univest National Bank – Bank Depository

FINANCIAL SECTION

Independent Auditors' Report

To the Board of Supervisors
Montgomery Township
Montgomeryville, Pennsylvania

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

Management's Responsibility for the Financial Statements

Montgomery Township's 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 did not audit the financial statements of the Montgomery Township Municipal Sewer Authority (discretely presented component unit) which represents 99.3%, 99.3% and 97.7%, respectively, of the assets, net position and revenues of the component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Montgomery Township Municipal Sewer Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, 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 units, each major fund and the aggregate remaining fund information of Montgomery Township as of December 31, 2019, 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 (GAAP).

To the Board of Supervisors
Montgomery Township
Montgomeryville, Pennsylvania

Emphasis of Matter

As discussed in Note P to the financial statements, for the year ended June 30, 2019, Montgomery Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

As discussed in Note Q to the financial statements, subsequent to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United states government to declare a national emergency. The pandemic has resulted in economic uncertainties which have the potential to have a significant impact on all Township operations. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 17 through 29, budgetary comparison information on pages 73 and 74, pension plan information on pages 75 through 77, postemployment benefits other than pension funding progress on page 78 and trend data on infrastructure condition on pages 79 and 80 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Montgomery Township's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.



Oaks, Pennsylvania
June 1, 2020

MONTGOMERY TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

As management of Montgomery Township, Pennsylvania (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended December 31, 2019.

As with other sections of this financial report, the information contained within this Management Discussion & Analysis (MD&A) should be considered only a part of a greater whole. The reader of this statement should take time to read and evaluate all sections of this report, including the notes to the financial statements and the other required supplementary information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- The Assets of the Township's Governmental Activities as reported for compliance with GASB 34, exceeded Liabilities at year-end 2019 by \$128,437,069 (net position), a decrease of \$1,446,113 as compared to 2018.
- Deferred outflows of resources, or the consumption of net assets in one period that are applicable to a future period, totaled \$1,324,781 in 2019 as compared to \$2,451,081 in 2018. A change in actuarial assumption made up 76.43% of deferred outflows in 2019.
- Deferred inflows of resources, or the acquisition of net assets in one period that are applicable to a future period, totaled \$2,039,720 in 2019 as compared to \$918,606 in 2018. A difference between expected and actual experience and a difference between projected and actual investment earnings made up 86.43% of deferred inflows in 2019.
- The Township's Governmental Funds (Fund Financial Statements) reported combined ending balances for all funds of \$18,544,386, a decrease of \$299,361 from 2018. In accordance with GASB 54, the General Fund ending balance of \$3,474,289 is unassigned and available for use according to the Township's fiscal policies. This balance represents 24.10% of total budgeted General Fund expenses for 2019. The remainder of the combined ending balances has been classified in accordance with the GASB 54 designations.
- The Township's Governmental Funds Debt decreased by \$2,354,371, while the Business-Type Debt decreased by \$255,082 during 2019. Further debt information is detailed in Note D Long-Term Debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's annual financial report consists of several sections. Taken together, they provide a comprehensive financial view of the Township. The components of the report include the Independent Auditors' Report, Management's Discussion and Analysis, Government-Wide Financial Statements, Fund Financial Statements and Notes to the Basic Financial Statements. This report also contains other Required and Supplementary Information in addition to the basic Financial Statements.

MONTGOMERY TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

The independent auditors' report briefly describes the audit engagement and also renders an opinion as to the material components of the Township's financial position. Management's Discussion and Analysis (MD&A), prepared by Township management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The MD&A also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

The basic financial statements include the Government-Wide Financial Statements (Statement of Net Position and Statement of Activities), Fund Financial Statements, Notes to the Basic Financial Statements and other Supplementary Information.

Note A in the Audit provides an overview of significant accounting policies including an explanation of the reporting entities, Fund Accounting and the Basis of Presentation and Accounting. This Note should be read in conjunction with this MD&A and the Financial Statements to assist the reader in understanding the audit report.

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net Position and Statement of Activities

Our analysis of the Township as a whole begins with the Statement of Net Position in accordance with GASB Statement No. 63. In these statements, we divide the Township into three kinds of activities:

- **Governmental Activities** - Most of the Township's basic services are reported here, including public safety, public works, parks and recreation and administration. Real estate tax, earned income tax, business taxes, fees and grants finance most of these activities.
- **Business-Type Activities** - The Township added a proprietary fund in 2013 to account for the activity of the Montgomery Township Community & Recreation Center, which opened to the public in October of 2015. The Community & Recreation Center is intended to recover all or a significant portion of its costs through user fees and charges.
- **Component Units** - The Township includes two separate legal entities in this report: The Montgomery Township Municipal Sewer Authority and the Fire Department of Montgomery Township, Inc. Although legally separate, these component units are important because the Township is financially responsible for them. Additional financial information regarding the Township's component units can be found in the Statement of Net Position and Statement of Activities of this report. Separately audited annual financial reports of these component units may be obtained from the Township's Finance Director.

Over time, changes in net position serve as a useful indicator of the government's financial position. In the case of the Township, net position of the Primary Government Activities decreased by \$1.8M from 2017 to 2018, due to a prior period restatement stemming from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

MONTGOMERY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

The following table focuses on the net position of the current fiscal year as compared to the prior fiscal year (Table 1).

Table 1
Condensed Statements of Net Position
December 31, 2019 and 2018

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Cash and equivalents	\$ 4,973,507	\$ 5,488,238
Other assets	16,233,742	15,763,170
Capital assets	113,956,693	112,672,031
TOTAL ASSETS	<u>135,163,942</u>	<u>133,923,439</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	-	-
Deferred outflows related to pensions	1,012,511	2,137,579
Deferred outflows related to OPEB	312,270	313,502
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,324,781</u>	<u>2,451,081</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 136,488,723</u>	<u>\$ 136,374,520</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
Other liabilities	\$ 941,375	\$ 1,040,028
Long-term debt outstanding	3,624,446	5,978,817
TOTAL LIABILITIES	<u>4,565,821</u>	<u>7,018,845</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	1,763,000	755,524
Deferred inflows related to OPEB	276,720	163,082
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,039,720</u>	<u>918,606</u>
NET POSITION		
Net investment in capital assets	113,956,693	112,672,031
Restricted	1,559,263	1,646,171
Unrestricted	14,367,226	14,118,867
TOTAL NET POSITION	<u>129,883,182</u>	<u>128,437,069</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 136,488,723</u>	<u>\$ 136,374,520</u>

Business-Type Activities		Component Units		Totals	
2019	2018	2019	2018	2019	2018
\$ 231,351	\$ 188,175	\$ 5,992,685	\$ 4,490,814	\$ 11,197,543	\$ 10,167,227
-	1,446	8,101,259	8,228,907	24,335,001	23,993,523
<u>10,312,225</u>	<u>10,645,159</u>	<u>29,545,679</u>	<u>31,010,565</u>	<u>153,814,597</u>	<u>154,327,755</u>
<u>10,543,576</u>	<u>10,834,780</u>	<u>43,639,623</u>	<u>43,730,286</u>	<u>189,347,141</u>	<u>188,488,505</u>
206,224	214,877	-	-	206,224	214,877
-	-	-	-	1,012,511	2,137,579
-	-	-	-	312,270	313,502
<u>206,224</u>	<u>214,877</u>	<u>-</u>	<u>-</u>	<u>1,531,005</u>	<u>2,665,958</u>
<u>\$ 10,749,800</u>	<u>\$ 11,049,657</u>	<u>\$ 43,639,623</u>	<u>\$ 43,730,286</u>	<u>\$ 190,878,146</u>	<u>\$ 191,154,463</u>
\$ 53,608	\$ 59,114	\$ 1,043,374	\$ 1,020,910	\$ 2,038,357	\$ 2,120,052
<u>8,431,129</u>	<u>8,686,211</u>	<u>35,169</u>	<u>34,731</u>	<u>12,090,744</u>	<u>14,699,759</u>
<u>8,484,737</u>	<u>8,745,325</u>	<u>1,078,543</u>	<u>1,055,641</u>	<u>14,129,101</u>	<u>16,819,811</u>
-	-	-	-	1,763,000	755,524
-	-	-	-	276,720	163,082
-	-	-	-	<u>2,039,720</u>	<u>918,606</u>
2,087,320	2,173,825	29,522,399	30,940,725	145,566,412	145,786,581
-	-	-	-	1,559,263	1,646,171
<u>177,743</u>	<u>130,507</u>	<u>13,038,681</u>	<u>11,733,920</u>	<u>27,583,650</u>	<u>25,983,294</u>
<u>2,265,063</u>	<u>2,304,332</u>	<u>42,561,080</u>	<u>42,674,645</u>	<u>174,709,325</u>	<u>173,416,046</u>
<u>\$ 10,749,800</u>	<u>\$ 11,049,657</u>	<u>\$ 43,639,623</u>	<u>\$ 43,730,286</u>	<u>\$ 190,878,146</u>	<u>\$ 191,154,463</u>

MONTGOMERY TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

Cash and investments represent 15.69% of the Total Governmental Assets and 2.19% of total Business-Type Assets. Of the governmental cash and investments amount, \$12,827,248 is classified on Montgomery Township's fund financial statements as committed by the Montgomery Township Board of Supervisors in accordance with GASB 54 designations.

The largest portion of the Township's assets, 84.31%, reflects the Township's investment in capital assets (e.g., land, buildings, streets, equipment). The Township uses these capital assets to provide services to citizens; consequently these assets are not available for future spending.

Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2 is a condensed Statement of Activities for all Governmental Activities for the current fiscal year as compared to the prior fiscal year and shows changes in net position from the prior fiscal year to the current fiscal year for the Township's Governmental Activities and Component Units. In 2019, total revenues (including transfers) exceeded total expenditures by 4.85% for all Governmental Activities resulting in an increase in net position. The increase in net position from 2018 to 2019 was a result of maintaining diversified, stable revenues with controlled expenses, slightly elevated in 2019 due to an increase in grant revenue as compared to 2018.

MONTGOMERY TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2019

Table 2
Changes in Net Position
Years Ended December 31, 2019 and 2018

	2019			Totals
	Governmental Activities	Business-Type Activities	Component Units	
REVENUES				
Program revenues				
Charges for services	\$ 1,374,204	\$ 766,678	\$ 6,373,389	\$ 8,514,271
Operating grants and contributions	2,647,801	-	55,338	2,703,139
Capital grants and contributions	-	-	-	-
General revenues				
Taxes	13,992,214	140,000	-	14,132,214
Cable TV franchise fees	571,408	-	-	571,408
Investment income	483,412	-	229,824	713,236
Gain on sale of capital assets	52,755	-	-	52,755
TOTAL REVENUES	<u>19,121,794</u>	<u>906,678</u>	<u>6,658,551</u>	<u>26,687,023</u>
EXPENSES				
Operating				
General government	3,012,067	-	-	3,012,067
Public safety	9,805,767	-	-	9,805,767
Highways and streets	2,682,668	-	-	2,682,668
Parks and recreation	497,328	-	-	497,328
Sewer Authority	-	-	6,622,728	6,622,728
Fire Department	-	-	149,388	149,388
Recreation center	-	1,652,122	-	1,652,122
Other employee benefits not allocated	-	-	-	-
Interest on long-term debt	-	-	-	-
Bond issuance costs	-	-	-	-
Depreciation, unallocated	971,676	-	-	971,676
TOTAL EXPENSES	<u>16,969,506</u>	<u>1,652,122</u>	<u>6,772,116</u>	<u>25,393,744</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	2,152,288	(745,444)	(113,565)	1,293,279
TRANSFERS	<u>(706,175)</u>	<u>706,175</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	1,446,113	(39,269)	(113,565)	1,293,279
NET POSITION, BEGINNING	<u>128,437,069</u>	<u>2,304,332</u>	<u>42,674,645</u>	<u>173,416,046</u>
NET POSITION, ENDING	<u>\$ 129,883,182</u>	<u>\$ 2,265,063</u>	<u>\$ 42,561,080</u>	<u>\$ 174,709,325</u>

2018

Governmental Activities	Business-Type Activities	Component Units	Totals
\$ 1,231,454	\$ 717,940	\$ 6,365,305	\$ 8,314,699
1,918,463	-	-	1,918,463
-	-	122,388	122,388
13,445,996	140,000	-	13,585,996
578,487	-	-	578,487
300,867	-	145,848	446,715
20,056	-	43,832	63,888
<u>17,495,323</u>	<u>857,940</u>	<u>6,677,373</u>	<u>25,030,636</u>
2,671,569	-	-	2,671,569
9,656,082	-	-	9,656,082
3,630,512	-	-	3,630,512
469,547	-	-	469,547
-	-	6,391,887	6,391,887
-	-	216,767	216,767
-	1,637,921	-	1,637,921
-	-	-	-
-	-	-	-
-	-	-	-
952,194	-	-	952,194
<u>17,379,904</u>	<u>1,637,921</u>	<u>6,608,654</u>	<u>25,626,479</u>
115,419	(779,981)	68,719	(595,843)
<u>(465,280)</u>	<u>465,280</u>	<u>-</u>	<u>-</u>
(349,861)	(314,701)	68,719	(595,843)
<u>128,786,930</u>	<u>2,619,033</u>	<u>42,605,926</u>	<u>174,011,889</u>
<u>\$ 128,437,069</u>	<u>\$ 2,304,332</u>	<u>\$ 42,674,645</u>	<u>\$ 173,416,046</u>

MONTGOMERY TOWNSHIP

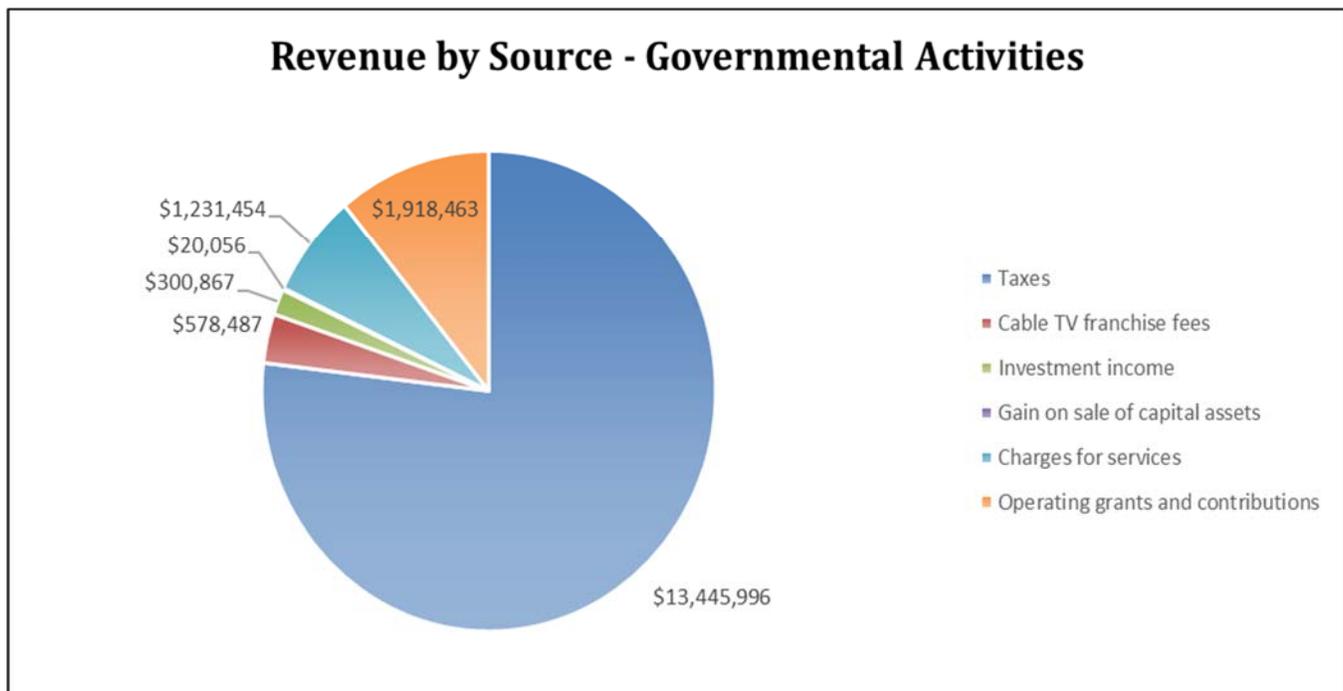
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

Governmental Activities

The Township generates revenues from a variety of sources. Total revenues for Governmental Activities for fiscal year 2019 were \$19,121,794 compared to \$17,495,323 in 2018, an increase of \$1,626,471. The Township realized an increase in Taxes, Charges for Services, Investment Income, Gain on Sale of Capital Assets, and Operating Grants and Contributions. A decrease was realized in Cable TV Franchise Fees. This overall revenue increase stems mainly from an increase in Operating Grants and Contributions revenues. Revenues by source were as follows:

Revenue	2019		2018	
	Amount	% of Total	Amount	% of Total
Taxes	\$ 13,992,214	73.17%	\$ 13,445,996	76.85%
Cable TV franchise fees	571,408	2.99%	578,487	3.31%
Investment income	483,412	2.53%	300,867	1.72%
Gain on sale of capital assets	52,755	0.28%	20,056	0.11%
Charges for services	1,374,204	7.19%	1,231,454	7.04%
Operating grants and contributions	2,647,801	13.85%	1,918,463	10.97%
	<u>\$ 19,121,794</u>	<u>100.00%</u>	<u>\$ 17,495,323</u>	<u>100.00%</u>



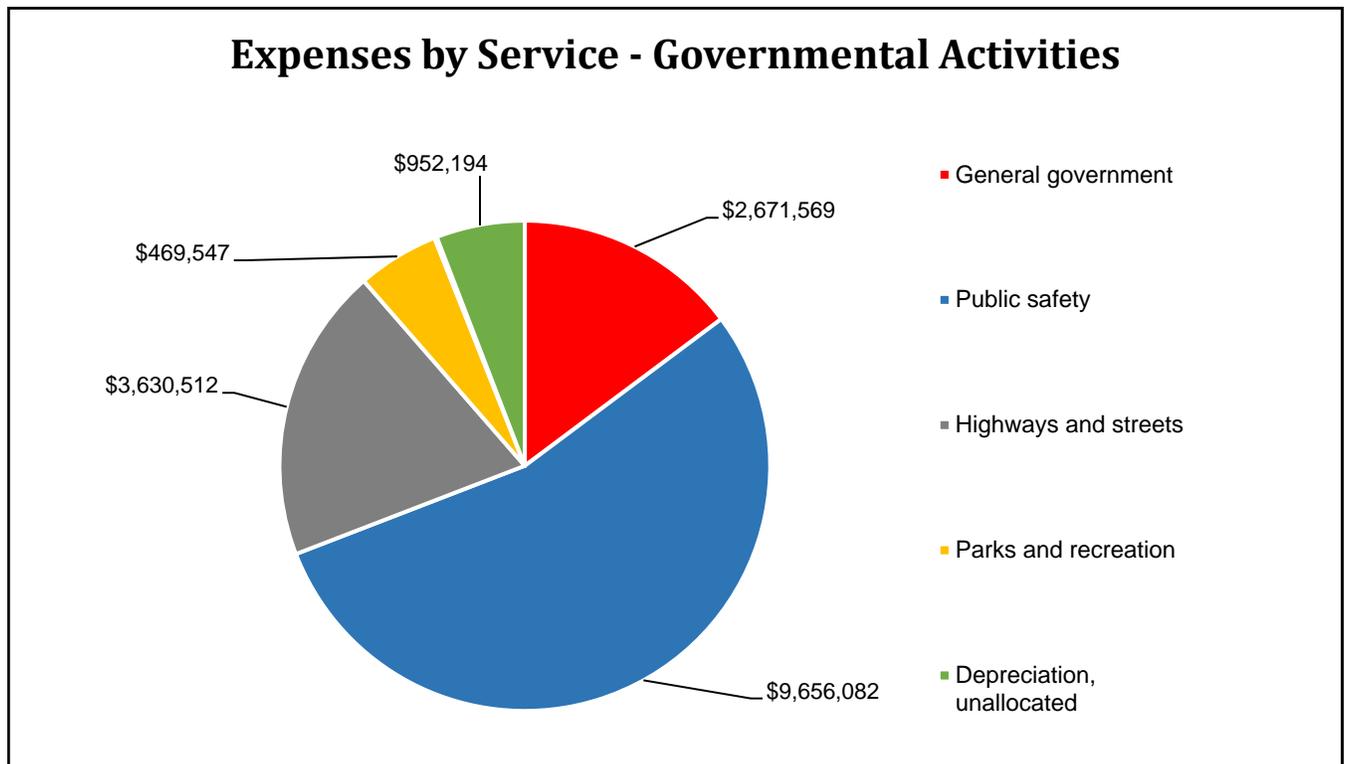
MONTGOMERY TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

The Township's Governmental Activities expenses consist of operating departments including Police, Fire, Public Works, Planning, Parks and Recreation, Finance and Administration. Total expenses for governmental activities for fiscal year 2019 were \$16,969,506 compared to \$17,379,904 in expenses in 2018, a decrease of \$410,398. This decrease is primarily attributable to decreased expenses in Public Safety and Highways and Streets. Details are shown in the table below.

Expenses	2019		2018	
	Amount	% of Total	Amount	% of Total
General government	\$ 3,012,067	17.75%	\$ 2,671,569	15.37%
Public safety	9,805,767	57.78%	9,656,082	55.56%
Highways and streets	2,682,668	15.81%	3,630,512	20.89%
Parks and recreation	497,328	2.93%	469,547	2.70%
Depreciation, unallocated	971,676	5.72%	952,194	5.48%
	<u>\$ 16,969,506</u>	<u>100.00%</u>	<u>\$ 17,379,904</u>	<u>100.00%</u>



MONTGOMERY TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

The Township's approved General Fund Budget for 2019 included total revenues of \$14.8M, including transfers in of approximately \$608K, and total expenditures of \$14.9M, including transfers out of approximately \$938K. These budgeted amounts include budget amendments made throughout the fiscal year in accordance with the Second Class Township Code.

The 2019 Original General Fund budget, including transfers, reflected a balanced budget. After necessary amendments, the expenditures exceeded revenues by \$176K. However, actual revenues, in particular Mercantile Taxes and Licenses and Permit fee receipts, which exceeded budget estimates by \$101K when netted against actual expenses below budget by \$525K resulted in an initial surplus of \$450K. In 2020, the Board of Supervisors elected to transfer \$450K of surplus to the Capital Reserve Fund for future designated capital projects. This resulted in an ending General Fund balance of \$3,513,643 and allowed the Township to continue to adhere to the Board's policy of retaining a minimum General Fund balance of 15-20% of General Fund expenses.

Overall, revenue performance of the General Fund in 2019 was positive when compared to budget. Actual revenues, excluding transfers in, were \$14.9 million for 2019. While Real Estate Tax, Emergency Municipal Services, Amusement Tax and Business Privilege Tax were slightly below budget, most other revenue categories exceeded budget. Total taxes exceeded budget by \$95K, led primarily by the Mercantile Tax and Earned Income Taxes. License and Permits exceeded budget by \$113K and Intergovernmental Revenues exceeded budget by \$15K. Each of these revenue categories, combined with controlled expenditures, contributed to the \$450K surplus (excluding transfers in) in General Fund revenues. The net of the revenue surplus and the transfer of surplus to the Capital Fund led to the General Fund ending Fund Balance of \$3.5M for fiscal year 2019.

Actual expenditures, excluding Interfund Transfers were \$14.4M for 2019. While expenditures were lower than 2018 actual expenditures, they were \$525K less than the 2019 budgeted expenditures. This savings was achieved by practicing strict cost containment measures across all departments. The two primary departments contributing to the savings were Public Safety Expenditures which were below budget by \$210K and Highway and Streets Expenditures which were below budget by \$410K. The detail of this can be seen in the Schedule of Functional Expenditures by Activity and Other Financing Uses in this report.

Overall, the Township outperformed the budget, ending the year with a surplus of \$450K. As a result, the Board of Supervisors was able to adopt a 2020 Budget with no increase in the Township's Real Estate Tax millage while continuing to adhere to the Board's minimum fund balance policy of 15-20% of General Fund expenditures.

CAPITAL ASSETS

Montgomery Township's investment in capital assets for its Governmental Activities as of December 31, 2019, totaled \$113,956,693 (net of accumulated depreciation), an increase of \$1,284,662 from 2018. This increase was the result of new Capital Assets, comprised mostly of Infrastructure projects 2019.

MONTGOMERY TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

The Township's investment in capital assets includes land, buildings and improvements, equipment, vehicles, land improvements and infrastructure (see Table 3 below). Infrastructure includes roads, curbs and sidewalks, bridges, storm sewer lines, street lights and traffic signals. Property, plant and equipment and certain infrastructure assets, are depreciated using the straight-line method.

The Township has adopted an alternative process for recording depreciation on certain infrastructure assets. Under this alternative method, referred to as the modified approach, the Township expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 73.92 lane miles of local roads, 776,540 linear feet of curbs and 3,057,389 square feet of sidewalks.

In order to utilize the modified approach, the Township is required to perform condition assessments of eligible assets and summarize the results using a measurement scale, estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Township, and document that the assets are being preserved approximately at or above the established condition level. The Township's policy is that no more than 20% of local road pavements and curbs/sidewalks will have a condition rating as "poor" or "very poor". However, the current condition level will always exceed this targeted condition level due to the Township's 16-Year Road Plan, which plans and budgets to replace all surfaces before they start to show signs of distress. Additional information on the Township's capital assets can be found in Notes A and C to the financial statements.

Table 3
Capital Assets at Year-End (Net of Depreciation)
December 31, 2019 and 2018

	2019			
	Governmental Activities	Business-Type Activities	Component Units	Totals
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 8,661,987	\$ -	\$ 673,095	\$ 9,335,082
Infrastructure, as restated	95,686,704	-	-	95,686,704
Construction in progress	-	-	275,878	275,878
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	104,348,691	-	948,973	105,297,664
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and improvements	10,839,042	10,797,929	35,814,770	57,451,741
Land improvements	116,255	-	-	116,255
Infrastructure	4,926,818	-	21,028,227	25,955,045
Machinery and equipment	7,450,722	1,254,074	2,854,536	11,559,332
TOTAL CAPITAL ASSETS BEING DEPRECIATED	23,332,837	12,052,003	59,697,533	95,082,373
Accumulated depreciation	(13,724,835)	(1,739,778)	(31,100,827)	(46,565,440)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	9,608,002	10,312,225	28,596,706	48,516,933
TOTAL CAPITAL ASSETS, net	\$ 113,956,693	\$ 10,312,225	\$ 29,545,679	\$ 153,814,597

2018			
Governmental Activities	Business-Type Activities	Component Units	Totals
\$ 8,492,109	\$ -	\$ 673,095	\$ 9,165,204
95,686,704	-	-	95,686,704
<u>-</u>	<u>-</u>	<u>125,186</u>	<u>125,186</u>
<u>104,178,813</u>	<u>-</u>	<u>798,281</u>	<u>104,977,094</u>
10,839,042	10,797,929	35,461,418	57,098,389
103,720	-	-	103,720
3,226,612	-	20,774,192	24,000,804
<u>7,482,296</u>	<u>1,229,589</u>	<u>2,947,949</u>	<u>11,659,834</u>
21,651,670	12,027,518	59,183,559	92,862,747
<u>(13,158,452)</u>	<u>(1,382,359)</u>	<u>(28,971,275)</u>	<u>(43,512,086)</u>
<u>8,493,218</u>	<u>10,645,159</u>	<u>30,212,284</u>	<u>49,350,661</u>
<u>\$ 112,672,031</u>	<u>\$ 10,645,159</u>	<u>\$ 31,010,565</u>	<u>\$ 154,327,755</u>

MONTGOMERY TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

FINANCIAL ANALYSIS OF THE TOWNSHIP'S OTHER GOVERNMENTAL FUNDS

The focus of the Township's 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 financial requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of year 2019.

As of the close of the 2019 fiscal year, the Township reported combined ending balances for all Governmental Funds of \$18,544,386 a decrease of \$299,361 from 2018 resulting primarily from the decrease in the Capital Reserve Fund Balance. Of this ending balance amount, \$11,695,208 or 63.07% is committed by the Board of Supervisors for uses such as Stormwater/NPDES projects, capital equipment replacement plans, road paving, acquisition of open space, and traffic improvements. Approximately 18.95%, or \$3.5M, is unassigned in the General Fund and available for use in accordance with the Township's fiscal policies. Along with the General Fund, the Township's Governmental Funds category includes a variety of funds with annual activity. The following is a summary of that activity, including individual fund balances, for each of these additional funds.

Fire Protection Fund - 04. Expenditures for the Department of Fire Services for 2019 were \$943K. Revenues for 2019 were \$998K and net transfers in were \$11K. The fund posted a surplus of \$66K for the year and ended the year with a positive fund balance of \$501K. The primary reason for the surplus was an increase in budgeted revenues (Real Estate) and a decrease in budgeted expenditures.

Park and Recreation Fund - 05. Expenditures for the Park and Recreation Fund for 2019 were \$404K, revenues were \$437K and net transfers out were \$11K. The fund posted a surplus of \$22K for the year and ended the year with a positive fund balance of \$591K. The Township collected \$9K more in Real Estate Taxes and \$5K in Interest Income to attribute to the surplus.

Basin Maintenance Fund - 06. Expenditures for the Basin Maintenance Fund for 2019 were \$67K, there were no revenues, and transfers in were \$82K. The fund posted a surplus of \$15K for the year and ended the year with a fund balance of \$45K. Due to no revenues in 2019 was the contributing factor for this funds deficit.

The current Township policy is that any new detention basins will remain the responsibility of the contractor or a Homeowner's Association. Therefore, the only revenue to this fund will be interest and transfers in will supplement the fund balance for the maintenance of existing Township basins.

Street Light Fund - 07. Expenditures for the Street Light Fund for 2019 were \$176K and revenues were \$150K. The fund posted a deficit of \$26K for the year and ended the year with a fund balance of \$523K. The Township started planning for a LED conversion program in 2019 and incurred increase cost due to that.

Capital Projects Fund - 19. Expenses for the Capital Projects Fund for 2019 were \$107K. Revenues and transfers in totaled \$107K, leaving a slight negative fund balance. This fund is currently being used to manage the Police County Radio financing project.

Debt Service Fund - 23. Expenditures for the Debt Service Fund for 2019 were \$539 and revenues were \$348K and net transfers out were \$408K. The fund posted a deficit of \$61K and ended the year with a positive fund balance of \$3K. Further details regarding the Township's total debt can be viewed in Note D of the Financial Statements.

MONTGOMERY TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

Capital Reserve Fund - 30. Expenditures for the Capital Reserve Fund for 2019 were \$1.5M for budgeted capital construction projects and capital equipment purchases plus the interfund transfers out of \$615K to various operating funds to reimburse those funds for capital replacement expenses from the 10-Year Equipment Replacement Reserve Fund. Revenues for this fund were \$982K, plus the interfund transfers in of \$742K. The fund balance in this fund is comprised of assigned and committed funds totaling \$11.7M.

Park Development Fund - 31. Expenditures for the Park Development Fund for 2019 were zero. Revenues to this fund were \$67K, mostly from developer contributions during 2019. The fund posted a surplus of \$67K for the year, and ended the year with a positive fund balance of \$280K.

Liquid Fuels Fund - 35. Expenditures from the Liquid Fuels Fund for 2019 were \$903K and revenues for 2019 were \$821K. The fund posted a deficit of \$82K for the year and ended with a positive fund balance of \$523K.

Liquid fuel revenues are a portion of the State's Fuel Tax paid on liquid fuels when purchased retail at the pump. The funds are allocated to municipalities statewide based on population and lane miles of roadways maintained by the Township. The expenses from this fund are for Liquid Fuel Fund eligible expenses associated with the annual street resurfacing program.

Fire Relief Fund - 50. Expenditures for the Fire Relief Fund for 2019 were \$223K, and revenues were \$223K consisting of Foreign Fire Insurance Tax revenues collected by the State and allocated under the provisions of Chapter 7 of Act 205 of 1984 to municipalities for distribution to eligible fire relief associations. The funds are remitted by the Township to the Fire Department of Montgomery Township Relief Association. The expenses from this fund are only for eligible expenses approved under Chapter 7 of Act 205 of 1984 and are audited annually by the State Auditor General's Office and by the Township Auditors. The fund ends each year with a \$0 fund balance.

Environmental Fund - 93. Expenditures for the Environmental Fund for 2019 were \$38K, and revenues were \$71K consisting of interest earnings on the fund balance and payments for the Recycling Performance Grants. Expenses from the fund in 2019 were for the Township's recycling collection costs including the costs for the bi-annual curbside leaf collection program. The fund posted a surplus of \$33K for the year and ended the year with a positive fund balance of \$414K.

Replacement Tree Fund - 94. Expenditures for the Replacement Tree Fund for 2019 were \$519K, and revenues were \$112K. Funding for the Replacement Tree Fund comes from contributions from developers under "fee in lieu of" provisions of the Land Development Ordinance. The fund posted a deficit of \$407K for the year and ended the year with a positive fund balance of \$217K.

MONTGOMERY TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

Autumn Festival Fund - 95. Expenditures for the Autumn Festival Fund for 2019 were \$32K, and revenues were \$25K, including transfers in of \$7K. Expenditures from this fund pay for the expenses of the annual Autumn Festival held each year in October. Revenues consist of voluntary community contributions, a township contribution and fees collected at the event. The fund posted a slight deficit of \$308 for the year and ended the year with a positive fund balance of \$53K.

Restoration Fund - 96. There were no expenditures and only minimal interest income for the Restoration Fund for 2019. Funding for this restoration work came from a one-time contribution by the developer of the Knapp Farm development. The fund ended the year with a positive fund balance of \$10K.

LONG-TERM DEBT

At year-end, the Township had no outstanding non-electoral debt for governmental activities and \$8,310,000 outstanding debt for business-type activities for the Community & Recreation Center. This debt is secured by the full faith and credit of the Township's taxing authority. The Township had previously served as guarantor for debt for the Municipal Sewer Authority with the Township's full faith and credit pledge providing the ultimate bond security on a prior debt issue, however in 2016 the Authority paid off the remaining balance of all debt.

The current debt obligation of the Township is approximately 13.23% of the Township's available legal borrowing capacity which was calculated using year ending December 31, 2019, data. This again evidences the Township's fiscally responsible approach to funding Capital Improvement projects.

Table 4
Outstanding Debt at Year-End

	<u>2019</u>	<u>2018</u>
BUSINESS-TYPE ACTIVITIES		
2016 Series Bond	\$ <u>8,310,000</u>	\$ <u>8,560,000</u>

Additional information on Montgomery Township's debt can be found in Note D to the financial statements.

MONTGOMERY TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2019

NEXT YEAR'S BUDGET

Through the Board of Supervisors' continued commitment to operate on a fiscally conservative basis, the Township managed its budget, resulting in lower than budgeted expenditures for the last five fiscal years, 2014 through 2019. Diverse streams of revenues such as Transfer Tax, Business Tax, and Permits generated higher than anticipated receipts for their respective budget accounts. This combination of strong revenues and lower than anticipated expenditures resulted in the transfer of \$1.1M (2014), \$1.7M (2015), \$1.3M (2016), \$1.5M (2017), \$250K (2018), \$450K (2019) of surplus/fund balance to the Capital Reserve Fund which the Board has committed for future capital projects.

Entering 2020, the Township has not increased its real estate tax millage rate for the seventeenth year in a row while continuing to provide excellent levels of services to our residents and business community. Montgomery Township currently has \$21M in net position not invested in capital, which represents about 150% of its annual general operating budget.

The Township has continued to invest in major capital projects and future operations. The 2020 budget includes over \$5M in Capital Funding consisting of over \$2.8M in curb, sidewalk, apron, and ramp improvements to infrastructure; replacement of capital equipment of \$1.4M a replacement fire ladder truck; all in accordance with the Township's 16-year Road Plan and 10-year Equipment Replacement Program.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the funds it receives and disburses. If you have questions about this report or to request additional financial information (to include component units), please contact the Finance Director at 1001 Stump Road, Montgomeryville, PA 18936-9605.

MONTGOMERY TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	Sewer Authority	Fire Department
ASSETS					
Cash and cash equivalents	\$ 4,973,507	\$ 231,351	\$ 5,204,858	\$ 5,750,222	\$ 242,463
Investments	13,646,999	-	13,646,999	7,414,849	-
Taxes receivable	1,907,847	-	1,907,847	-	-
Accounts receivable	403,173	-	403,173	686,410	-
Prepaid items	39,354	-	39,354	-	-
Due from fiduciary activities	236,369	-	236,369	-	-
Capital assets					
Property, plant and equipment, Sewer Authority	-	-	-	29,522,399	-
Depreciable capital assets	9,608,002	10,312,225	19,920,227	-	23,280
Nondepreciable capital assets	104,348,691	-	104,348,691	-	-
TOTAL ASSETS	135,163,942	10,543,576	145,707,518	43,373,880	265,743
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on refunding	-	206,224	206,224	-	-
Deferred outflows related to pensions	1,012,511	-	1,012,511	-	-
Deferred outflows related to OPEB	312,270	-	312,270	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,324,781	206,224	1,531,005	-	-
LIABILITIES					
Accounts payable and accrued expenses	394,466	12,460	406,926	533,392	-
Accrued payroll	546,909	22,483	569,392	-	-
Accrued interest	-	18,665	18,665	-	-
Developers' escrow deposits payable	-	-	-	509,982	-
Long-term liabilities					
Portion due or payable within one year					
Bonds payable	-	255,000	255,000	-	-
Portion due or payable after one year					
Bonds payable	-	8,176,129	8,176,129	-	-
Compensated absences	-	-	-	35,169	-
Net pension liability	323,908	-	323,908	-	-
Net OPEB obligation	3,300,538	-	3,300,538	-	-
TOTAL LIABILITIES	4,565,821	8,484,737	13,050,558	1,078,543	-
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	1,763,000	-	1,763,000	-	-
Deferred inflows related to OPEB	276,720	-	276,720	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,039,720	-	2,039,720	-	-
NET POSITION					
Net investment in capital assets	113,956,693	2,087,320	116,044,013	29,522,399	-
Restricted					
Providing and maintaining street lights	523,132	-	523,132	-	-
Debt service	3,121	-	3,121	-	-
Basin maintenance	44,722	-	44,722	-	-
Park development projects	280,610	-	280,610	-	-
Highway and street projects	697,743	-	697,743	-	-
Knapp Farm house	9,935	-	9,935	-	-
Unrestricted	14,367,226	177,743	14,544,969	12,772,938	265,743
TOTAL NET POSITION	\$ 129,883,182	\$ 2,265,063	\$ 132,148,245	\$ 42,295,337	\$ 265,743

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General government	\$ 3,012,067	\$ 104,303	\$ 272,512	\$ -
Public safety	9,805,767	1,263,001	692,400	-
Highways and streets	2,682,668	6,900	1,621,507	-
Parks and recreation	497,328	-	61,382	-
Depreciation, unallocated	971,676	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	16,969,506	1,374,204	2,647,801	-
BUSINESS-TYPE ACTIVITIES				
Recreation center	1,652,122	766,678	-	-
TOTAL PRIMARY GOVERNMENT	\$ 18,621,628	\$ 2,140,882	\$ 2,647,801	\$ -
COMPONENT UNITS				
Sewer Authority	\$ 6,622,728	\$ 6,308,807	\$ -	\$ -
Fire Department	149,388	64,582	55,338	-
TOTAL COMPONENT UNITS	\$ 6,772,116	\$ 6,373,389	\$ 55,338	\$ -
GENERAL REVENUES				
Taxes				
Earned income tax				
Real property tax				
Real estate transfer taxes				
Business privilege and mercantile tax				
Miscellaneous taxes				
Cable TV franchise fees				
Investment income				
Gain on sale of capital assets				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Totals	Sewer Authority	Fire Department
\$ (2,635,252)	\$ -	\$ (2,635,252)	\$ -	\$ -
(7,850,366)	-	(7,850,366)	-	-
(1,054,261)	-	(1,054,261)	-	-
(435,946)	-	(435,946)	-	-
<u>(971,676)</u>	<u>-</u>	<u>(971,676)</u>	<u>-</u>	<u>-</u>
(12,947,501)	-	(12,947,501)	-	-
<u>-</u>	<u>(885,444)</u>	<u>(885,444)</u>	<u>-</u>	<u>-</u>
<u>(12,947,501)</u>	<u>(885,444)</u>	<u>(13,832,945)</u>	<u>-</u>	<u>-</u>
			(313,921)	-
			<u>-</u>	<u>(29,468)</u>
			<u>(313,921)</u>	<u>(29,468)</u>
5,744,570	140,000	5,884,570	-	-
3,059,945	-	3,059,945	-	-
886,601	-	886,601	-	-
3,520,070	-	3,520,070	-	-
781,028	-	781,028	-	-
571,408	-	571,408	-	-
483,412	-	483,412	229,824	-
52,755	-	52,755	-	-
<u>(706,175)</u>	<u>706,175</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>14,393,614</u>	<u>846,175</u>	<u>15,239,789</u>	<u>229,824</u>	<u>-</u>
1,446,113	(39,269)	1,406,844	(84,097)	(29,468)
<u>128,437,069</u>	<u>2,304,332</u>	<u>130,741,401</u>	<u>42,379,434</u>	<u>295,211</u>
\$ <u>129,883,182</u>	\$ <u>2,265,063</u>	\$ <u>132,148,245</u>	\$ <u>42,295,337</u>	\$ <u>265,743</u>

MONTGOMERY TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 951,370	\$ 3,124,560	\$ 897,577	\$ 4,973,507
Investments	2,613,140	8,586,776	2,447,083	13,646,999
Taxes receivable	1,900,935	-	6,912	1,907,847
Accounts receivable	337,796	28,989	36,388	403,173
Due from fiduciary fund	236,369	-	-	236,369
Prepaid items	39,354	-	-	39,354
TOTAL ASSETS	\$ 6,078,964	\$ 11,740,325	\$ 3,387,960	\$ 21,207,249
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenditures	\$ 339,683	\$ 45,117	\$ 9,666	\$ 394,466
Accrued payroll	508,276	-	38,633	546,909
TOTAL LIABILITIES	847,959	45,117	48,299	941,375
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues				
Property taxes	12,951	-	4,126	17,077
Income taxes	1,704,411	-	-	1,704,411
TOTAL DEFERRED INFLOWS OF RESOURCES	1,717,362	-	4,126	1,721,488
FUND BALANCES				
Nonspendable, prepaid items	39,354	-	-	39,354
Restricted				
Providing and maintaining street lights	-	-	523,132	523,132
Debt service	-	-	3,121	3,121
Basin maintenance	-	-	44,722	44,722
Park development projects	-	-	280,610	280,610
Highway and street projects	-	-	697,743	697,743
Knapp Farm house	-	-	9,935	9,935
Committed to				
Arbor Day and shade tree commission	-	-	217,301	217,301
Fire protection capital purchases and/or infrastructure projects	-	-	501,120	501,120
Environmental	-	-	413,619	413,619
Equipment plans	-	3,546,588	-	3,546,588
Highway and street projects	-	1,272,238	-	1,272,238
Building improvements	-	406,414	-	406,414
Storm water projects	-	1,055,889	-	1,055,889
Traffic engineering	-	289,967	-	289,967
Open space acquisition and improvement	-	2,146,707	-	2,146,707
Parks and recreation projects	-	668,457	-	668,457
Operating reserve fund	-	2,308,948	-	2,308,948
Assigned				
Park and recreation projects	-	-	590,914	590,914
Annual autumn fest	-	-	53,318	53,318
Unassigned	3,474,289	-	-	3,474,289
TOTAL FUND BALANCES	3,513,643	11,695,208	3,335,535	18,544,386
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,078,964	\$ 11,740,325	\$ 3,387,960	\$ 21,207,249

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2019

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 18,544,386
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Land	8,661,987
Buildings and building improvements	10,839,042
Land improvements	116,255
Infrastructure	100,613,522
Machinery and equipment	7,450,722
Accumulated depreciation	(13,724,835)
Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Deferred inflows and outflows related to pension and OPEB activities	(714,939)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Net pension liability	(323,908)
Net OPEB obligation	(3,300,538)
Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are not recognized in the funds.	<u>1,721,488</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 129,883,182</u></u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 11,882,649	\$ -	\$ 1,755,710	\$ 13,638,359
Licenses and permits	1,480,683	-	79,316	1,559,999
Fines and forfeits	197,669	-	-	197,669
Interest income, rents and royalties	76,509	317,851	89,052	483,412
Intergovernmental revenues	677,389	14,137	1,108,690	1,800,216
Charges for services	85,689	-	35,494	121,183
Contributions	14,300	650,000	250,046	914,346
TOTAL REVENUES	<u>14,414,888</u>	<u>981,988</u>	<u>3,318,308</u>	<u>18,715,184</u>
EXPENDITURES				
Current				
General government	2,402,609	233,014	549,725	3,185,348
Public safety	8,804,343	74,163	1,272,641	10,151,147
Highways and streets	2,203,402	909,569	1,148,257	4,261,228
Parks and recreation	-	320,595	442,807	763,402
TOTAL EXPENDITURES	<u>13,410,354</u>	<u>1,537,341</u>	<u>3,413,430</u>	<u>18,361,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,004,534</u>	<u>(555,353)</u>	<u>(95,122)</u>	<u>354,059</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	52,755	-	52,755
Interfund transfers in	450,536	741,510	207,755	1,399,801
Interfund transfers out	(1,004,899)	(614,849)	(486,228)	(2,105,976)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(554,363)</u>	<u>179,416</u>	<u>(278,473)</u>	<u>(653,420)</u>
NET CHANGE IN FUND BALANCES	450,171	(375,937)	(373,595)	(299,361)
FUND BALANCES AT BEGINNING OF YEAR	<u>3,063,472</u>	<u>12,071,145</u>	<u>3,709,130</u>	<u>18,843,747</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,513,643</u>	<u>\$ 11,695,208</u>	<u>\$ 3,335,535</u>	<u>\$ 18,544,386</u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (299,361)
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in 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 depreciation (\$971,676) is exceeded by capital outlays (\$2,256,338) in the current period.</p>	1,284,662
<p>Because some property taxes will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Total unavailable revenue from taxes decreased by the following in the current period.</p>	353,855
<p>The net change in the liability for the net pension liability and related deferred outflows of resources and deferred inflows of resources are reported in the government-wide statements but not in the Governmental Funds statements.</p>	222,755
<p>The net change in the liability for the net OPEB obligation and related deferred outflows of resources and deferred inflows of resources are reported in the government-wide statements but not in the Governmental Funds statements.</p>	<u>(115,798)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,446,113</u></u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2019

	<u>Recreation Center Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ <u>231,351</u>
NONCURRENT ASSETS	
Building and building improvements	10,797,929
Machinery and equipment	1,254,074
Less accumulated depreciation	<u>(1,739,778)</u>
TOTAL NONCURRENT ASSETS	<u>10,312,225</u>
TOTAL ASSETS	<u>10,543,576</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	<u>206,224</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	12,460
Accrued payroll	22,483
Accrued interest payable	18,665
Bonds payable, current	<u>255,000</u>
TOTAL CURRENT LIABILITIES	<u>308,608</u>
NONCURRENT LIABILITIES	
Bonds payable	<u>8,176,129</u>
TOTAL LIABILITIES	<u>8,484,737</u>
NET POSITION	
Net investment in capital assets	2,087,320
Unrestricted	<u>177,743</u>
TOTAL NET POSITION	<u>\$ <u>2,265,063</u></u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2019

	<u>Recreation Center Fund</u>
OPERATING REVENUES	
Taxes	\$ 140,000
Charges for services	766,678
TOTAL OPERATING REVENUES	<u>906,678</u>
OPERATING EXPENSES	
Contractual and professional services	91,718
Other supplies and expenses	974,293
Depreciation	357,419
TOTAL OPERATING EXPENSES	<u>1,423,430</u>
OPERATING LOSS	(516,752)
NONOPERATING REVENUES (EXPENSES)	
Interest expense	<u>(228,692)</u>
LOSS BEFORE OTHER SOURCES	(745,444)
OTHER SOURCES	
Transfers in	<u>706,175</u>
CHANGE IN NET POSITION	(39,269)
NET POSITION AT BEGINNING OF YEAR	<u>2,304,332</u>
NET POSITION AT END OF YEAR	<u>\$ 2,265,063</u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2019

	<u>Recreation Center Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 906,678
Payments to employees for services	5,554
Payments to suppliers for goods and services	<u>(1,076,654)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(164,422)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund revenues	<u>706,175</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(24,485)
Principal paid on debt	(250,000)
Interest paid on debt	<u>(225,538)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(500,023)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	<u>1,446</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	43,176
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>188,175</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 231,351</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (516,752)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	357,419
Increase in	
Accounts payable	(10,643)
Accrued payroll	<u>5,554</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (164,422)</u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
ASSETS		
Cash	\$ 238,051	\$ 2,027,811
Investments		
Common stock	6,630,242	-
Domestic and international funds	16,004,279	-
Fixed income funds	7,125,404	-
TOTAL ASSETS	<u>29,997,976</u>	<u>2,027,811</u>
LIABILITIES		
Due to general fund	<u>236,369</u>	<u>-</u>
NET POSITION		
Net position restricted for pensions	29,761,607	-
Net position restricted for custodial purposes	<u>-</u>	<u>2,027,811</u>
TOTAL NET POSITION	<u>\$ 29,761,607</u>	<u>\$ 2,027,811</u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2019

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
ADDITIONS		
Contributions		
Plan member contributions	\$ 338,591	\$ -
Employer contributions	504,442	-
Other contributions, Commonwealth of Pennsylvania	634,941	-
Developers	-	3,292,076
TOTAL CONTRIBUTIONS	<u>1,477,974</u>	<u>3,292,076</u>
Investment earnings		
Interest income	1,484,042	-
Gain (loss) on investments	3,845,598	-
Investment expenses	(277,201)	-
INVESTMENT EARNINGS, net	<u>5,052,439</u>	<u>-</u>
TOTAL ADDITIONS	<u>6,530,413</u>	<u>3,292,076</u>
DEDUCTIONS		
Employee benefit payments	1,283,033	-
Administrative expenses	-	-
Escrow payments	-	3,029,871
TOTAL DEDUCTIONS	<u>1,283,033</u>	<u>3,029,871</u>
CHANGE IN NET POSITION	5,247,380	262,205
NET POSITION AT BEGINNING OF YEAR, restated	<u>24,514,227</u>	<u>1,765,606</u>
NET POSITION AT END OF YEAR	<u>\$ 29,761,607</u>	<u>\$ 2,027,811</u>

See accompanying notes to the basic financial statements.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Montgomery Township (the "Township"), located in Montgomery County, Pennsylvania, was organized in 1714. The Township is classified as a "Township of the Second Class" under the laws of the Commonwealth of Pennsylvania and provides the following services as authorized by its charter: public safety, highways and streets, culture and recreation, public improvements, planning and zoning and general and administrative services.

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 Township's accounting policies are described below.

Reporting Entity

The Township is governed by an elected five-member Board of Supervisors. As required by GAAP, the Township, for financial reporting purposes, includes all the 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 units are the Montgomery Township Municipal Sewer Authority (the "Sewer Authority"), the Fire Department of Montgomery Township (the "Fire Department"), the Police Pension Plan (the "Police Pension") and the Non-Uniform Employees Pension Plan (the "Non-Uniform Pension"). The Sewer Authority and the Fire Department have been reported as discretely presented component units in a separate column in the financial statements to emphasize that they are legally separate from the Township. The Police Pension and the Non-Uniform Pension are blended component units because they are, in substance, part of the primary government's operations, even though they are legally separate entities.

Montgomery Township Municipal Sewer Authority - The Sewer Authority is a public corporation organized in 1965 by the Board of Montgomery Township in accordance with the Municipality Authorities Act of 1945. The Sewer Authority is a lease-back and operating authority, the purpose of which is to borrow money to finance the construction or acquisition of sewer facilities and operate a sewer system. The facilities are subject to a lease-back arrangement between the Township and the Sewer Authority.

The Sewer Authority is governed by a five-member board appointed by the Township's Board of Supervisors.

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

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Sewer Authority financial statements have been prepared on the accrual basis of accounting. Separately issued financial statements of the Sewer Authority may be obtained at the Township's administrative office.

Fire Department of Montgomery Township - The Fire Department provides firefighting and rescue services to the residents and businesses of Montgomery Township, Pennsylvania. The Fire Department was formed as a nonprofit corporation in 2003.

The governing body of the Fire Department is the Executive Board, which is comprised of eight members elected by the active members of the Fire Department.

In 2003, the Fire Department entered into a Fire Services Agreement with Montgomery Township. As part of this agreement, the Fire Department will prepare an annual budget. This budget will be reviewed with the Director of Fire Services, a Montgomery Township employee. The Director must approve purchases in excess of \$1,000. In addition, the Township provides the use of two fire stations and equipment.

The Fire Department financial statements have been prepared on the accrual basis of accounting. Separately issued financial statements of the Fire Department may be obtained at the Township's administrative office.

Police Pension Fund - The Police Pension Plan is a single employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of supervisors of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements

Non-Uniform Pension Fund - The Police Pension Plan is a single employer defined contribution pension plan that provides pension benefits for its full-time, non-uniform employees and its part-time, non-uniform employees working initially at least 1,000 hours per year. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of supervisors of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The Township uses fund accounting 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.

Capital Reserve Fund - The Capital Reserve Fund is used to account for financial resources to be used for the acquisition or construction of major capital projects.

The Township reports the following major Proprietary Fund:

Recreation Center Fund - The Recreation Center Fund is used to account for the Township's Community & Recreation Center, which will provide recreational activities for the residents of the Township.

Additionally, the Township reports the following fund types:

Special Revenue Funds (Nonmajor) - Special Revenue Funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Township's nonmajor Special Revenue Funds include the Fire Protection Fund, Park and Recreation Fund, Basin Maintenance Fund, Street Lights Fund, Liquid Fuels Fund, Fire Relief Fund, Environmental Fund, Replacement Tree Fund, and Autumn Festival Fund.

Capital Projects Funds (Nonmajor) - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects. The Township's nonmajor Capital Projects Funds include the Park Development Fund, the Capital Projects Fund and the Restoration Fund.

Debt Service Fund (Nonmajor) - 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.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Types

Pension Funds - Funds are used to account for financial resources restricted solely for Police and Non-Uniformed Employees Pension plans.

Custodial Fund - The Township's custodial fund consists of developer escrow deposits held by the Township used for legal and engineering costs incurred by the Township.

Amounts reported as *program revenues* include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Recreation Center Fund are charges to customers for sales and services. Operating expenses include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 activities. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 activities 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, although interfund services provided and used are not eliminated in the process of consolidation.

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. Nonmajor Governmental Funds are aggregated and presented in a single column (Other Governmental Funds). 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. Major revenues susceptible to accrual are taxes. 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.

The Township's Proprietary Fund, Pension Trust Funds, discretely presented component units and Fiduciary 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 restricted resources first, then unrestricted resources as they are needed.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrance Accounting

Encumbrance accounting, under which purchase orders and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all funds for which budgets are prepared. Encumbrances do not constitute expenditures or liabilities under accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The cash of individual funds other than the component units 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 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.

Investments, Township

Statutes authorize the Township to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the Township may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value except for certificates of deposit which are stated at amortized cost.

The Township has adopted GASB Statement No. 72, Fair Value Measurement and Application. In accordance with this Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments, Sewer Authority

State law allows the Authority to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Authority to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loans or savings bank's assets, net of its liabilities. The Authority may also invest in shares of registered investment companies, provided that investments of the Authority are authorized investments, as noted above.

The Sewer Authority's investments are reported at fair value, determined by quoted market values.

Capital Assets

Capital assets, which include property, plant, equipment and certain limited infrastructure assets, are reported in the applicable governmental or discretely presented component units 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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 certain limited infrastructure assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	20-40
Infrastructure	20-25
Machinery and equipment	3-20

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Infrastructure

GASB Statement No. 34 requires the inclusion of infrastructure capital assets in local governments' basic financial statements. The Township has included the value of all infrastructure in its basic financial statements for December 31, 2019.

The Township defines infrastructure as the basic physical assets, including roads, bridges, sidewalks, drainage systems and traffic signals, used by the Township in the conduct of its business. The Township will depreciate its infrastructure over the estimated useful life of the assets using the straight-line method of depreciation, except for its roads.

The Township has elected to use the modified approach as defined by GASB Statement No. 34 for reporting of its roads. The Township performed a physical assessment of the condition of the roads as of December 31, 2017. This condition assessment will be performed every three years.

Sewer Revenues and Accounts Receivable

Charges for services are recognized when earned. All residential and commercial customers are billed quarterly based on usage. An estimated amount has been recorded for services rendered but not yet billed as of the close of the fiscal year.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has three items that qualify for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of changes in plan assumptions. The deferred outflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of changes in plan assumptions and contributions subsequent to the measurement date. The deferred charge on refunding is reported in the government-wide and proprietary fund statements of net position and results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has three items which qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes and income taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the pension plan and the net difference between projected and actual earnings on pension plan investments. The deferred inflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the OPEB plan and changes in plan assumptions.

Compensated Absences

Township employees accumulate vacation leave hours for subsequent use or for payment upon termination, death, or retirement. Earned vacation pay to a maximum of 80 hours for nonuniform employees and 84 hours for uniform employees may be paid upon termination of employment, death, or retirement.

Proprietary Funds' Unamortized Bond Premium - Township

Bond premiums are deferred and amortized over the life of the related bonds using the straight-line method. For financial reporting purposes, the bond premium is netted against the bonds payable.

Real Estate Property Tax

Property taxes are levied on March 1 based upon the assessed value of property listed on the previous January 1. Assessed values are an approximation of market value.

Property taxes are payable under the following terms: 2% discount March 1 through May 1, face amount May 2 through July 1 and a 10% penalty after July 1. Unpaid taxes are liened in February of the subsequent year.

Tax Collection

The Real Estate Tax Collector, who is responsible for collecting real estate taxes on behalf of the Township, Montgomery County and the North Penn School District, is an elected official. The Township, in accordance with state law, regards the Tax Collector's office as a separate entity, and only activity as it relates to the Township is recorded in the financial statements.

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

The Township has 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. The following classifications describe the relative strength of the spending constraints:

- ***Nonspendable Fund Balance*** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- ***Restricted Fund Balance*** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- ***Committed Fund Balance*** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- ***Assigned Fund Balance*** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the authority. The Board of Supervisors has not delegated this authority.
- ***Unassigned Fund Balance*** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is intended to be used by the Township for specific purposes but does not meet the criteria to be classified as restricted or committed.

The Township will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township follows state statute as it relates to custodial credit risk. Pennsylvania statutes provide for investment of Governmental and Proprietary Funds resources into certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania Government obligations and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds for investment purposes. In addition to the investments authorized for Governmental and Proprietary Funds, Fiduciary Fund investments also may be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

As of December 31, 2019, \$7,191,015 of the Township's bank balance of \$7,679,066 was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging bank's trust department not in the Township's name

Township governmental activities	\$ <u>4,787,298</u>
Township proprietary activities	\$ <u>222,689</u>
Pension trust funds	\$ <u>229,138</u>
Escrow	\$ <u>1,951,890</u>

As of December 31, 2019, the following amounts of the component units were exposed to custodial credit risk.

Sewer Authority - At December 31, 2019, \$5,568,390 of the Sewer Authority's bank balance of \$5,818,390 was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by the pledging bank's trust department not in the Sewer Authority's name	\$ <u>5,568,390</u>
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Fire Department - At December 31, 2019, the bank deposits of the Fire Department were fully insured and not exposed to custodial credit risk.

Investments

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2019, the Township had the following investments, maturities and fair value inputs:

Investment Type	Amortized Cost	Fair Value	Level 1 Inputs	Investment Maturities	
				Less Than One Year	1 to 5 Years
GOVERNMENTAL ACTIVITIES					
Certificate of deposit	\$ 13,646,999	\$ -	\$ -	\$ 7,750,000	\$ 5,896,999
PENSION ACTIVITIES					
Common stock	\$ -	\$ 6,630,242	\$ 6,630,242	\$ 6,630,242	\$ -
Domestic and international mutual funds	-	16,004,279	16,004,279	16,004,279	-
Fixed income mutual funds	-	7,125,404	7,125,404	7,125,404	-
	\$ -	\$ 29,759,925	\$ 29,759,925	\$ 29,759,925	\$ -

As of December 31, 2019, the Sewer Authority had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities	
		Less Than One Year	1 to 5 Years
Certificates of deposit	\$ 7,414,849	\$ 6,914,849	\$ 500,000

Interest Rate Risk - The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations. The Township limits the type of investments permitted as defined in the Township code. Permitted investments are defined in Note A. When making investments, the Township can combine monies from more than one fund under the Township's control for the purpose of a single investment and join with other political subdivisions in the purchase of a single investment.

The Township's investment policy does not further limit its investment choices.

Concentration of Credit Risk - No investment in any one issuer is in excess of 5% of the Township's total investments.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 8,492,109	\$ 169,878	\$ -	\$ 8,661,987
Infrastructure	95,686,704	-	-	95,686,704
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>104,178,813</u>	<u>169,878</u>	<u>-</u>	<u>104,348,691</u>
Capital assets being depreciated				
Buildings and building improvements	10,839,042	-	-	10,839,042
Land improvements	103,720	12,535	-	116,255
Infrastructure	3,226,612	1,700,206	-	4,926,818
Machinery and equipment	7,482,296	373,719	(405,293)	7,450,722
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>21,651,670</u>	<u>2,086,460</u>	<u>(405,293)</u>	<u>23,332,837</u>
Accumulated depreciation				
Buildings and building improvements	(5,781,583)	(326,321)	-	(6,107,904)
Land improvements	(85,695)	(3,570)	-	(89,265)
Infrastructure	(2,388,610)	(132,757)	-	(2,521,367)
Machinery and equipment	(4,902,564)	(509,028)	405,293	(5,006,299)
TOTAL ACCUMULATED DEPRECIATION	<u>(13,158,452)</u>	<u>(971,676)</u>	<u>405,293</u>	<u>(13,724,835)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>8,493,218</u>	<u>1,114,784</u>	<u>-</u>	<u>9,608,002</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	<u>\$ 112,672,031</u>	<u>\$ 1,284,662</u>	<u>\$ -</u>	<u>\$ 113,956,693</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Buildings and building improvements	\$ 10,797,929	\$ -	\$ -	\$ 10,797,929
Machinery and equipment	1,229,589	24,485	-	1,254,074
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>12,027,518</u>	<u>24,485</u>	<u>-</u>	<u>12,052,003</u>
Accumulated depreciation				
Buildings and building improvements	(1,064,301)	(270,007)	-	(1,334,308)
Machinery and equipment	(318,058)	(87,412)	-	(405,470)
TOTAL ACCUMULATED DEPRECIATION	<u>(1,382,359)</u>	<u>(357,419)</u>	<u>-</u>	<u>(1,739,778)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>10,645,159</u>	<u>(332,934)</u>	<u>-</u>	<u>10,312,225</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	<u>\$ 10,645,159</u>	<u>\$ (332,934)</u>	<u>\$ -</u>	<u>\$ 10,312,225</u>

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

Governmental activities:	
Unallocated	\$ <u>971,676</u>
Business-type activities:	
Recreation center	\$ <u>357,419</u>

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE C - CAPITAL ASSETS (Continued)

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
COMPONENT UNIT, SEWER AUTHORITY				
Capital assets not being depreciated				
Land	\$ 673,095	\$ -	\$ -	\$ 673,095
Construction in progress	125,186	804,673	(653,981)	275,878
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	798,281	804,673	(653,981)	948,973
Capital assets being depreciated				
Wastewater treatment and collection system				
Hatfield Waste Water Treatment Plant	10,316,810	-	-	10,316,810
Eureka Treatment Plant	25,144,608	353,352	-	25,497,960
Other sewer system improvements	6,536,984	254,035	-	6,791,019
Developer dedications	14,237,208	-	-	14,237,208
TOTAL WASTEWATER TREATMENT AND COLLECTION SYSTEMS	56,235,610	607,387	-	56,842,997
Equipment	2,715,147	46,595	(140,008)	2,621,734
TOTAL CAPITAL ASSETS BEING DEPRECIATED	58,950,757	653,982	(140,008)	59,464,731
Accumulated depreciation				
Wastewater treatment and collection systems				
Hatfield Waste Water Treatment Plant	(8,431,514)	(256,020)	-	(8,687,534)
Eureka Treatment Plant	(9,190,383)	(762,173)	-	(9,952,556)
Other sewer system improvements	(3,799,380)	(449,714)	-	(4,249,094)
Developer dedications	(6,293,850)	(444,845)	-	(6,738,695)
TOTAL WASTEWATER TREATMENT AND COLLECTION SYSTEMS ACCUMULATED DEPRECIATION	(27,715,127)	(1,912,752)	-	(29,627,879)
Equipment	(1,093,186)	(260,400)	90,160	(1,263,426)
TOTAL ACCUMULATED DEPRECIATION	(28,808,313)	(2,173,152)	90,160	(30,891,305)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	30,142,444	(1,519,170)	(49,848)	28,573,426
COMPONENT UNIT, SEWER AUTHORITY CAPITAL ASSETS, net	\$ 30,940,725	\$ (714,497)	\$ (703,829)	\$ 29,522,399
COMPONENT UNIT, FIRE DEPARTMENT				
Equipment	\$ 232,802	\$ -	\$ -	\$ 232,802
Accumulated depreciation	(162,962)	(46,560)	-	(209,522)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	\$ 69,840	\$ (46,560)	\$ -	\$ 23,280

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE D - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the primary government for the year ended December 31, 2019:

	<u>Original Principal</u>
GOVERNMENTAL ACTIVITIES	
Net pension liability	\$ -
Net OPEB obligation	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>-</u>
BUSINESS-TYPE ACTIVITIES	
General Obligation Bonds, Series of 2016	8,585,000
Premium on 2016 Series Bonds	<u>137,222</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>8,722,222</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 8,722,222</u>

Net pension obligations and any net other postemployment benefit obligations are liquidated by the General Fund.

Balance Outstanding January 1, 2019	Additions	Reductions	Balance Outstanding December 31, 2019	Due Within One Year
\$ 2,679,207	\$ -	\$ (2,355,299)	\$ 323,908	\$ -
<u>3,299,610</u>	<u>928</u>	<u>-</u>	<u>3,300,538</u>	<u>-</u>
<u>5,978,817</u>	<u>928</u>	<u>(2,355,299)</u>	<u>3,624,446</u>	<u>-</u>
8,560,000	-	(250,000)	8,310,000	255,000
<u>126,211</u>	<u>-</u>	<u>(5,082)</u>	<u>121,129</u>	<u>-</u>
<u>8,686,211</u>	<u>-</u>	<u>(255,082)</u>	<u>8,431,129</u>	<u>255,000</u>
\$ <u>14,665,028</u>	\$ <u>928</u>	\$ <u>(2,610,381)</u>	\$ <u>12,055,575</u>	\$ <u>255,000</u>

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE D - LONG-TERM DEBT (Continued)

2016 Series Bonds

In October 2016, the Township issued \$8,585,000 in general obligation bonds for the purpose of advance refunding the 2013 Series Bonds. The bonds bear varying rates of interest from 1.0% to 3.0% and have varying maturities from June 1, 2018 to June 1, 2043.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 255,000	\$ 220,155	\$ 475,155
2021	265,000	212,335	477,335
2022	275,000	204,255	479,255
2023	280,000	197,330	477,330
2024	285,000	191,680	476,680
2025 to 2029	1,510,000	869,635	2,379,635
2030 to 2034	1,690,000	686,710	2,376,710
2035 to 2039	1,960,000	418,950	2,378,950
2040 to 2043	1,790,000	109,650	1,899,650
	<u>\$ 8,310,000</u>	<u>\$ 3,110,700</u>	<u>\$ 11,420,700</u>

A summary of changes in long-term debt for the Sewer Authority for the year ended December 31, 2019, is as follows:

	<u>Balance January 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2019</u>	<u>Due Within One Year</u>
SEWER AUTHORITY					
Compensated absences	\$ 34,731	\$ -	\$ 438	\$ 35,169	\$ -

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers at December 31, 2019, are as follows:

	Transfer Out	Transfer In
	<u> </u>	<u> </u>
General Fund	\$ 1,004,899	\$ 450,536
Capital Reserve Fund	614,849	741,510
Other Governmental Funds	486,228	207,755
Recreation Center Fund	<u> -</u>	<u>706,175</u>
	<u>\$ 2,105,976</u>	<u>\$ 2,105,976</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to account for saving for future capital projects.

NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Summary of Significant Accounting Policies

Police Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Plan Description

Plan Administration - The Township administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. The plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. The plan does not issue separate, stand-alone financial statements.

Management of the Police Pension Plan is vested in the Police Pension Plan Committee, which consists of up to nine members - two Township sworn Police Officers, the Finance Director-Treasurer, the Human Resources Director and five Township residents appointed by the Township. The Police Pension Plan Committee is responsible for advising, reviewing, monitoring and making recommendations to the Board of Supervisors of Montgomery Township as to the administrative, operation and investment of the Police Pension Plan.

Plan Membership - At December 31, 2019, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	21
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>34</u>
	<u><u>55</u></u>

Benefits Provided - The Plan provides retirement benefits to participating employees. Retirement benefits vest after 12 years of service. 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 average compensation. Average compensation is the employee's average monthly compensation (defined as base and longevity wages) on the 36 latest compensation dates.

The plan also provides certain death and disability benefits to participating employees who have met retirement eligibility requirements and to their dependents when the cause of death or disability is employment related. The amount and/or duration of these benefits depend upon the circumstances of the death or disability.

The benefit provisions of the Township's Police Pension Plan are established by Township ordinances.

Contributions - The authority under which obligations to contribute to the Police Pension Plan by the plan members, employer and other contributing entities are established or may be amended include Act 600 and Act 205 (the "Act") of the Commonwealth of Pennsylvania and Montgomery Township Ordinances. The Act requires that annual contributions be based upon the calculation of the minimum municipal obligation ("MMO"). The MMO is based upon the biennial actuarial valuation.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

As a condition of participation, participants are required to make bi-weekly contributions to the Plan. The amount of the contribution is equal to 5% of the participant's base and longevity pay. The participant's pay is the fixed rate of pay in effect on the first day of the contract year. If the plan actuary finds that the participants' contributions are no longer needed to fund the plan, the Township may reduce or eliminate these required contributions.

The Township allocates state aid received from the Commonwealth of Pennsylvania to the Plan. On-behalf payments of fringe benefits and salaries for the government's employees were recognized as revenues and expenditures/expenses during the period. To the extent that these fundings are not adequate, the Township would then be required to contribute. In accordance with Act 205, the Township was required to contribute \$851,856 to the plan for the year 2019. The Township's actual contributions for the plan year 2019 were \$851,857.

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Police Pension Plan Committee based on consensus, with no minimum quorum required. It is the policy of the Police Pension Plan Committee to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The 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 was the Committee's adopted asset allocation policy as of December 31, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	63%
International equity	6%
Fixed income	25%
Cash	6%
	<u>100%</u>

Concentrations - No investment in any one issuer is in excess of 5% of the Plan's total investments.

Rate of Return - For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 20.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Net Pension Liability of the Township

The components of the net pension liability of the Township at December 31, 2019, were as follows:

Total pension liability	\$ 21,954,307
Plan fiduciary net position	<u>(21,630,399)</u>
NET PENSION LIABILITY	\$ <u>323,908</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>98.52%</u>

Actuarial Assumptions - The total pension liability was determined as part of an actuarial valuation as of January 1, 2019. Update procedures were used to roll forward to the Township's fiscal year ending December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increases	5.5% annual increase
Investment rate of return	7.5%

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using scale MP-2018 to reflect mortality improvement.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2019 (see the plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	5.50% - 7.50%
International equity	4.50% - 6.50%
Fixed income	1.00% - 3.00%
Cash	0.00% - 1.00%

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Discount Rate - The discount rate is based on the long-term expected rate of return on pension plan investments that 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 plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100% funded status.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances at December 31, 2018	\$ 20,472,957	\$ 17,793,750	\$ 2,679,207
Service cost	533,084	-	533,084
Interest	1,565,742	-	1,565,742
Changes for experience	(187,162)	-	(187,162)
Changes of assumptions	410,158	-	410,158
Contributions			
Employer	-	851,857	(851,857)
Member	-	194,827	(194,827)
Net investment income	-	3,630,437	(3,630,437)
Benefit payments	(840,472)	(840,472)	-
Net Changes	<u>1,481,350</u>	<u>3,836,649</u>	<u>(2,355,299)</u>
Balances at December 31, 2019	<u>\$ 21,954,307</u>	<u>\$ 21,630,399</u>	<u>\$ 323,908</u>

Changes in Assumptions – In the 2019 actuarial valuation, the mortality rates were based on the PubS-2010 mortality table. In prior years, the mortality rates were based on the IRS 2017 Static Combined Table for Small Plans

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 7.50%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
	<u>(6.50%)</u>	<u>(7.50%)</u>	<u>(8.50%)</u>
Net pension liability	\$ 3,032,057	\$ 323,908	\$ (1,921,329)

MONTGOMERY TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2019

NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

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

For the year ended December 31, 2019, the Township recognized pension expense of \$629,103. At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 792,491
Changes in assumptions	1,012,511	-
Difference between projected and actual investment earnings	<u>-</u>	<u>970,509</u>
	<u>\$ 1,012,511</u>	<u>\$ 1,763,000</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>	
2020	\$ (182,803)
2021	(222,584)
2022	16,882
2023	(416,177)
2024	(20,141)
Thereafter	74,334

NOTE G - NON-UNIFORM EMPLOYEE PENSION PLAN

Plan Description

The Township has established the Montgomery Township Non-Uniform Employee Pension Plan (the "Plan"), which provides pension benefits for its full-time, non-uniform employees and its part-time, non-uniform employees working initially at least 1,000 hours per year. The Plan is a single-employer defined contribution money purchase pension plan under Section 401(a) of the Internal Revenue Code. In a defined contribution plan, the benefits to be received by an employee depend solely on the amount contributed to the participant's account and related returns on investments of those contributions. Benefits Consulting Group, Inc. serves as the third-party administrator for the Plan, maintaining records of individual account balances and administering receipt and payment of funds. All funds contributed by the employees and employer are invested with the American Funds through Smith Barney. The Plan does not issue separate, stand-alone financial statements.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE G - NON-UNIFORM EMPLOYEE PENSION PLAN (Continued)

Funding Policy

Each eligible employee covered under the Plan must contribute 4% of gross wages. The Township contributes 8% of each participating employee's gross wages to the Plan. The contributions for employees and earnings allocated to their accounts are immediately vested. Retirement benefits may be obtained at age 55.

The Township made contributions of \$287,526, of which \$279,374 was funded by state-shared revenues and \$8,152 was funded by the Township. Employee contributions to the Plan were \$143,764.

At December 31, 2019, there were no investments in any one organization that represented 5% or more of total plan assets available for benefits.

NOTE H - DEFERRED COMPENSATION PLANS

Montgomery Township

The Township has a Deferred Compensation Plan (the "Plan") for its full-time and part-time permanent employees. The Plan, which is designed under the provisions of Section 457 of the Internal Revenue Code, permits employees to make voluntary contributions from their salary, which are excluded from federal taxable income. The Township contributes 2% of compensation to the Township Manager's and applicable Department Heads' accounts. Up to 25% of each participant's salary can be contributed and deferred under the Plan.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries. The compensation deferred is managed by outside trustees under various investment options. As a result, the financial statements of the Deferred Compensation Plan are excluded from the accompanying financial statements.

Montgomery Township Municipal Sewer Authority

The Sewer Authority offers its employees a Deferred Compensation Plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to full-time Sewer Authority employees, permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The compensation deferred is managed by an outside trustee under various investment options. The assets of the Plan are held in trust for the exclusive benefit of the Plan participants and their beneficiaries and shall not be diverted for any other purpose. As a result, the Sewer Authority excludes the financial statements of the Plan from its financial statements. For the year ended December 31, 2019, the Authority's contribution was \$77,797.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Township provides medical, prescription drug, dental and vision insurance benefits to eligible retired police officers and spouses through a single-employer defined benefit plan. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the Township's General Fund.

Measurement Date

At December 31, 2019, the Township reported Total OPEB liability measured as of January 1, 2019, and the total OPEB liability was determined by performing update procedures and rolling forward the January 1, 2018 actuarial valuation to January 1, 2019.

Plan Membership - At December 31, 2019, plan membership consisted of the following:

Active participants	34
Vested former participants	1
Retired participants	8
	<hr/>
	43
	<hr/> <hr/>

Eligibility for Benefits

An officer who retires on or after January 1, 2003, will be eligible for coverage upon retirement after attainment of age 50 with at least 25 years of service. In addition, an officer will be eligible upon occurring an on-duty disability or upon death of an active officer. Benefits will be provided as long as the officer is not eligible for medical coverage through other employment or through his or her spouse. If such an officer loses outside health coverage, he or she may be eligible again for coverage after certifying eligibility.

Benefits Provided

The Township pays 75% of the total cost of the employee and spouse for the medical (PPO or HMO), prescription drug, dental and vision plans for the first five years. Thereafter, the Township will pay 75% of the fifth year premium and 50% of the premium increase for the sixth and succeeding years. Coverage will cease upon eligibility for Medicare.

Funding Policy and Funding Status

Member contributions are not required under the plan. The contribution requirements of plan members are established and may be amended by the Board of Supervisors. The Township is accounting for these expenditures on a "pay-as-you-go" basis. The costs of administering the plans are paid by the Township.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Assumptions

The following assumptions and actuarial methods and calculations were used:

Interest Rate – 3.64%, based on S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2019.

Salary – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, annual salary increases are assumed to be 5.5%.

Health Care Cost Trend Rate – 6.0% in 2018, and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Withdrawal – Sample rates are shown below.

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	5.50%	35	2.50%	50	0.00%
25	5.00%	40	1.00%	55	0.00%
30	4.00%	45	0.50%	60	0.00%

Mortality – IRS 2017 Static Combined Table for Small Plans

Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvement.

Disability – SOA 1987 Group LTD Table - Males, 6-month elimination. Sample rates are shown below.

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	0.08%	35	0.12%	50	0.54%
25	0.09%	40	0.18%	55	0.98%
30	0.10%	45	0.29%	60	1.48%

Retirement – Assumed 100% retirement after reaching age 53 with at least 28 years of service.

Percent of Eligible Retirees Electing Coverage in Plan – Before age 60, 50% of eligible retirees are assumed to elect medical, prescription drug, dental and vision coverage upon retiring. Thereafter, 75% of eligible retirees are assumed to elect coverage.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Percent Married of Retirement – 80% of employees are assumed to be married and have a spouse covered by the plan at retirement. In the event of a retiree’s death, it is assumed that the surviving spouse may continue coverage until the spouse becomes eligible for Medicare.

Spouse Age – Wives are assumed to be two years younger than their husbands.

Retirement Contributions – Retiree contributions are assumed to increase at the same rates as the Health Care Cost Trend Rate.

Actuarial Value of Assets – Equal to the Market Value of Assets.

Actuarial Cost Method – Entry Age Normal – Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Changes in Assumptions – In the 2018 actuarial valuation, the discount rate changed from 3.16% to 3.64%.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2018	\$ 3,299,610
Changes for the year	
Service cost	210,147
Interest cost	107,879
Changes for experience	-
Changes in assumptions	(140,143)
Benefit payments	(176,955)
Net changes	<u>928</u>
Balance at January 1, 2019	<u>\$ 3,300,538</u>

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease <u>2.64%</u>	Current Discount Rate <u>3.64%</u>	1% Increase <u>4.64%</u>
Total OPEB liability	\$ <u>3,600,467</u>	\$ <u>3,300,538</u>	\$ <u>3,030,027</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% <u>Decrease</u>	Current <u>Rates</u>	1% <u>Increase</u>
Total OPEB liability	\$ <u>2,919,380</u>	\$ <u>3,300,538</u>	\$ <u>3,758,160</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2019, the Township recognized OPEB expense of \$303,934. At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 148,256
Changes in assumptions	124,134	128,464
Contributions subsequent to the measurement date	<u>188,136</u>	<u>-</u>
	\$ <u>312,270</u>	\$ <u>276,720</u>

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

\$188,136 reported as deferred outflows of resources related to OPEB resulting from Township contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>December 31,</u>	
2020	\$ (14,092)
2021	(14,092)
2022	(14,092)
2023	(14,092)
2024	(14,092)
Thereafter	(82,126)

NOTE J - LEASE

A lease agreement dated May 15, 1965, was executed between the Township and the Sewer Authority. Terms of the lease, which expire May 15, 2021, require the Township to lease the “sewage system” from the Sewer Authority. The lease agreement was amended on April 15, 1970, March 15, 1988, December 1, 1991, November 15, 2001 and January 1, 2005.

Under the lease, the Township is committed to make payments to the Sewer Authority in the event that sewer revenues are insufficient to cover operating and administrative expenses plus 110% of the required amount to be transferred to the Sewer Authority’s Debt Service Fund, as required in the Sewer Authority’s 2005 Trust Indenture.

As of December 31, 2019, sewer revenues exceeded sewer expenditures, and the Township has not been required to make the above-noted rental payments to the Sewer Authority.

The lease allows the Township to exercise an option to delegate the operation of the sewage system, together with the performance of any of the obligations under the lease, to an independent entity. The Township, however, is to remain liable for the due and proper performance of its obligations under the lease. Pursuant to an operating agreement dated May 15, 1965, the Township has delegated the operation of the sewer system to the Sewer Authority and has discharged all of its obligations under the sewage system leases with regard to the operation of the sewage system to the extent that revenues derived from the operation satisfy current operating expenditures.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE K - FIRE SERVICES AGREEMENT

As discussed in Note A, during 2003, the Township entered into a Fire Services Agreement with the Fire Department. Among other things under the agreement, the Fire Department agreed to recruit qualified volunteers and to provide fire protection and related services to the Township during the term of the agreement. The agreement continues on a year-to-year basis, unless terminated by either party. The agreement may be terminated by the Township upon 120 days advance written notice to the Fire Department and may be terminated by the Fire Department upon 180 days advance written notice to the Township.

NOTE L - AGREEMENT WITH HATFIELD TOWNSHIP MUNICIPAL AUTHORITY

The Sewer Authority has entered into an agreement with the Hatfield Township Municipal Authority ("Hatfield") whereby Hatfield agrees to accept sewage for treatment from the Sewer Authority's collection system. The agreement provides for the payment of a deferred capacity charge resulting in the Sewer Authority owning 1/3 of the capacity of the Hatfield Sewage Treatment Plant. The agreement also provides for a new expansion and upgrading of the treatment plant.

The Sewer Authority pays to Hatfield, in quarterly installments, an Annual Operating Charge, which is the Sewer Authority's pro rata share of the net operating and maintenance expense of the Hatfield Sewage Treatment Plant.

NOTE M - RISK MANAGEMENT

Montgomery Township

The Township is exposed to various risks of loss related to third-party liability claims, damage to and loss of Township-owned property, errors and omissions by public officials, injuries to employees and claims for medical benefits provided by the Township to its employees and dependents. As a method of financing these risks, the Township joined the Delaware Valley Property and Liability Trust (DVPLT), Delaware Valley Workers' Compensation Trust (D VWCT) and the Delaware Valley Health Trust (DVHT).

DVPLT is an association of municipalities, which has formed a self-insurance risk-sharing pool. The pool covers the following risks: comprehensive general liability, business automobile liability, police professional liability, real and personal property liability and first party automobile physical damage. In addition, DVPLT also purchases public employees' blanket bond, crime, public officials and boiler/machinery coverage for the Township. DVPLT is funded by annual contributions by its member municipalities, which are assessed at the beginning of each year. The Township's liability limits per incident range from \$0 to \$3,500, except for incidents involving floods, in which the Townships liability limit per incident is \$25,000.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE M - RISK MANAGEMENT (Continued)

DVWCT is a regional municipal risk retention pool formed under the authority granted by the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation. DVWCT provides a method of financing an employer's medical and indemnity obligations due to municipal employees under the Pennsylvania Workers' Compensation Act. For the pool coverage, there is a total risk and cost sharing for all participants. Liabilities in excess of assets of DVWCT may be assessed to participating members. Specific excess insurance is provided to protect against catastrophic losses. The Township does not have any claim liability in addition to premiums, unless an assessment is made by DVWCT.

DVHT is an intergovernmental risk sharing pool authorized under the Pennsylvania Inter-governmental Cooperation Act. DVHT serves as a vehicle to provide health insurance coverage to participating municipal employees and dependents. DVHT acts as the primary administrator of the coverage and contracts with Aetna to provide substantially all services, including claims administration and payment processing, as well as network access services and reinsurance coverage. DVHT maintains specific stop loss insurance/reinsurance coverage that limits losses on individual claims up to the maximum lifetime benefit of the plan. DVHT may impose an assessment on current and former members to recover deficits.

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

Montgomery Township Municipal Sewer Authority

The Sewer Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; worker's compensation; healthcare costs; and natural disasters for which the Sewer Authority carries commercial insurance. There have been no significant reductions in coverage from prior years, and settlements have not exceeded coverage in the past three years.

NOTE N - COMMITMENTS AND CONTINGENCIES

The Township has a number of tax assessment appeals pending before the Court of Common Pleas of Montgomery County. Management of the Township has indicated that no definitive opinion can be expressed as to the ultimate outcome of the litigation.

The Township is involved in various other legal matters. Management believes the outcome of any potential claims will not have a material effect on the financial statements.

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE O - COMBINING STATEMENTS OF FIDUCIARY FUNDS

A combining schedule of fiduciary net position for the Pension Trust Funds is as follows:

	<u>Police Pension Fund</u>	<u>Non-Uniform Employee Pension Fund</u>	<u>Total Pension Trust Funds</u>
ASSETS			
Cash	\$ 238,051	\$ -	\$ 238,051
Investments			
Common stock	6,630,242	-	6,630,242
Domestic and international funds	7,873,071	8,131,208	16,004,279
Fixed income funds	7,125,404	-	7,125,404
TOTAL ASSETS	<u>21,866,768</u>	<u>8,131,208</u>	<u>29,997,976</u>
LIABILITIES			
Accounts payable	<u>236,369</u>	-	<u>236,369</u>
NET POSITION			
Net position restricted for pensions	<u>\$ 21,630,399</u>	<u>\$ 8,131,208</u>	<u>\$ 29,761,607</u>

A combining schedule of changes in fiduciary net position for the Pension Trust Funds is as follows:

	<u>Police Pension Fund</u>	<u>Non-Uniform Employee Pension Fund</u>	<u>Total Pension Trust Funds</u>
ADDITIONS			
Contributions			
Plan member contributions	\$ 194,827	\$ 143,764	\$ 338,591
Employer contributions	496,290	8,152	504,442
Other contributions			
Commonwealth of Pennsylvania	355,567	279,374	634,941
TOTAL CONTRIBUTIONS	<u>1,046,684</u>	<u>431,290</u>	<u>1,477,974</u>
Investment earnings			
Interest income	425,548	1,058,494	1,484,042
Gain (loss) on investments	3,480,142	365,456	3,845,598
Investment expenses	(275,253)	(1,948)	(277,201)
INVESTMENT EARNINGS, net	<u>3,630,437</u>	<u>1,422,002</u>	<u>5,052,439</u>
TOTAL ADDITIONS	<u>4,677,121</u>	<u>1,853,292</u>	<u>6,530,413</u>
DEDUCTIONS			
Employee benefit payments	840,472	442,561	1,283,033
Administrative expenses	-	-	-
TOTAL DEDUCTIONS	<u>840,472</u>	<u>442,561</u>	<u>1,283,033</u>
CHANGE IN NET POSITION	<u>3,836,649</u>	<u>1,410,731</u>	<u>5,247,380</u>
NET POSITION AT BEGINNING OF YEAR	<u>17,793,750</u>	<u>6,720,477</u>	<u>24,514,227</u>
NET POSITION AT END OF YEAR	<u>\$ 21,630,399</u>	<u>\$ 8,131,208</u>	<u>\$ 29,761,607</u>

MONTGOMERY TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE P - PRIOR PERIOD RESTATEMENT

The Township implemented GASB Statement No. 84, *Fiduciary Activities*. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

For the Fiduciary Activities Custodial Fund, the Township has treated the beginning of year net position of \$1,765,606 as having been recognized in the period incurred. As part of the implementation, the previously recognized liability for Escrow and other deposits in the amount of \$1,765,606 will be reversed.

NOTE Q - SUBSEQUENT EVENTS

Subsequent to year end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to widespread voluntary and government-mandated closings of local stores and businesses, which has resulted in significant job losses. These job losses have the potential to have a significant impact on all aspects of Township operations including tax collections and Recreation Center revenues. In addition, due to the temporary closure of all businesses that are not deemed life sustaining, state tax revenues are also significantly decreased. This decrease could result in less grant money that is relied upon by local municipalities to fund specific projects. Overall, decreased funding could result in the Township having to curtail or eliminate some non-essential services and furlough employees.

Due to the pandemic, the financial markets have experienced significant market decline since the beginning of the year. These losses, if not regained will have a significant detrimental impact on the value of these investments held by the Plans may result in a significant impact on the pension related deferred inflows and outflows related to the pension plans. At this point, the extent to which COVID-19 will impact our financial condition or results of operations is uncertain and cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

MONTGOMERY TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 11,787,200	\$ 11,787,200	\$ 11,882,649	\$ 95,449
Licenses and permits	1,367,500	1,367,500	1,480,683	113,183
Fines and forfeits	175,000	175,000	197,669	22,669
Interest income, rents and royalties	50,030	50,030	76,509	26,479
Intergovernmental revenues	662,790	662,790	677,389	14,599
Charges for services	101,900	101,900	85,689	(16,211)
Contributions	1,500	1,500	14,300	12,800
TOTAL REVENUES	<u>14,145,920</u>	<u>14,145,920</u>	<u>14,414,888</u>	<u>268,968</u>
EXPENDITURES				
General government	2,375,630	2,375,630	2,402,609	(26,979)
Public safety	8,846,900	9,013,930	8,804,343	209,587
Highways and streets	2,603,660	2,612,810	2,203,402	409,408
TOTAL EXPENDITURES	<u>13,826,190</u>	<u>14,002,370</u>	<u>13,410,354</u>	<u>592,016</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>319,730</u>	<u>143,550</u>	<u>1,004,534</u>	<u>860,984</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	10,000	10,000	-	(10,000)
Interfund transfers in	608,120	608,120	450,536	(157,584)
Interfund transfers out	(937,820)	(937,820)	(1,004,899)	(67,079)
TOTAL OTHER FINANCING USES	<u>(319,700)</u>	<u>(319,700)</u>	<u>(554,363)</u>	<u>(234,663)</u>
NET CHANGE IN FUND BALANCE	30	(176,150)	450,171	626,321
FUND BALANCE AT BEGINNING OF YEAR	<u>3,063,472</u>	<u>3,063,472</u>	<u>3,063,472</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 3,063,502</u>	<u>\$ 2,887,322</u>	<u>\$ 3,513,643</u>	<u>\$ 626,321</u>

See accompanying note to budgetary comparison schedule.

MONTGOMERY TOWNSHIP

NOTE TO THE BUDGETARY COMPARISON SCHEDULE

YEAR ENDED DECEMBER 31, 2019

NOTE A - BUDGETARY INFORMATION

The Township follows these statutory procedures in establishing the budgetary data reflected in the financial statements.

- The Board of Township Supervisors each year, at least 30 days prior to adoption of the annual budget, begins preparation of a proposed budget for all funds for the fiscal year, which commences on the first day of January of each year, and by ordinance appropriate, out of the revenues available for the year, the specific sums required as shown by the budget as finally adopted.
- The total appropriation shall not exceed the revenues estimated as available for the fiscal year.
- Upon preparation of the proposed budget, the Supervisors give public notice, by advertisement in at least one newspaper of general circulation in the Township, that the proposed budget will be available for public inspection.
- After the budget has been available for public inspection for 20 days, the Supervisors adopt the budget not later than the 31st of December.
- The Supervisors may at any time by resolution make supplemental appropriations for any lawful purpose from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any authorized borrowing by law.
- During the month of January following any municipal election, the Supervisors may amend the budget and levy a tax rate to conform with its amended budget. Any amended budget must be adopted by the Township Supervisors on or before the 15th day of February.
- Budgets for all funds are presented on the modified accrual basis of accounting.

MONTGOMERY TOWNSHIP
SCHEDULE OF CHANGES IN THE NET POLICE
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS

	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY						
Service cost	\$ 533,084	\$ 505,591	\$ 479,233	\$ 475,597	\$ 450,803	\$ 397,260
Interest	1,565,742	1,453,258	1,410,216	1,350,674	1,232,916	1,213,236
Changes for experience	(187,162)	-	(868,285)	-	(187,763)	-
Changes of assumptions	410,158	-	508,899	-	742,193	-
Benefit payments	(840,472)	(843,423)	(1,363,681)	(527,896)	(508,968)	(748,577)
NET CHANGE IN TOTAL PENSION LIABILITY	1,481,350	1,115,426	166,382	1,298,375	1,729,181	861,919
Total pension liability, beginning	20,472,957	19,357,531	19,191,149	17,892,774	16,163,593	15,301,674
TOTAL PENSION LIABILITY, ENDING (a)	\$ 21,954,307	\$ 20,472,957	\$ 19,357,531	\$ 19,191,149	\$ 17,892,774	\$ 16,163,593
PLAN FIDUCIARY NET POSITION						
Contributions						
Employer	\$ 851,857	\$ 822,819	\$ 770,721	\$ 761,309	\$ 751,249	\$ 611,018
Member	194,827	201,729	174,963	165,677	161,806	153,337
DROP	-	-	-	-	-	275,238
Net investment income	3,630,437	(778,976)	2,412,208	947,050	(128,538)	894,128
Benefit payments, including refunds of member contributions	(840,472)	(843,423)	(1,363,681)	(527,896)	(508,968)	(748,577)
Administrative expense	-	(4,530)	(15,740)	(3,910)	(12,440)	(15,905)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	3,836,649	(602,381)	1,978,471	1,342,230	263,109	1,169,239
Plan fiduciary net position, beginning	17,793,750	18,396,131	16,417,660	15,075,430	14,812,321	13,643,082
PLAN FIDUCIARY NET, POSITION ENDING (b)	\$ 21,630,399	\$ 17,793,750	\$ 18,396,131	\$ 16,417,660	\$ 15,075,430	\$ 14,812,321
NET PENSION LIABILITY, ENDING (a)-(b)	\$ 323,908	\$ 2,679,207	\$ 961,400	\$ 2,773,489	\$ 2,817,344	\$ 1,351,272
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	98.52%	86.91%	95.03%	85.55%	84.25%	91.64%
COVERED PAYROLL	\$ 3,865,415	\$ 3,868,025	\$ 3,481,326	\$ 3,317,883	\$ 3,103,825	\$ 3,080,805
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	8.38%	69.27%	27.62%	83.59%	90.77%	43.86%

NOTES TO SCHEDULE

Changes of assumptions: In 2019, amounts reported as changes of assumptions resulted from changing the mortality rates from being based on the IRS 2017 Static Combined Table for Small Plans to the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. In 2017, amounts reported as changes of assumptions resulted from changing the mortality rates from being based on the RP-2000 Healthy Annuitant Mortality Tables to the IRS 2017 Static Combined Table for Small Plans. In 2015, amounts reported as changes of assumptions resulted from changing the assumed investment rate of return and the assumed discount rate from 8.0% to 7.5%, and changing the assumed annual salary increase from 6.0% to 5.5%.

This schedule is intended to show information for ten years, all available information is displayed. Additional information will be displayed as it becomes available.

MONTGOMERY TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
CONTRIBUTIONS
LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 851,856	\$ 822,819	\$ 770,721	\$ 761,309	\$ 751,249	\$ 611,018
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>851,857</u>	<u>822,819</u>	<u>770,721</u>	<u>761,309</u>	<u>751,249</u>	<u>611,018</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>(1)</u>	\$ <u>-</u>				
COVERED PAYROLL	\$ <u>3,865,415</u>	\$ <u>3,868,025</u>	\$ <u>3,481,326</u>	\$ <u>3,317,883</u>	\$ <u>3,103,825</u>	\$ <u>3,080,805</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>22.04%</u>	<u>21.27%</u>	<u>22.14%</u>	<u>22.95%</u>	<u>24.20%</u>	<u>19.83%</u>

NOTES TO SCHEDULE

Valuation date:

January 1, 2017

Actuarially determined contribution rates are calculated by September 30 of each year for the upcoming calendar year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	7 years
Asset valuation method	Market value
Inflation	3%
Salary increases	5.5% annual increase
Investment rate of return	7.5%
Retirement age	Normal retirement age
Mortality	IRS 2017 Static Combined Table for Small Plans

This schedule is intended to show information for ten years, all available information is displayed. Additional information will be displayed as it becomes available.

MONTGOMERY TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
INVESTMENT RETURNS
LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>20.06%</u>	<u>-4.18%</u>	<u>14.84%</u>	<u>6.03%</u>	<u>-0.54%</u>	<u>6.64%</u>

NOTE TO SCHEDULE

This schedule is intended to show information for ten years, all available information is displayed. Additional information will be displayed as it becomes available.

MONTGOMERY TOWNSHIP

SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY AND RELATED RATIOS LAST TWO FISCAL YEARS

	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY		
Service cost	\$ 210,147	\$ 187,611
Interest	107,879	121,756
Difference between expected and actual experience	-	(177,908)
Changes of assumptions	(140,143)	148,960
Benefit payments	<u>(176,955)</u>	<u>(163,741)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	928	116,678
 TOTAL OPEB LIABILITY, BEGINNING	 <u>3,299,610</u>	 <u>3,182,932</u>
 TOTAL OPEB LIABILITY, ENDING	 <u>\$ 3,300,538</u>	 <u>\$ 3,299,610</u>
 COVERED PAYROLL	 <u>\$ 3,408,647</u>	 <u>\$ 3,408,647</u>
 TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	 <u>96.83%</u>	 <u>96.80%</u>

NOTES TO SCHEDULE

No assets are accumulated in a trust to pay benefits related to this plan

Changes in assumptions: In the 2018 actuarial valuation, the discount rate changed from 3.16% to 3.64%. In the 2017 actuarial valuation, the discount rate changed from 3.71% to 3.16%. The trend assumption was updated.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

MONTGOMERY TOWNSHIP
TREND DATA ON INFRASTRUCTURE CONDITION
YEAR ENDED DECEMBER 31, 2019

The Township has adopted an alternative process for recording depreciation on certain infrastructure assets. Under this alternative method, referred to as the modified approach, the Township expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 73.92 lane miles of local roads, 776,540 linear feet of curbs and 3,057,389 square feet of sidewalks.

In order to utilize the modified approach, the Township is required to:

- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Township.
- Document that the assets are being preserved approximately at or above the established condition level.

The Montgomery Township Department of Public Works uses a number of methods to determine the condition of roadway pavements; however, the Pavement Condition Index (PCI) serves as the Township’s primary method to measure and monitor pavement condition of its local roads. The PCI is a visual analysis conducted by an engineer and Public Works Director. It includes a five point scale evaluating the conditions of roadway surfaces from Excellent to Failed with corresponding maintenance and repair work recommendations. During the annual assessment inspection of road surfaces, the Township Engineer and Public Works Director inspect the adjoining curb/sidewalk facilities to determine those needing repair or replacement.

The Township manages the conditions of its road pavements and curbs/sidewalks through its 16-Year Road Plan. This plan calculates the amount of funds needed to be budgeted on an annual basis to resurface all Township-owned roads every 16 years and replace all curbs/sidewalks every 25-30 years. It is based on the premise that road pavement surfaces will start to show signs of major distress after 16 years and that necessary curbs/sidewalk replacements need to occur a year in advance of the scheduled road resurfacing to maintain the pavement’s integrity after resurfacing. Funding for the 16-Year Road Plan is included in annual General Fund and Liquid Fuels Fund budgets.

The Township’s policy is that no more than 20% of local road pavements and curbs/sidewalks will have a condition rating as “poor” or “very poor.” The Township assesses conditions of its road and curbs/sidewalks on an annual basis and makes necessary adjustments to the pavement resurfacing and curb/sidewalk replacement schedule based on that assessment. The following reports the percentage of road pavements and curbs/sidewalks that met this rating as of December 31, 2019:

Condition	% of Streets		
	2017	2014	2010
Excellent/good - rating of III - V	94%	94%	93%
Fair/poor - rating of II	6%	6%	7%
Very poor/failed - rating of I	0%	0%	0%

MONTGOMERY TOWNSHIP
TREND DATA ON INFRASTRUCTURE CONDITION
YEAR ENDED DECEMBER 31, 2019

The following chart presents the estimated and actual amounts spent on road resurfacing and curb/sidewalk replacement work during the past five fiscal years to maintain and preserve the assets at the condition level established by the Township:

<u>Fiscal Year Ended</u>	<u>Estimated Cost</u>	<u>Actual Cost</u>
2019	\$ 997,080	\$ 902,873
2018	710,650	591,657
2017	469,175	477,735
2016	591,700	465,409
2015	975,950	753,135

SUPPLEMENTARY INFORMATION SECTION

MONTGOMERY TOWNSHIP
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
REVENUES				
Taxes				
Real estate	\$ 1,816,700	\$ 1,816,700	\$ 1,803,840	\$ (12,860)
Earned income	5,350,000	5,350,000	5,403,876	53,876
Transfer	850,000	850,000	886,601	36,601
Mercantile	2,100,000	2,100,000	2,353,656	253,656
Emergency municipal services	577,500	577,500	533,953	(43,547)
Amusement	68,000	68,000	56,144	(11,856)
Business privilege	1,025,000	1,025,000	844,579	(180,421)
TOTAL TAXES	11,787,200	11,787,200	11,882,649	95,449
Licenses and permits				
Building	360,000	360,000	391,203	31,203
Zoning	22,000	22,000	25,988	3,988
Electrical	45,000	45,000	60,308	15,308
Plumbing	20,000	20,000	26,600	6,600
Street	20,000	20,000	25,660	5,660
Fence	8,000	8,000	9,100	1,100
Use and occupancy	20,000	20,000	25,783	5,783
Roofing and siding	35,000	35,000	47,533	12,533
Grading	2,500	2,500	3,000	500
Demolition	10,000	10,000	14,909	4,909
Heat, vent and air conditioning	95,000	95,000	104,286	9,286
Sign	20,000	20,000	26,543	6,543
Licenses	100,000	100,000	148,362	48,362
Cable television franchise fees	610,000	610,000	571,408	(38,592)
TOTAL LICENSES AND PERMITS	1,367,500	1,367,500	1,480,683	113,183
Fines and forfeits, police	175,000	175,000	197,669	22,669
Interest income, rents and royalties	50,030	50,030	76,509	26,479
Intergovernmental revenues				
Public utility realty tax	15,000	15,000	10,922	(4,078)
State pension aid	590,000	590,000	634,942	44,942
Other state grants	56,290	56,290	31,525	(24,765)
County	1,500	1,500	-	(1,500)
TOTAL INTERGOVERNMENTAL				
REVENUES	662,790	662,790	677,389	14,599
Charges for services				
Administrative	45,000	45,000	39,003	(5,997)
Finance, street lights	6,900	6,900	6,900	-
Police services	50,000	50,000	39,786	(10,214)
TOTAL CHARGES FOR SERVICES	101,900	101,900	85,689	(16,211)
Contributions	1,500	1,500	14,300	12,800
TOTAL REVENUES	14,145,920	14,145,920	14,414,888	268,968
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	10,000	10,000	-	(10,000)
Interfund transfers in				
Capital Reserve Fund	608,120	608,120	450,536	(157,584)
TOTAL OTHER FINANCING				
SOURCES	618,120	618,120	450,536	(167,584)
TOTAL REVENUES AND OTHER				
FINANCING SOURCES	\$ 14,764,040	\$ 14,764,040	\$ 14,865,424	\$ 101,384

MONTGOMERY TOWNSHIP
SCHEDULE OF FUNCTIONAL EXPENDITURES BY
ACTIVITY AND OTHER FINANCING USES
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
EXPENDITURES				
General government				
Administration	\$ 1,385,640	\$ 1,385,640	\$ 1,497,657	\$ 112,017
Tax collection	206,420	206,420	225,473	19,053
Finance	522,730	522,730	444,203	(78,527)
Information technology	260,840	260,840	235,276	(25,564)
TOTAL GENERAL GOVERNMENT	<u>2,375,630</u>	<u>2,375,630</u>	<u>2,402,609</u>	<u>26,979</u>
Public safety				
Police	7,717,980	7,875,730	7,782,073	(93,657)
Police vehicles	201,980	209,700	201,750	(7,950)
Fire protection	91,670	91,670	91,762	92
Planning and zoning	820,700	822,260	720,742	(101,518)
Emergency management	14,570	14,570	8,016	(6,554)
TOTAL PUBLIC SAFETY	<u>8,846,900</u>	<u>9,013,930</u>	<u>8,804,343</u>	<u>(209,587)</u>
Highways and streets				
Public works	2,317,640	2,323,900	1,920,442	(403,458)
Snow removal	107,640	107,640	93,956	(13,684)
Traffic lights	123,180	124,580	124,190	(390)
Street lighting	21,200	21,200	28,459	7,259
Repairs	34,000	35,490	36,355	865
TOTAL HIGHWAYS AND STREETS	<u>2,603,660</u>	<u>2,612,810</u>	<u>2,203,402</u>	<u>(409,408)</u>
TOTAL EXPENDITURES	<u>13,826,190</u>	<u>14,002,370</u>	<u>13,410,354</u>	<u>(592,016)</u>
OTHER FINANCING USES				
Interfund transfers out				
Capital Reserve Fund	730,820	730,820	730,820	-
Recreation Center Fund	200,000	200,000	200,000	-
Autumn Festival Fund	7,000	7,000	7,000	-
TOTAL OTHER FINANCING USES	<u>937,820</u>	<u>937,820</u>	<u>1,004,899</u>	<u>67,079</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 14,764,010</u>	<u>\$ 14,940,190</u>	<u>\$ 14,415,253</u>	<u>\$ (524,937)</u>

MONTGOMERY TOWNSHIP
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Special Revenue				
	Fire Protection Fund	Park and Recreation Fund	Basin Maintenance Fund	Street Lights Fund	Liquid Fuels Fund
ASSETS					
Cash and cash equivalents	\$ 138,083	\$ 157,314	\$ 12,037	\$ 139,456	\$ 186,156
Investments	379,475	431,967	33,079	383,247	511,587
Taxes receivable	3,264	3,648	-	-	-
Accounts receivable	21,292	5,550	-	2,129	-
TOTAL ASSETS	\$ 542,114	\$ 598,479	\$ 45,116	\$ 524,832	\$ 697,743
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 5,301	\$ 1,487	\$ 100	\$ 1,006	\$ -
Accrued payroll	33,745	3,900	294	694	-
TOTAL LIABILITIES	39,046	5,387	394	1,700	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues, property taxes	1,948	2,178	-	-	-
FUND BALANCES					
Restricted					
Providing and maintaining street lights	-	-	-	523,132	-
Debt service	-	-	-	-	-
Basin maintenance	-	-	44,722	-	-
Park development projects	-	-	-	-	-
Highway and street projects	-	-	-	-	697,743
Knapp Farm house	-	-	-	-	-
Committed to					
Arbor Day and shade tree commission	-	-	-	-	-
Environmental	-	-	-	-	-
Fire protection capital purchases and/or infrastructure projects	501,120	-	-	-	-
Assigned					
Park and recreation projects	-	590,914	-	-	-
Annual autumn fest	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	501,120	590,914	44,722	523,132	697,743
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 542,114	\$ 598,479	\$ 45,116	\$ 524,832	\$ 697,743

Funds			Capital Projects Funds				Debt Service Fund	Total Other Governmental Funds
Environmental Fund	Replacement Tree Fund	Autumn Festival Fund	Park Development Fund	Capital Projects Fund	Restoration Fund			
\$ 109,827	\$ 57,979	\$ 19,358	\$ 74,716	\$ -	\$ 2,651	\$ -	\$ 897,577	
301,820	159,334	33,960	205,330	-	7,284	-	2,447,083	
-	-	-	-	-	-	-	6,912	
1,972	1,760	-	564	-	-	3,121	36,388	
<u>\$ 413,619</u>	<u>\$ 219,073</u>	<u>\$ 53,318</u>	<u>\$ 280,610</u>	<u>\$ -</u>	<u>\$ 9,935</u>	<u>\$ 3,121</u>	<u>\$ 3,387,960</u>	
\$ -	\$ 1,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,666	
-	-	-	-	-	-	-	38,633	
-	1,772	-	-	-	-	-	48,299	
-	-	-	-	-	-	-	4,126	
-	-	-	-	-	-	-	523,132	
-	-	-	-	-	-	3,121	3,121	
-	-	-	-	-	-	-	44,722	
-	-	-	280,610	-	-	-	280,610	
-	-	-	-	-	-	-	697,743	
-	-	-	-	-	9,935	-	9,935	
-	217,301	-	-	-	-	-	217,301	
413,619	-	-	-	-	-	-	413,619	
-	-	-	-	-	-	-	501,120	
-	-	-	-	-	-	-	590,914	
-	-	53,318	-	-	-	-	53,318	
-	-	-	-	-	-	-	-	
<u>413,619</u>	<u>217,301</u>	<u>53,318</u>	<u>280,610</u>	<u>-</u>	<u>9,935</u>	<u>3,121</u>	<u>3,335,535</u>	
<u>\$ 413,619</u>	<u>\$ 219,073</u>	<u>\$ 53,318</u>	<u>\$ 280,610</u>	<u>\$ -</u>	<u>\$ 9,935</u>	<u>\$ 3,121</u>	<u>\$ 3,387,960</u>	

MONTGOMERY TOWNSHIP
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds					
	Fire Protection Fund	Park and Recreation Fund	Basin Maintenance Fund	Street Lights Fund	Liquid Fuels Fund	Fire Relief Fund
REVENUES						
Taxes	\$ 867,466	\$ 421,779	\$ -	\$ 134,049	\$ -	\$ -
Licenses and permits	79,316	-	-	-	-	-
Interest income, rents and royalties	1,516	15,223	-	16,198	3,258	-
Intergovernmental revenues	14,152	-	-	-	817,683	222,614
Charges for services	35,374	-	-	-	-	-
Contributions	-	-	-	-	-	-
TOTAL REVENUES	997,824	437,002	-	150,247	820,941	222,614
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Public safety	943,417	-	-	-	-	222,614
Highways and streets	-	-	67,439	175,933	902,873	-
Parks and recreation	-	404,408	-	-	-	-
TOTAL EXPENDITURES	943,417	404,408	67,439	175,933	902,873	222,614
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	54,407	32,594	(67,439)	(25,686)	(81,932)	-
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	11,367	-	82,460	-	-	-
Interfund transfers out	-	(10,690)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	11,367	(10,690)	82,460	-	-	-
NET CHANGE IN FUND BALANCES	65,774	21,904	15,021	(25,686)	(81,932)	-
FUND BALANCES AT BEGINNING OF YEAR	435,346	569,010	29,701	548,818	779,675	-
FUND BALANCES AT END OF YEAR	\$ 501,120	\$ 590,914	\$ 44,722	\$ 523,132	\$ 697,743	\$ -

Capital Projects Funds							
Environmental Fund	Replacement Tree Fund	Autumn Festival Fund	Park Development Fund	Capital Projects Fund	Restoration Fund	Debt Service Fund	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,416	\$ 1,755,710
-	-	-	-	-	-	-	79,316
16,753	15,080	135	5,154	-	27	15,708	89,052
54,241	-	-	-	-	-	-	1,108,690
120	-	-	-	-	-	-	35,494
-	96,921	24,982	61,382	66,761	-	-	250,046
<u>71,114</u>	<u>112,001</u>	<u>25,117</u>	<u>66,536</u>	<u>66,761</u>	<u>27</u>	<u>348,124</u>	<u>3,318,308</u>
35,980	480,861	32,345	-	-	-	539	549,725
-	-	-	-	106,610	-	-	1,272,641
2,012	-	-	-	-	-	-	1,148,257
-	38,319	80	-	-	-	-	442,807
<u>37,992</u>	<u>519,180</u>	<u>32,425</u>	<u>-</u>	<u>106,610</u>	<u>-</u>	<u>539</u>	<u>3,413,430</u>
<u>33,122</u>	<u>(407,179)</u>	<u>(7,308)</u>	<u>66,536</u>	<u>(39,849)</u>	<u>27</u>	<u>347,585</u>	<u>(95,122)</u>
-	-	7,000	-	39,849	-	67,079	207,755
-	-	-	-	-	-	(475,538)	(486,228)
-	-	7,000	-	39,849	-	(408,459)	(278,473)
33,122	(407,179)	(308)	66,536	-	27	(60,874)	(373,595)
<u>380,497</u>	<u>624,480</u>	<u>53,626</u>	<u>214,074</u>	<u>-</u>	<u>9,908</u>	<u>63,995</u>	<u>3,709,130</u>
<u>\$ 413,619</u>	<u>\$ 217,301</u>	<u>\$ 53,318</u>	<u>\$ 280,610</u>	<u>\$ -</u>	<u>\$ 9,935</u>	<u>\$ 3,121</u>	<u>\$ 3,335,535</u>

MONTGOMERY TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest income, rents and royalties	\$ 218,900	\$ 218,900	\$ 317,851	\$ 98,951
Intergovernmental revenues	-	-	14,137	14,137
Contributions	-	-	650,000	650,000
TOTAL REVENUES	218,900	218,900	981,988	763,088
EXPENDITURES				
General government				
Administration	279,000	279,000	229,888	(49,112)
Finance	4,700	4,700	628	(4,072)
Information technology	91,300	91,300	2,498	(88,802)
TOTAL GENERAL GOVERNMENT	375,000	375,000	233,014	(141,986)
Public safety				
Police	61,250	61,250	39,964	(21,286)
Fire protection	1,442,000	1,442,000	34,199	(1,407,801)
TOTAL PUBLIC SAFETY	1,533,250	1,533,250	74,163	(1,459,087)
Highways and streets				
Public works	299,350	299,350	113,160	(186,190)
Snow removal	-	-	-	-
Traffic lights	37,000	59,500	45,562	(13,938)
Repairs	822,780	1,061,220	750,847	(310,373)
TOTAL HIGHWAYS AND STREETS	1,159,130	1,420,070	909,569	(510,501)
Parks and recreation				
TOTAL EXPENDITURES	3,424,800	3,685,740	1,537,341	(2,148,399)
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	(3,205,900)	(3,466,840)	(555,353)	2,911,487
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	52,755	52,755
Interfund transfers in				
General Fund	730,820	730,820	730,820	-
Parks and Recreation Fund	10,690	10,690	10,690	-
TOTAL INTERFUND TRANSFERS IN	741,510	741,510	741,510	-
Interfund transfers out				
Recreation Center Fund	(39,160)	(39,160)	(30,637)	8,523
Basin Maintenance Fund	(82,460)	(82,460)	(82,460)	-
General Fund	(608,130)	(608,130)	(450,536)	157,594
Fire Protection Fund	(91,690)	(91,690)	(11,367)	80,323
Capital Projects	(40,510)	(40,510)	(39,849)	661
TOTAL INTERFUND TRANSFERS OUT	(861,950)	(861,950)	(614,849)	247,101
TOTAL OTHER FINANCING SOURCES	(120,440)	(120,440)	179,416	299,856
NET CHANGE IN FUND BALANCE	(3,326,340)	(3,587,280)	(375,937)	3,211,343
FUND BALANCE AT BEGINNING OF YEAR	12,071,145	12,071,145	12,071,145	-
FUND BALANCE AT END OF YEAR	\$ 8,744,805	\$ 8,483,865	\$ 11,695,208	\$ 3,211,343

MONTGOMERY TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES--BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2019

	Fire Protection Fund		Park and Recreation Fund	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes				
Real estate	\$ 368,900	\$ 377,385	\$ 412,300	\$ 421,779
Earned income	310,000	310,000	-	-
Local services	192,500	180,081	-	-
TOTAL TAXES	<u>871,400</u>	<u>867,466</u>	<u>412,300</u>	<u>421,779</u>
Licenses and permits, tipping fees	67,000	79,316	-	-
Interest income, rents and royalties	1,030	1,516	10,150	15,223
Intergovernmental revenues				
State	15,000	14,152	-	-
Charges for services				
Fire department services	15,690	35,374	-	-
Recycling bins	-	-	-	-
TOTAL CHARGES FOR SERVICES	<u>15,690</u>	<u>35,374</u>	<u>-</u>	<u>-</u>
Contributions	-	-	-	-
TOTAL REVENUES	<u>970,120</u>	<u>997,824</u>	<u>422,450</u>	<u>437,002</u>
EXPENDITURES				
General government, administration	-	-	-	-
Public safety, fire protection	1,062,980	943,417	-	-
Highways and streets				
Public works	-	-	-	-
Street lighting	-	-	-	-
Repairs	-	-	-	-
TOTAL HIGHWAYS AND STREETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parks and recreation	-	-	411,760	404,408
TOTAL EXPENDITURES	<u>1,062,980</u>	<u>943,417</u>	<u>411,760</u>	<u>404,408</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(92,860)</u>	<u>54,407</u>	<u>10,690</u>	<u>32,594</u>
OTHER FINANCING SOURCES				
Interfund transfers in				
General Fund	-	-	-	-
Capital Reserve Fund	91,690	11,367	-	-
TOTAL INTERFUND TRANSFERS IN	<u>91,690</u>	<u>11,367</u>	<u>-</u>	<u>-</u>
Interfund transfers out				
Capital Reserve Fund	-	-	(10,690)	(10,690)
TOTAL OTHER FINANCING SOURCES	<u>91,690</u>	<u>11,367</u>	<u>(10,690)</u>	<u>(10,690)</u>
NET CHANGE IN FUND BALANCES	(1,170)	65,774	-	21,904
FUND BALANCES AT BEGINNING OF YEAR	435,346	435,346	569,010	569,010
FUND BALANCES AT END OF YEAR	<u>\$ 434,176</u>	<u>\$ 501,120</u>	<u>\$ 569,010</u>	<u>\$ 590,914</u>

Basin Maintenance Fund		Street Lights Fund		Liquid Fuels Fund		Fire Relief Fund		Environmental Fund		Replacement Tree Fund		Autumn Festival Fund	
Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
\$ -	\$ -	\$ 133,000	\$ 134,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	<u>133,000</u>	<u>134,049</u>	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	<u>11,230</u>	<u>16,198</u>	<u>2,610</u>	<u>3,258</u>	-	-	<u>11,410</u>	<u>16,753</u>	<u>11,280</u>	<u>15,080</u>	<u>100</u>	<u>135</u>
-	-	-	-	<u>722,500</u>	<u>817,683</u>	<u>205,000</u>	<u>222,614</u>	<u>40,000</u>	<u>54,241</u>	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	120	-	-	-	-
-	-	-	-	-	-	-	-	-	120	-	-	-	-
-	-	-	-	-	-	-	-	-	-	<u>54,690</u>	<u>96,921</u>	<u>21,000</u>	<u>24,982</u>
-	-	<u>144,230</u>	<u>150,247</u>	<u>725,110</u>	<u>820,941</u>	<u>205,000</u>	<u>222,614</u>	<u>51,410</u>	<u>71,114</u>	<u>65,970</u>	<u>112,001</u>	<u>21,100</u>	<u>25,117</u>
-	-	-	-	-	-	-	-	<u>37,270</u>	<u>35,980</u>	<u>20,000</u>	<u>480,861</u>	<u>26,960</u>	<u>32,345</u>
-	-	-	-	-	-	<u>205,000</u>	<u>222,614</u>	-	-	-	-	-	-
82,460	67,439	39,100	53,152	-	-	-	-	9,500	2,012	45,970	38,319	-	-
-	-	112,260	122,821	-	-	-	-	-	-	-	-	-	-
-	-	-	-	<u>997,080</u>	<u>902,873</u>	-	-	-	-	-	-	-	-
<u>82,460</u>	<u>67,439</u>	<u>151,360</u>	<u>175,973</u>	<u>997,080</u>	<u>902,873</u>	-	-	<u>9,500</u>	<u>2,012</u>	<u>45,970</u>	<u>38,319</u>	-	-
-	-	-	-	-	-	-	-	-	-	-	-	<u>1,100</u>	<u>80</u>
<u>82,460</u>	<u>67,439</u>	<u>151,360</u>	<u>175,973</u>	<u>997,080</u>	<u>902,873</u>	<u>205,000</u>	<u>222,614</u>	<u>46,770</u>	<u>37,992</u>	<u>65,970</u>	<u>519,180</u>	<u>28,060</u>	<u>32,425</u>
<u>(82,460)</u>	<u>(67,439)</u>	<u>(7,130)</u>	<u>(25,726)</u>	<u>(271,970)</u>	<u>(81,932)</u>	-	-	<u>4,640</u>	<u>33,122</u>	-	<u>(407,179)</u>	<u>(6,960)</u>	<u>(7,308)</u>
-	-	-	-	-	-	-	-	-	-	-	-	7,000	7,000
82,460	82,460	-	-	-	-	-	-	-	-	-	-	-	-
<u>82,460</u>	<u>82,460</u>	-	-	-	-	-	-	-	-	-	-	<u>7,000</u>	<u>7,000</u>
-	-	-	-	-	-	-	-	-	-	-	-	-	-
82,460	82,460	-	-	-	-	-	-	-	-	-	-	7,000	7,000
-	15,021	(7,130)	(25,726)	(271,970)	(81,932)	-	-	4,640	33,122	-	(407,179)	40	(308)
<u>29,701</u>	<u>29,701</u>	<u>548,818</u>	<u>548,818</u>	<u>779,675</u>	<u>779,675</u>	-	-	<u>380,497</u>	<u>380,497</u>	<u>624,480</u>	<u>624,480</u>	<u>53,626</u>	<u>53,626</u>
<u>\$ 29,701</u>	<u>\$ 44,722</u>	<u>\$ 541,688</u>	<u>\$ 523,092</u>	<u>\$ 507,705</u>	<u>\$ 697,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,137</u>	<u>\$ 413,619</u>	<u>\$ 624,480</u>	<u>\$ 217,301</u>	<u>\$ 53,666</u>	<u>\$ 53,318</u>

MONTGOMERY TOWNSHIP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL NONMAJOR CAPITAL PROJECTS FUNDS YEAR ENDED DECEMBER 31, 2019

	Park Development Fund		Capital Projects Fund		Restoration Fund	
	Budget	Actual	Budget	Actual	Budget	Actual
REVENUES						
Interest income, rents and royalties	\$ 3,490	\$ 5,154	\$ -	\$ -	\$ 20	\$ 27
Contributions	138,400	61,382	66,760	66,761	-	-
TOTAL REVENUES	<u>141,890</u>	<u>66,536</u>	<u>66,760</u>	<u>66,761</u>	<u>20</u>	<u>27</u>
EXPENDITURES						
General government						
Administration	-	-	-	-	9,900	-
Public safety						
Police	-	-	40,510	39,849	-	-
Fire protection	-	-	66,760	66,761	-	-
TOTAL PUBLIC SAFETY	<u>-</u>	<u>-</u>	<u>107,270</u>	<u>106,610</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>141,890</u>	<u>66,536</u>	<u>(40,510)</u>	<u>(39,849)</u>	<u>(9,880)</u>	<u>27</u>
OTHER FINANCING USES						
Interfund transfers in						
Capital Reserve Fund	-	-	40,510	39,849	-	-
Interfund transfers out						
Capital Reserve Fund	-	-	-	-	-	-
TOTAL OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>40,510</u>	<u>39,849</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	141,890	66,536	-	-	(9,880)	27
FUND BALANCES AT BEGINNING OF YEAR	<u>214,074</u>	<u>214,074</u>	<u>-</u>	<u>-</u>	<u>9,908</u>	<u>9,908</u>
FUND BALANCES AT END OF YEAR	<u>\$ 355,964</u>	<u>\$ 280,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ 9,935</u>

MONTGOMERY TOWNSHIP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--BUDGET AND ACTUAL NONMAJOR DEBT SERVICE FUND YEAR ENDED DECEMBER 31, 2019

	Debt Service Fund	
	Budget	Actual
REVENUES		
Interest income, rents and royalties	\$ 11,110	\$ 15,708
EXPENDITURES		
General government, administration	2,000	540
Debt service		
Principal retirement	250,000	-
TOTAL EXPENDITURES	252,000	540
EXCESS OF REVENUES OVER EXPENDITURES	84,610	347,584
OTHER FINANCING SOURCES (USES)		
Interfund transfers in		
General Fund	-	67,079
Interfund transfers out		
Recreation Center Fund	-	(475,538)
TOTAL OTHER FINANCING SOURCES (USES)	-	(408,459)
NET CHANGE IN FUND BALANCE	84,610	(60,875)
FUND BALANCE AT BEGINNING OF YEAR	63,995	63,995
FUND BALANCE AT END OF YEAR	\$ 148,605	\$ 3,120

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Montgomery Township comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Township's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Township's ability to generate its property and local enabling taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Township's current levels of outstanding debt and the Township's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place and to help make comparisons over time and with other governments.

Operation Information

These schedules contain service and miscellaneous data to help the reader understand how the information in the Township's financial report relates to the service the Township provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year. The Township implemented GASB Statement No. 34 in 2004; schedules presenting government-wide information include information beginning in that year.

Montgomery Township
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 (3)</u>	<u>2012 (2)</u>	<u>2011 (1)</u>	<u>2010</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 113,956,693	\$ 112,672,031	\$ 113,030,543	\$ 113,595,908	\$ 113,106,973	\$ 112,076,605	\$ 110,550,367	\$ 108,047,221	\$ 108,143,857	\$ 106,979,859
Restricted	1,559,263	1,646,171	1,646,975	1,622,842	1,655,979	3,018,757	2,630,718	2,774,921	2,573,872	-
Unrestricted	<u>14,367,226</u>	<u>14,118,867</u>	<u>15,542,690</u>	<u>13,895,248</u>	<u>12,618,239</u>	<u>17,420,811</u>	<u>17,778,825</u>	<u>16,105,263</u>	<u>16,053,270</u>	<u>18,843,099</u>
Total Government Activities Net Position	\$ 129,883,182	\$ 128,437,069	\$ 130,220,208	\$ 129,113,998	\$ 127,381,191	\$ 132,516,173	\$ 130,959,910	\$ 126,927,405	\$ 126,770,999	\$ 125,822,958
Business-Type Activities										
Net Investment in Capital Assets	\$ 2,087,320	\$ 2,173,825	\$ 2,500,698	\$ 2,817,631	\$ 2,967,520	\$ (871,148)	\$ (1,054,718)	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>177,743</u>	<u>130,507</u>	<u>118,335</u>	<u>94,650</u>	<u>512,935</u>	<u>(51,887)</u>	<u>(83,112)</u>	-	-	-
Total Business-Type Activities Net Position	\$ 2,265,063	\$ 2,304,332	\$ 2,619,033	\$ 2,912,281	\$ 3,480,455	\$ (923,035)	\$ (1,137,830)	\$ -	\$ -	\$ -
Primary Government										
Net Investment in Capital Assets	\$ 116,044,013	\$ 114,845,856	\$ 115,531,241	\$ 116,413,539	\$ 116,074,493	\$ 111,205,457	\$ 109,495,649	\$ 108,047,221	\$ 108,143,857	\$ 106,979,859
Restricted	1,559,263	1,646,171	1,646,975	1,622,842	1,655,979	3,018,757	2,630,718	2,774,921	2,573,872	-
Unrestricted	<u>14,544,969</u>	<u>14,249,374</u>	<u>15,661,025</u>	<u>13,989,898</u>	<u>13,131,174</u>	<u>17,368,924</u>	<u>17,695,713</u>	<u>16,105,263</u>	<u>16,053,270</u>	<u>18,843,099</u>
Total Primary Government Net Position	<u>\$ 132,148,245</u>	<u>\$ 130,741,401</u>	<u>\$ 132,839,241</u>	<u>\$ 132,026,279</u>	<u>\$ 130,861,646</u>	<u>\$ 131,593,138</u>	<u>\$ 129,822,080</u>	<u>\$ 126,927,405</u>	<u>\$ 126,770,999</u>	<u>\$ 125,822,958</u>

Notes:

- (1) Montgomery Township applied GASB Statement No. 54 in fiscal year 2011, changing the way restricted versus unrestricted assets are reported
- (2) Montgomery Township applied GASB Statement No. 63 in fiscal year 2012
- (3) Montgomery Township added a proprietary fund during fiscal year 2013

Source:

Montgomery Township Records, Statement of Net Position

Montgomery Township
Changes in Net Position
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 (3)</u>	<u>2012 (2)</u>	<u>2011</u>	<u>2010 (1)</u>
Expenditures										
Governmental Activities										
General Government	\$ 3,012,067	\$ 2,671,569	\$ 2,403,329	\$ 2,302,216	\$ 2,196,876	\$ 2,156,792	\$ 1,977,589	\$ 1,975,461	\$ 2,020,878	\$ 2,144,259
Public Safety	9,805,767	9,656,082	8,810,371	8,834,138	8,543,152	7,994,539	8,172,869	7,837,879	7,337,227	7,168,920
Highways and Streets	2,682,668	3,630,512	3,065,656	2,930,010	3,080,080	2,863,824	2,954,258	3,250,223	3,051,214	2,938,385
Parks and Recreation	497,328	469,547	410,813	365,999	478,748	792,683	854,770	758,403	593,554	568,400
Police and Employee Pension Costs	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	3,896	12,610	22,851	226,143	51,755	35,704	44,694
Depreciation, Unallocated	971,676	952,194	920,457	946,421	901,584	859,765	871,406	877,568	819,214	776,908
Amortization of Bond Issue Costs and Discounts, Unallocated	-	-	-	678	678	678	678	5,172	5,172	5,172
Total Governmental Activities Expenditures	\$ 16,969,506	\$ 17,379,904	\$ 15,610,626	\$ 15,383,358	\$ 15,213,728	\$ 14,691,132	\$ 15,057,713	\$ 14,756,461	\$ 13,862,963	\$ 13,646,738
Business-Type Activities										
Recreation Center	\$ 1,652,122	\$ 1,637,921	\$ 1,649,490	\$ 1,658,552	\$ 1,430,152	\$ 269,504	\$ 141,742	\$ -	\$ -	\$ -
Total Business-Type Activities Expenditures	\$ 1,652,122	\$ 1,637,921	\$ 1,649,490	\$ 1,658,552	\$ 1,430,152	\$ 269,504	\$ 141,742	\$ -	\$ -	\$ -
Total Primary Government Expenditures	\$ 18,621,628	\$ 19,017,825	\$ 17,260,116	\$ 17,041,910	\$ 16,643,880	\$ 14,960,636	\$ 15,199,455	\$ 14,756,461	\$ 13,862,963	\$ 13,646,738
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 104,303	\$ 103,948	\$ 63,415	\$ 80,811	\$ 83,833	\$ 71,448	\$ 71,054	\$ 70,852	\$ 43,405	\$ 62,533
Public Safety	1,263,001	1,120,606	1,306,493	1,071,941	1,140,983	1,136,533	991,234	1,316,137	956,892	825,034
Highways and Streets	6,900	6,900	6,900	6,900	6,750	6,900	6,900	12,750	-	6,375
Parks and Recreation	-	-	-	961	1,845	249,833	256,560	238,540	225,034	182,870
Operating Grants and Contributions	2,647,801	1,918,463	1,228,154	1,304,769	1,064,528	1,494,079	1,351,862	1,079,469	1,512,844	949,586
Capital Grants and Contributions	-	-	-	267,723	-	163,211	1,770,813	-	-	-
Total Governmental Program Revenues	\$ 4,022,005	\$ 3,149,917	\$ 2,604,962	\$ 2,733,105	\$ 2,297,939	\$ 3,122,004	\$ 4,448,423	\$ 2,717,748	\$ 2,738,175	\$ 2,026,398
Business-Type Activities										
Charges for Services	\$ 766,678	\$ 717,940	\$ 731,815	\$ 542,315	\$ 348,626	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	-	-	-	66	263,080	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	\$ 766,678	\$ 717,940	\$ 731,815	\$ 542,381	\$ 611,706	\$ -	\$ -	\$ -	\$ -	\$ -
Total Primary Government Program Revenues	\$ 4,788,683	\$ 3,867,857	\$ 3,336,777	\$ 3,275,486	\$ 2,909,645	\$ 3,122,004	\$ 4,448,423	\$ 2,717,748	\$ 2,738,175	\$ 2,026,398
Net (Expense)/Revenue										
Governmental Activities	\$ (12,947,501)	\$ (14,229,987)	\$ (13,005,664)	\$ (12,650,253)	\$ (12,915,789)	\$ (11,569,128)	\$ (10,609,290)	\$ (12,038,713)	\$ (11,124,788)	\$ (11,620,340)
Business-Type Activities	(885,444)	(919,981)	(917,675)	(1,116,171)	(818,446)	(269,504)	(141,742)	-	-	-
Total Primary Government Net Expense	\$ (13,832,945)	\$ (15,149,968)	\$ (13,923,339)	\$ (13,766,424)	\$ (13,734,235)	\$ (11,838,632)	\$ (10,751,032)	\$ (12,038,713)	\$ (11,124,788)	\$ (11,620,340)

Montgomery Township
Changes in Net Position
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

General Revenues and other Changes in Net Assets	2019	2018	2017	2016	2015	2014	2013 (3)	2012 (2)	2011	2010 (1)
Governmental Activities										
Taxes	\$ 13,992,214	\$ 13,445,996	\$ 13,810,780	\$ 13,733,814	\$ 13,414,506	\$ 12,958,193	\$ 12,970,889	\$ 11,583,722	\$ 11,486,880	\$ 10,485,766
Cable TV Franchise Fees	571,408	578,487	610,646	612,010	588,476	572,530	536,820	502,002	483,769	439,003
Investment Income	483,412	300,867	174,875	150,541	152,425	89,292	97,683	88,555	83,569	120,328
Gain (Loss) on Sale of Capital Assets	52,755	20,056	-	334,692	98,169	(17,730)	36,403	20,840	18,611	553,321
Refund of Prior Year Expenditures	-	-	-	-	-	-	-	-	-	-
Transfers	<u>(706,175)</u>	<u>(465,280)</u>	<u>(484,427)</u>	<u>(447,997)</u>	<u>(5,121,497)</u>	<u>(476,894)</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	\$ 14,393,614	\$ 13,880,126	\$ 14,111,874	\$ 14,383,060	\$ 9,132,079	\$ 13,125,391	\$ 14,641,795	\$ 12,195,119	\$ 12,072,829	\$ 11,598,418
Business-Type Activities										
Taxes	\$ 140,000	\$ 140,000	\$ 140,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	439	7,405	3,912	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	<u>706,175</u>	<u>465,280</u>	<u>484,427</u>	<u>447,997</u>	<u>5,121,497</u>	<u>476,894</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	\$ 846,175	\$ 605,280	\$ 624,427	\$ 547,997	\$ 5,221,936	\$ 484,299	\$ (996,088)	\$ -	\$ -	\$ -
Total Primary Government	\$ 15,239,789	\$ 14,485,406	\$ 14,736,301	\$ 14,931,057	\$ 14,354,015	\$ 13,609,690	\$ 13,645,707	\$ 12,195,119	\$ 12,072,829	\$ 11,598,418
Change in Net Position										
Government Activities	\$ 1,446,113	\$ (349,861)	\$ 1,106,210	\$ 1,732,807	\$ (3,783,710)	\$ 1,556,263	\$ 4,032,505	\$ 156,406	\$ 948,041	\$ (21,922)
Business-Type Activities	<u>(39,269)</u>	<u>(314,701)</u>	<u>(293,248)</u>	<u>(568,174)</u>	<u>4,403,490</u>	<u>214,795</u>	<u>(1,137,830)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	\$ 1,406,844	\$ (664,562)	\$ 812,962	\$ 1,164,633	\$ 619,780	\$ 1,771,058	\$ 2,894,675	\$ 156,406	\$ 948,041	\$ (21,922)

Notes:

- (1) Police and Employee Pension Costs are distributed amongst the appropriate functions beginning in 2010
- (2) Montgomery Township applied GASB Statement No. 63 in fiscal year 2012 and as a result is reporting Net Position
- (3) Montgomery Township added a proprietary fund during fiscal year 2013. The fund had no program revenue in 2013

Source:

Montgomery Township Records, Statement of Activities

Montgomery Township
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,200
Unreserved	-	-	-	-	-	-	-	-	-	2,538,375
Non-Spendable	39,354	-	-	-	-	-	-	3,200	3,200	-
Unassigned	<u>3,474,289</u>	<u>3,063,472</u>	<u>3,033,855</u>	<u>2,988,933</u>	<u>3,015,068</u>	<u>3,267,459</u>	<u>3,006,135</u>	<u>3,215,108</u>	<u>2,789,761</u>	-
Total General Fund	\$ 3,513,643	\$ 3,063,472	\$ 3,033,855	\$ 2,988,933	\$ 3,015,068	\$ 3,267,459	\$ 3,006,135	\$ 3,218,308	\$ 2,792,961	\$ 2,541,575
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,599,140
Unreserved, Reported In										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	2,605,488
Capital Projects Funds	-	-	-	-	-	-	-	-	-	11,923,918
Restricted										
Street Light Fund	523,132	548,818	553,241	568,392	562,300	570,741	593,217	594,459	610,834	-
Debt Service Fund	3,121	63,995	299,200	545,847	814,752	1,101,320	712,798	700,876	704,870	-
Basin Maintenance Fund	44,722	29,701	18,147	6,795	28,485	55,339	115,353	188,611	261,327	-
Park Development Fund	280,610	214,074	121,775	59,191	605	333,663	300,932	289,544	171,518	-
Liquid Fuels Fund	697,743	779,675	644,718	432,734	239,954	181,728	117,476	227,574	152,279	-
Environmental Fund	-	-	-	-	-	-	703,110	741,885	649,527	-
Restoration Fund	9,935	9,908	9,894	9,883	9,883	9,880	23,615	23,610	23,517	-
300th Anniversary	-	-	-	-	-	49	64,217	8,362	-	-
Committed										
Replacement Tree Fund	217,301	624,480	818,796	720,875	689,954	925,650	603,955	586,667	635,572	-
Fire Services Fund	501,120	435,346	404,703	304,091	209,452	290,060	247,521	247,054	213,550	-
Capital Reserve Fund	11,695,208	12,071,145	11,918,428	9,201,982	9,225,410	12,522,769	13,568,257	11,970,441	11,800,878	-
Environmental Fund	413,619	380,497	298,211	325,156	307,579	766,037	-	-	-	-
Assigned										
Park and Recreation Fund	590,914	569,010	523,647	489,004	573,210	576,539	605,902	595,845	577,156	-
Capital Projects Fund	53,318	-	-	1,403,738	-	-	-	-	-	-
Autumn Festival Fund	-	53,626	53,660	48,959	44,717	50,125	43,941	36,503	26,464	-
Unassigned	<u>-</u>	<u>-</u>	<u>(57)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,757)</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	\$ 15,030,743	\$ 15,780,275	\$ 15,664,363	\$ 14,116,647	\$ 12,706,301	\$ 17,383,900	\$ 17,700,294	\$ 16,208,674	\$ 15,827,492	\$ 16,128,546
Total All Governmental Funds	<u>\$ 18,544,386</u>	<u>\$ 18,843,747</u>	<u>\$ 18,698,218</u>	<u>\$ 17,105,580</u>	<u>\$ 15,721,369</u>	<u>\$ 20,651,359</u>	<u>\$ 20,706,429</u>	<u>\$ 19,426,982</u>	<u>\$ 18,620,453</u>	<u>\$ 18,670,121</u>

Notes:

(1) Montgomery Township first applied GASB Statement No. 54 in the fiscal year ending December 31, 2011. Therefore, the fund balance designations for prior years will differ

Source:

Montgomery Township Records, Balance Sheet Governmental Funds

Montgomery Township
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues										
Taxes	\$ 13,638,359	\$ 13,400,150	\$ 13,776,766	\$ 13,600,315	\$ 13,184,101	\$ 12,739,806	\$ 12,580,357	\$ 11,992,652	\$ 11,479,869	\$ 10,558,172
Licenses and Permits	1,559,999	1,430,081	1,577,695	1,404,032	1,530,037	1,515,140	1,311,440	1,619,506	1,222,484	1,105,903
Fines and Forfeitures	197,669	175,879	202,604	175,253	186,404	173,774	178,452	179,435	179,842	135,190
Interest Income, Rents and Royalties	483,412	300,867	174,875	151,502	154,279	90,977	99,388	89,635	84,595	131,528
Intergovernmental Revenues	1,800,216	1,687,813	1,537,790	1,677,626	1,385,772	1,462,211	1,346,835	1,296,844	1,691,974	1,234,924
Charges for Services	121,183	137,220	140,394	125,616	103,601	346,637	370,971	340,260	305,748	263,522
Contributions	<u>914,346</u>	<u>297,411</u>	<u>280,186</u>	<u>192,614</u>	<u>106,127</u>	<u>477,226</u>	<u>440,075</u>	<u>158,117</u>	<u>437,351</u>	<u>73,729</u>
Total Revenues	\$ 18,715,184	\$ 17,429,421	\$ 17,690,310	\$ 17,326,958	\$ 16,650,321	\$ 16,805,771	\$ 16,327,518	\$ 15,676,449	\$ 15,401,863	\$ 13,502,968
Expenditures										
Current										
General Government	\$ 3,185,348	\$ 2,681,144	\$ 2,522,623	\$ 2,340,169	\$ 2,545,286	\$ 3,952,497	\$ 2,025,324	\$ 3,859,155	\$ 3,079,371	\$ 2,147,085
Public Safety	10,151,147	9,699,256	9,358,207	8,310,595	8,658,550	7,640,697	7,776,548	7,460,701	7,447,466	7,030,217
Highway and Streets	4,261,228	3,869,504	3,252,408	3,192,619	3,344,278	2,868,323	3,065,869	3,469,225	3,263,340	3,212,200
Parks and Recreation	763,402	607,200	480,007	503,847	419,689	889,622	849,671	803,448	643,990	568,400
Other Employee Benefits not Allocated	-	-	-	1,023,766	928,923	882,524	888,672	707,378	663,646	607,784
Debt Service										
Principal	-	-	-	453,509	654,452	132,515	1,283,917	451,262	349,200	340,510
Interest and Other Charges	-	-	-	<u>4,937</u>	<u>13,288</u>	<u>23,529</u>	<u>226,727</u>	<u>51,613</u>	<u>29,662</u>	<u>43,792</u>
Total Expenditures	\$ 18,361,125	\$ 16,857,104	\$ 15,613,245	\$ 15,829,442	\$ 16,564,466	\$ 16,389,707	\$ 16,116,728	\$ 16,802,782	\$ 15,476,675	\$ 13,949,988
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 354,059</u>	<u>\$ 572,317</u>	<u>\$ 2,077,065</u>	<u>\$ 1,497,516</u>	<u>\$ 85,855</u>	<u>\$ 416,064</u>	<u>\$ 210,790</u>	<u>\$ (1,126,333)</u>	<u>\$ (74,812)</u>	<u>\$ (447,020)</u>
Other Financing Sources (Uses)										
Proceeds From Sale of Capital Assets	\$ 52,755	\$ 38,492	\$ -	\$ 334,692	\$ 105,652	\$ 5,760	\$ 68,657	\$ 20,840	\$ 22,800	\$ 565,972
Proceeds From Loan Issuance	-	-	-	-	-	-	-	1,914,366	-	-
Proceeds From County Infrastructure Loan	-	-	-	-	-	-	-	-	-	-
Refund of Prior Year's Expenditures	-	-	-	-	-	-	-	-	-	-
Interfund Transfers In	1,399,801	2,126,967	3,028,371	2,487,377	3,050,732	1,954,419	3,378,900	1,800,109	2,133,806	747,891
Interfund Transfers Out	<u>(2,105,976)</u>	<u>(2,592,247)</u>	<u>(3,512,798)</u>	<u>(2,935,374)</u>	<u>(8,172,229)</u>	<u>(2,431,313)</u>	<u>(2,378,900)</u>	<u>(1,800,109)</u>	<u>(2,133,806)</u>	<u>(747,891)</u>
Total Other Financing Sources (Uses)	\$ (653,420)	\$ (426,788)	\$ (484,427)	\$ (113,305)	\$ (5,015,845)	\$ (471,134)	\$ 1,068,657	\$ 1,935,206	\$ 22,800	\$ 565,972
Net Change in Fund Balance	\$ (299,361)	\$ 145,529	\$ 1,592,638	\$ 1,384,211	\$ (4,929,990)	\$ (55,070)	\$ 1,279,447	\$ 808,873	\$ (52,012)	\$ 118,952
Fund Balance at Beginning of Year	<u>18,843,747</u>	<u>18,698,218</u>	<u>17,105,580</u>	<u>15,721,369</u>	<u>20,651,359</u>	<u>20,706,429</u>	<u>19,426,982</u>	<u>18,618,109</u>	<u>18,670,121</u>	<u>18,551,169</u>
Fund Balance at End of Year	<u><u>18,544,386</u></u>	<u><u>18,843,747</u></u>	<u><u>18,698,218</u></u>	<u><u>17,105,580</u></u>	<u><u>15,721,369</u></u>	<u><u>20,651,359</u></u>	<u><u>20,706,429</u></u>	<u><u>19,426,982</u></u>	<u><u>18,618,109</u></u>	<u><u>18,670,121</u></u>
Debt Service as a Percentage of Non-Capital Expenditures	0.00%	0.00%	0.00%	2.98%	4.20%	0.96%	10.34%	3.09%	2.51%	2.83%

Source:

Montgomery Township Statement of Revenues, Expenditures & Changes in Fund Balances Governmental Funds

**Montgomery Township
General Government Tax Revenues by Source
Last Ten Fiscal Years (Unaudited)**

<u>Year</u>	<u>Property (1)</u>	<u>Real Estate Transfer</u>	<u>Earned Income</u>	<u>Local Services</u>	<u>Business Privilege</u>	<u>Mercantile</u>	<u>Amusement</u>	<u>Total</u>
2019	\$ 3,059,945	\$ 886,601	\$ 5,884,570	\$ 724,884	\$ 984,942	\$ 2,488,748	\$ 56,144	\$ 14,085,834
2018	3,062,791	753,903	5,732,712	756,019	974,017	2,204,925	67,442	13,551,809
2017	3,074,173	1,088,442	5,734,502	782,242	1,060,597	2,076,059	78,282	13,894,298
2016	3,051,557	923,419	5,858,053	782,227	809,716	2,254,774	74,563	13,754,309
2015	3,018,345	919,752	5,852,208	689,750	727,003	2,079,993	67,260	13,354,311
2014	3,024,493	710,519	5,509,792	740,537	809,555	2,079,555	72,114	12,946,565
2013	3,039,351	1,060,556	5,346,611	702,092	776,410	1,898,579	79,232	12,902,831
2012	2,891,072	693,084	4,444,741	712,372	863,514	1,972,410	77,991	11,655,184
2011	2,905,662	759,294	4,285,766	676,582	765,934	2,021,173	72,469	11,486,880
2010	2,841,580	564,737	4,157,325	230,504	758,546	1,826,997	106,077	10,485,766

Notes:

(1) Includes General, Fire, Park and Recreation and Debt Service Funds

Source:

Montgomery Township Records, DCED Annual Audit and Financial Report

Montgomery Township
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (Unaudited)
(Rate per \$1,000 of Assessed Value)

Year	Total Assessed Value (1)	Less: Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value (2)	Ratio of Total Assessed Value to Estimated Actual Value	Total Township Tax Rate
2019	\$ 2,228,058,624	\$ 71,597,010	\$ 2,156,461,614	\$ 4,374,161,489	0.493	1.49000
2018	2,293,793,324	71,213,210	2,222,580,114	4,506,470,185	0.493	1.49000
2017	2,277,164,074	68,256,890	2,208,907,184	4,209,175,738	0.525	1.49000
2016	2,264,629,254	62,924,970	2,201,704,284	4,036,772,289	0.545	1.49000
2015	2,256,413,614	62,417,400	2,193,996,214	4,014,970,843	0.546	1.49000
2014	2,237,449,614	58,259,560	2,179,190,054	3,891,216,720	0.560	1.49000
2013	2,183,821,944	58,036,790	2,125,785,154	3,449,955,678	0.616	1.49000
2012	2,178,848,188	57,458,860	2,121,389,328	3,876,954,071	0.547	1.49000
2011	2,150,673,626	52,330,288	2,098,343,338	3,826,821,399	0.548	1.49000
2010	2,152,471,548	52,249,920	2,100,221,628	3,776,265,874	0.556	1.49000

Notes:

(1) Includes tax-exempt properties

(2) Estimated actual value is calculated by dividing assessed value by Common Level Ratio provided by State Equalization Board

Source:

Montgomery County Board of Assessments

**Montgomery Township
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(Rate per \$1,000 of Assessed Value)**

Year	Direct Rates			Overlapping Rates			North Penn School District	Total Direct & Overlapping Millage Rates
	Montgomery Township			Montgomery County, PA				
	Operating Millage	Debt Service Millage	Total Township Millage	Operating Millage	Debt Service Millage	Total Township County	Total Millage	
	2019	1.34000	0.15000	1.49000	3.84900	-	3.84900	26.09570
2018	1.49000	-	1.49000	3.84900	-	3.84900	25.50900	30.84800
2017	1.49000	-	1.49000	3.84900	-	3.84900	24.67040	30.00940
2016	1.25000	0.24000	1.49000	3.45900	-	3.45900	24.18900	29.13800
2015	1.25000	0.24000	1.49000	3.15200	-	3.15200	23.62230	28.26430
2014	1.25000	0.24000	1.49000	3.15200	-	3.15200	23.18190	27.82390
2013	1.25000	0.24000	1.49000	3.15200	-	3.15200	22.70490	27.34690
2012	1.25000	0.24000	1.49000	3.15200	-	3.15200	22.32560	26.96760
2011	1.25000	0.24000	1.49000	2.69500	-	2.69500	21.95640	26.14140
2010	1.25000	0.24000	1.49000	2.69500	-	2.69500	21.95640	26.14140

Source:

Pennsylvania DCED Municipal Statistics

**Montgomery Township
Principal Property Taxpayers
Current and Nine Years Ago (Unaudited)**

Taxpayer	Type of Business	December 31, 2019			December 31, 2010		
		Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation (2)	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation (3)
Montgomeryville Associates, Inc.	Shopping Mall	\$ 60,008,360	1	2.69%	\$ 102,858,090	1	4.90%
Kir Montgomery 049 LLC	Shopping Mall	28,552,240	2	1.28%	22,376,090	3	1.07%
1100 Avenel Boulevard LP	Apartment Building	28,213,000	3	1.27%	18,896,160	5	0.90%
Gateway D C Properties Inc.	Shopping Mall	23,402,840	4	1.05%	23,999,270	2	1.14%
Water Tower Square Associates	Apartment Building	19,229,000	5	0.86%	19,229,000	4	0.92%
Montgomeryville Associates	Shopping Mall	15,356,880	6	0.69%			
SBS of Montgomeryville Inc.	Hotel	13,956,830	7	0.63%			
213-36 Montgomery Holdings LP	Grocery Store	12,595,840	8	0.57%			
Target Corporation	Retail Store	10,580,460	9	0.47%	9,751,090	10	0.46%
Private Individual	Industrial Building	10,090,220	10	0.45%			
Private Individual	Industrial Building				15,610,220	6	0.74%
Private Individual	Mobile Home Park				14,794,330	7	0.70%
Lowe's Home Center	Retail Store				11,247,440	8	0.54%
Montgomery Department Investors	Shopping Mall				9,956,880	9	0.47%
Total		\$ 221,985,670		9.96%	\$ 248,718,570		11.84%

Notes:

(1) Information provided by Montgomery Township Tax Collector

(2) Information provided by Montgomery County, PA Real Estate Assessment Roll. Total Assessed Valuation is \$2,228,058,624

(3) Information obtain from Montgomery Township 2010 CAFR. Total Assessed Valuation is \$2,100,221,628

Source:

Montgomery County Tax Assessment Duplicate

**Montgomery Township
Property Tax Levies and Collections
Last Ten Fiscal Years**

Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 2,997,571	\$ 2,986,438	99.63%	\$ 9,162	\$ 2,995,600	99.93%
2018	2,993,090	2,975,914	99.43%	-	2,975,914	99.43%
2017	2,965,292	2,952,471	99.57%	7,707	2,960,178	99.83%
2016	2,959,941	2,944,287	99.47%	15,654	2,959,941	100.00%
2015	2,946,166	2,927,048	99.35%	19,118	2,946,166	100.00%
2014	2,927,294	2,912,770	99.50%	14,524	2,927,294	100.00%
2013	2,846,605	2,811,419	98.76%	33,786	2,845,205	99.95%
2012	2,840,066	2,760,624	97.20%	79,378	2,840,002	100.00%
2011	2,808,794	2,731,699	97.26%	77,108	2,808,807	100.00%
2010	2,821,764	2,744,438	97.26%	77,326	2,821,764	100.00%

Source:

Montgomery Township Tax Receipt Records and Montgomery County Tax Claim Bureau Reports

**Montgomery Township
Business Privilege and Mercantile Tax
Revenue Base and Collections
Last Ten Fiscal Years (Unaudited)**

<u>Year</u>	<u>Number of Returns</u>	<u>Taxable Sales</u>	<u>Taxes Collected</u>	<u>Tax Rate (Mills)</u>
2019	1,444	\$ 2,315,793,160	\$ 3,473,690	1.50000
2018	1,434	2,165,382,273	3,248,073	1.50000
2017	1,406	2,112,738,000	3,169,107	1.50000
2016	1,255	2,081,536,000	3,122,304	1.50000
2015	1,229	1,966,163,333	2,949,245	1.50000
2014	1,399	1,947,312,000	2,920,968	1.50000
2013	1,418	1,805,094,667	2,707,642	1.50000
2012	1,488	1,868,025,333	2,802,038	1.50000
2011	1,461	1,862,376,000	2,793,564	1.50000
2010	1,437	1,727,391,333	2,591,087	1.50000

Source:

Montgomery Township Business/Mercantile Tax Collections Records

**Montgomery Township
Principal Business Tax Remitters
Current and Nine Years Ago (Unaudited)**

Type of Business	December 31, 2019		December 31, 2010	
	Rank	Percentage of Total Tax Collected	Rank	Percentage of Total Tax Collected
Retail Store	1	5.82%	1	8.07%
Grocery Store	2	3.37%		
Auto Sales	3	2.95%	8	1.84%
Retail Store	4	2.39%		
Retail Store	5	2.34%	2	3.05%
Auto Sales	6	2.07%		
Grocery Store	7	1.94%	4	2.57%
Auto Sales	8	1.83%	3	2.68%
Manufacturing	9	1.75%		
Auto Sales	10	1.72%	6	1.94%
Retail Store			5	2.47%
Relocation Services			7	1.89%
Retail Store			9	1.70%
Retail Store			10	1.64%
Total		26.17%		27.85%

Notes:

Due to the confidential nature of tax returns and on the advice of legal counsel, Montgomery Township does not disclose the proper name nor specific tax paid for any individual taxpayer. In lieu of that information, we have provided the top ten taxpayers by the nature of the business and the taxpayer's individual share of total tax collected.

Source:

Montgomery Township Business Tax Records

**Montgomery Township
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Population (1)	Per Capita
	General Obligation Bonds	Term Loan	General Obligation Bonds	Term Loan				
2019	\$ -	\$ -	8,431,229	\$ -	8,431,229	0.64%	25,984	324
2018	-	-	8,686,211	-	8,686,211	0.68%	25,890	336
2017	-	-	8,716,293	-	8,716,293	0.73%	26,143	333
2016	-	-	8,721,375	-	8,721,375	0.76%	26,025	335
2015	-	453,509	8,574,219	-	9,027,728	0.79%	26,025	347
2014	-	1,107,961	8,782,554	-	9,890,515	0.87%	25,386	390
2013	-	1,240,476	8,990,889	-	10,231,365	0.96%	25,121	407
2012	175,000	2,349,392	-	-	2,524,392	0.24%	24,601	103
2011	345,000	716,290	-	-	1,061,290	0.10%	24,790	43
2010	505,000	905,490	-	-	1,410,490	0.14%	24,790	57

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Source:

(1) United States Census Bureau
Montgomery Township Annual Financial Statements

Montgomery Township
Ratio of Net General Bonded Debt to Assessed Value of Real Estate and General Debt Per Capita
Last Ten Fiscal Years (Unaudited)

<u>Year</u>	<u>Population</u>	<u>Total Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Debt Service Fund Balance</u>	<u>Net General Bonded Debt</u>	<u>Percentage of General Bonded Debt to Assessed Value</u>	<u>General Bonded Debt per Capital</u>
2019	25,984	\$ 2,228,058,624	\$ -	\$ 3,121	(3,121)	0.00%	(0)
2018	25,890	2,293,793,324	-	63,995	(63,995)	0.00%	(2)
2017	26,143	2,277,164,074	-	299,200	(299,200)	-0.01%	(11)
2016	26,025	2,264,629,254	-	545,847	(545,847)	-0.02%	(21)
2015	26,025	2,256,413,614	-	814,752	(814,752)	-0.04%	(31)
2014	25,386	2,237,449,614	-	1,101,320	(1,101,320)	-0.05%	(43)
2013	25,121	2,183,821,944	-	712,798	(712,798)	-0.03%	(28)
2012	24,601	2,178,848,188	175,000	700,876	(525,876)	-0.02%	(21)
2011	24,790	2,150,673,626	345,000	704,870	(359,870)	-0.02%	(15)
2010	24,790	2,152,471,548	505,000	586,034	(81,034)	0.00%	(3)

Source:

Population: 2010 - Bureau of Census Population Total by Municipality
2011-2015 - Bureau of Census 2011-2013 American Community Survey
2016-2019 - United States Census Bureau QuickFacts

Assessed Value - Montgomery County Tax Assessment

Debt - Montgomery Township Audited Financial Reports

Montgomery Township
Computation of Direct and Overlapping Debt
December 31, 2019 (Unaudited)

	Net Debt Outstanding	Debt Applicable to Montgomery	
Direct Debt of the Township and Related Entities			
Montgomery Township	\$ 3,624,446	\$ 3,624,446	
Overlapping Debt			
County of Montgomery	410,834,920	14,955,849	(1)
North Penn School District	<u>99,080,000</u>	<u>29,174,555</u>	(2)
Total Overlapping Debt	\$ 509,914,920	\$ 44,130,404	
 Total Direct and Overlapping Debt	 <u>\$ 513,539,366</u>	 <u>\$ 47,754,850</u>	

Notes:

(1) Percentage of total Montgomery County debt as of December 31, 2019, based on the ratio of Montgomery Township Assessed Valuation to Montgomery County 2019 Assessed Value

(2) Percentage of total North Penn School District debt as of June 30, 2019, based on the ration of Montgomery Township Assessed Valuation to North Penn School District 2019 Assessed Value

Source:

Montgomery Township Annual Financial Statements, County of Montgomery Annual Financial Statement and North Penn School District Annual Financial Statements

**Montgomery Township
Computation of Legal Debt Margin
December 31, 2019 (Unaudited)**

Borrowing Base Revenues (1):	
2017	\$ 17,690,310
2018	17,429,421
2019	<u>18,715,184</u>
Total Revenues:	<u>\$ 53,834,915</u>

Debt Limit for General Obligation Bonds:	
Average Borough Base Revenues	\$ 17,944,972
Debt Limit Percent	<u>250.00%</u>
Debt Limit	\$ 44,862,429
Total Amount of Debt Applicable to Debt Limit	<u>-</u>
Legal Debt Margin	\$ 44,862,429

Debt Limit for General Obligation Bonds and Lease Rental Debt:	
Average Borough Base Revenues	\$ 17,944,972
Debt Limit Percent	<u>350.00%</u>
Debt Limit	\$ 62,807,401
Total Amount of Debt Applicable to Debt Limit	<u>-</u>
Legal Debt Margin	\$ 62,807,401

Notes:

Borrowing base represents total revenues per Act 177 of 1996 recodified Unit Debt Act

Source:

Montgomery Township Annual Financial Statements

**Montgomery Township
Legal Debt Margin Information
Last Ten Fiscal Years (Unaudited)**

Year	Debt Limit	Gross General Obligation Debt	Legal Debt Margin	Total Gross General Obligation Debt as a Percentage of Debit Limit
2019	\$ 44,862,429	\$ 3,624,446	41,237,983	8.08%
2018	43,705,574	5,978,817	37,726,757	13.68%
2017	43,705,574	2,547,313	41,158,261	5.83%
2016	42,319,213	4,216,122	38,103,091	9.96%
2015	41,151,242	4,548,448	36,602,794	11.05%
2014	40,339,682	2,243,621	38,096,061	5.56%
2013	39,169,754	2,242,844	36,926,910	5.73%
2012	37,151,067	2,524,392	34,626,675	6.79%
2011	33,211,068	1,061,290	32,149,778	3.20%
2010	35,282,084	1,410,490	33,871,594	4.00%

Source:

Montgomery Township Annual Financial Statements

Montgomery Township
Ratio of Annual Debt Service Expenditures for General
Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years (Unaudited)

Year	Principal	Interest	Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
2019	\$ -	\$ -	\$ -	\$ 18,361,125	0.00%
2018	-	-	-	16,857,104	0.00%
2017	-	-	-	15,613,245	0.00%
2016	453,509	4,937	458,446	15,829,442	2.90%
2015	654,452	13,288	667,740	16,564,466	4.03%
2014	132,515	23,529	156,044	16,389,707	0.95%
2013	1,283,917	226,727	1,510,644	16,116,728	9.37%
2012	451,262	51,613	502,875	16,802,782	2.99%
2011	349,200	29,661	378,861	15,476,675	2.45%
2010	340,510	43,792	384,302	13,949,988	2.75%

Source:

Montgomery Township Annual Financial Statements

**Montgomery Township
Demographic and Economic Statistics
Last Ten Fiscal Years (Unaudited)**

Year	Per Capita Income (1)	Population (1)	Per Capita Personal Income	Unemployment Rate (2)
2019	\$ 50,495	25,984	\$ 1,312,062,080	2.90%
2018	49,293	25,890	1,276,195,770	3.10%
2017	45,702	26,143	1,194,787,386	3.40%
2016	44,130	26,025	1,148,483,250	3.60%
2015	43,880	26,025	1,141,977,000	3.00%
2014	44,629	25,386	1,132,951,794	4.50%
2013	42,539	25,121	1,068,622,219	4.50%
2012	42,539	25,121	1,068,622,219	4.30%
2011	40,891	24,790	1,013,687,890	7.00%
2010	41,095	24,790	1,018,745,050	6.80%

Source:

(1) United States Census Bureau

(2) U.S. Department of Labor Statistics for Montgomery County, Montgomery Township

**Montgomery Township
Principal Employers
Current and Nine Years Ago (Unaudited)**

Employer	Type of Business	December 31, 2019			December 31, 2010		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Cobham Management Services Inc.	Manufacturing	579	1	3.18%			
McCallion Temps Inc.	Temporary Services	557	2	3.06%	681	2	3.29%
Wegmans Food Market	Grocery	392	3	2.15%			
Capital Wine & Spirits Company	Manufacturing	325	4	1.78%	281	10	1.36%
Costco Wholesale Corporation	Retail/Grocery	325	5	1.78%			
TEVA Pharmaceuticals USA	Pharmaceuticals	303	6	1.66%	817	1	3.95%
Thales DIS USA Inc.	Manufacturing	294	7	1.61%			
Target Corporation	Retail/Grocery	278	8	1.53%	302	7	1.46%
Home Depot USA Inc.	Retail	267	9	1.47%			
FedEx Supply Chain Inc.	Delivery Services	226	10	1.24%			
Sensor Antaenae Systems (BAE)	Manufacturing				456	3	2.20%
Harriet Carter	Catalog Sales				315	4	1.52%
Gemalto	Shopping Mall				307	5	1.48%
Giant Foods	Grocery				306	6	1.48%
American Pool Management	Management Services				289	8	1.40%
J.C. Penny	Retail				288	9	1.39%
Total		3,546		19.46%	4,042		19.54%

Notes:

Total number of individuals employed in the Township in 2019: 18,222

Total number of individuals employed in the Township in 2010: 20,688

Source:

2010 Township Occupational Privilege/Local Services Tax Records and 2019 Berkheimer, Inc. Records

Montgomery Township
Full Time Equivalent Township Government Employees by Function
Last Ten Fiscal Years (Unaudited)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Government	9.00	7.90	7.60	7.00	7.70	7.50	7.50	7.50	8.00	8.00
Finance and Tax Collection	4.00	7.50	7.50	8.00	7.50	6.50	6.50	6.50	6.50	7.50
Public Safety										
Officers	36.00	36.00	35.00	36.00	35.00	36.00	36.00	36.00	36.00	35.00
Civilians	8.00	9.00	9.00	9.00	8.00	9.00	9.00	9.00	9.00	9.00
Fire Safety										
Officers	10.50	6.10	6.40	6.30	6.10	6.80	5.80	5.80	5.80	5.80
Clerical	0.70	0.70	0.70	0.60	0.60	0.50	0.50	0.50	0.50	0.50
Code Enforcement, Building and Zoning	3.87	4.40	5.10	5.50	5.50	5.40	5.00	5.00	6.30	6.30
Public Works	18.50	19.70	19.20	20.10	19.20	21.30	21.30	22.30	23.30	21.30
Culture and Recreation	<u>15.00</u>	<u>12.80</u>	<u>14.10</u>	<u>13.00</u>	<u>9.90</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
Totals:	<u>105.57</u>	<u>104.10</u>	<u>104.60</u>	<u>105.50</u>	<u>99.50</u>	<u>95.00</u>	<u>93.60</u>	<u>94.60</u>	<u>97.40</u>	<u>95.40</u>

Source:

Montgomery Township, Montgomery County, Pennsylvania Records

**Montgomery Township
Operating Indicators by Function
Last Ten Fiscal Years (Unaudited)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
Part I Crimes	304	366	409	425	397	465	418	443	531	479
Part II Crimes	1,418	1,174	773	1,104	1,117	1,085	1,142	1,028	1,113	1,226
Total Calls for Service	32,393	32,537	32,510	30,976	31,980	29,841	28,966	26,250	29,306	26,607
Fire Safety Responses	622	646	562	585	615	639	565	588	599	572
Code Enforcement and Zoning										
Total Permits	1,299	1,388	1,298	1,441	1,388	1,345	1,314	1,349	1,374	1,160
Land Development Submittals	7	10	6	7	10	8	9	10	1	3
Zoning Hearing Board Applications	16	21	12	18	11	18	17	15	15	14
Rezoning Requests	-	-	1	1	-	2	1	-	-	-
Conditional Use Applications	2	3	1	1	2	1	2	2	2	-
Highway and Streets										
Streets Resurfaced (miles)	5.96	4.03	3.38	3.01	2.84	2.71	5.43	5.47	5.02	4.43

Source:

Montgomery Township, Montgomery County, Pennsylvania Records

**Montgomery Township
Capital Asset Statistics by Function
Last Ten Fiscal Years (Unaudited)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Government										
Municipal Building	1	1	1	1	1	1	1	1	1	1
Public Works Building	1	1	1	1	1	1	1	1	1	1
Recreation Center	1	1	1	1	1	1	-	-	-	-
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units		19	19	19	19	19	19	19	19	19
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Apparatus	4	4	4	4	4	5	5	5	5	5
Highway and Streets										
Street Miles	74	74	73	73	73	73	73	73	73	73
Traffic Signals	50	50	50	50	49	48	48	48	41	42
Stormwater Dentention Basins	63	63	63	63	63	63	63	63	63	63
Culture and Recreation										
Park Sites	14	14	14	14	14	14	13	13	11	11
Acres	376	376	376	376	376	376	326	326	314	306
Playgrounds	8	8	8	8	8	8	8	8	8	8
Soccer Fields	11	11	11	11	11	11	11	11	11	11
Baseball Fields	14	14	14	14	14	14	14	14	14	14
Tennis Courts	16	16	16	16	16	16	16	16	16	16
Basketball Courts	9	9	9	8.5	8.5	8.5	9	9	9	9
Street Hockey	4	4	4	4	4	4	4	4	4	4
Disc Golf Course	1	1	1	1	1	1	1	1	1	1
Volleyball Courts	2	2	2	2	2	2	2	2	2	2
Dog Park	1	1	1	1	1	1	1	1	1	1

Source:

Montgomery Township, Montgomery County, Pennsylvania Records