



# MONTGOMERY TOWNSHIP MONTGOMERY COUNTY, PENNSYLVANIA



*Bethlehem Pike & Horsham Road  
Montgomeryville, Pa.*

## **Comprehensive Annual Financial Report Fiscal Year Ended December 31, 2020**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Montgomery Township, Pennsylvania**

**Fiscal Year Ended December 31, 2020**

**Prepared by the Montgomery Township Finance Department**

# **INTRODUCTORY SECTION**

**MONTGOMERY TOWNSHIP**  
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**MONTGOMERY TOWNSHIP  
BOARD OF SUPERVISORS**  
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MONTGOMERYVILLE, PA 18936-9605  
Telephone: 215-393-6900 \* Fax: 215-855-6656  
[www.montgomerytp.org](http://www.montgomerytp.org)

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

June 1, 2021

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, 2020. 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, 2020. 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, rectangular-shaped 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

Throughout 2020, municipalities shared the common challenge of operating during the COVID-19 Pandemic. Montgomery Township was no exception. In order to serve our residents during this difficult time, staff worked diligently to implement safety measures in the workplace and Township-owned public facilities. While employees worked from home at the beginning of the outbreak, within two months they were able to return to their offices and make themselves available to the public.

- Security upgrades were made, which provided the additional benefit of reducing touch points for staff by utilizing key fobs to unlock doors.
- Restrooms were upgraded to allow for touchless use of toilets, sinks, and soap dispensers.
- For those who had to work from home, the IT Department set employees up with the hardware and software tools needed for productivity.
- While much was on hold, the Planning and Zoning Department continued to accept permit applications so that they were ready to take action when business resumed.
- The Board of Supervisors passed a resolution detailing the lawful operation of mobile food vendors. This ordinance allows mobile food vendors to legally operate, within limitations and while respecting the role of established restaurant businesses in the Township. The number of mobile food vendors has increased as CDC, State, and local guidelines suggest that events be moved outdoors.
- The Community & Recreation Center reopened late June 2020. Fitness equipment was spaced out and enhanced sanitation measures were implemented. A small-scale summer program was held at Spring Valley Park for ages 6-12 and additional youth programs resumed in September 2020.

Public Works completed their long-awaited LED streetlight conversion. During the project a total of 1,237 residential and 134 cobra head streetlights were converted to LED fixtures. The new LED bulbs have an approximate life expectancy of 10-15 years, which will cut down on maintenance costs, and their energy efficiency will provide significant cost savings.

The Montgomery Township Board of Supervisors appointed Berkheimer Innovations (Berkheimer) as the Business Privilege/Mercantile and Amusement Tax Collector effective January 1, 2021. Previously these taxes were collected by Township Staff. By outsourcing this function, the Township was able to reduce costs and provide increase expertise in this area of tax collection.

## **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 8<sup>th</sup> largest employment center in Montgomery County. As seen in the statistical section of this report, major employers in the Township include a pharmaceutical company, a manufacturing company, and a catalog/online sales company, 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 (EIT) continues to be the Township's largest revenue stream, about 39% of total revenues, with a steady growth rate of about 0.52% annually over the last five years. This indicates that township residents are continuing to earn higher incomes stemming from a stable, growing economy. 2020 saw a decrease in EIT revenue of 1.30%.

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 25.98% 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 1<sup>st</sup> and ends on December 31<sup>st</sup>. 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 1<sup>st</sup> 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, 2019. 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**

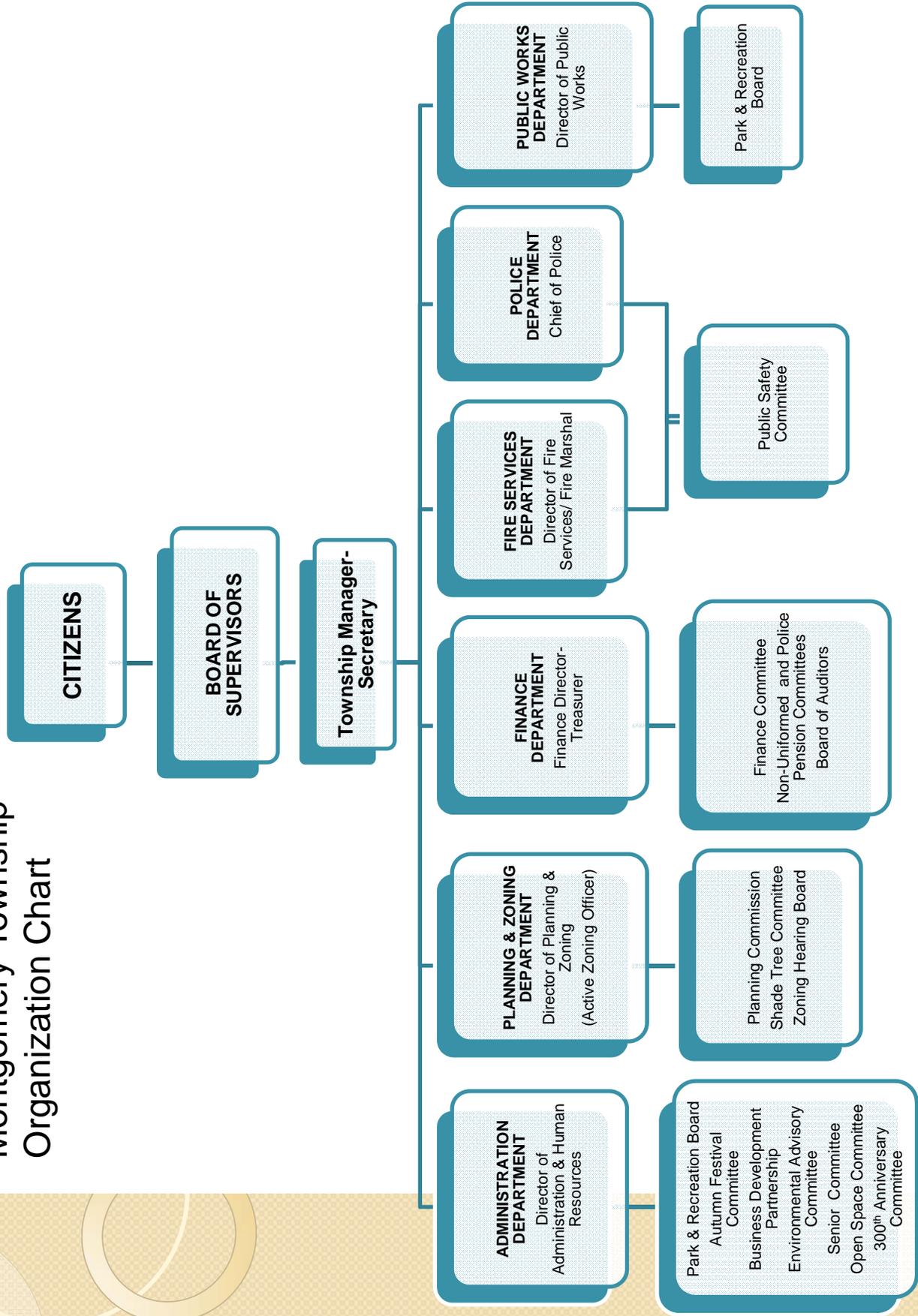
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO

# Montgomery Township Organization Chart



**PRINCIPAL OFFICIALS**  
AS OF DECEMBER 31, 2020  
MONTGOMERY TOWNSHIP, PENNSYLVANIA

**BOARD OF SUPERVISORS**

Tanya C. Bamford – Chairperson  
Matthew W. Quigg – Vice Chairperson  
Candyce Fluehr Chimera – Supervisor  
Annette M. Long – Supervisor  
Beth A. Staab – Supervisor

**APPOINTED OFFICIALS**

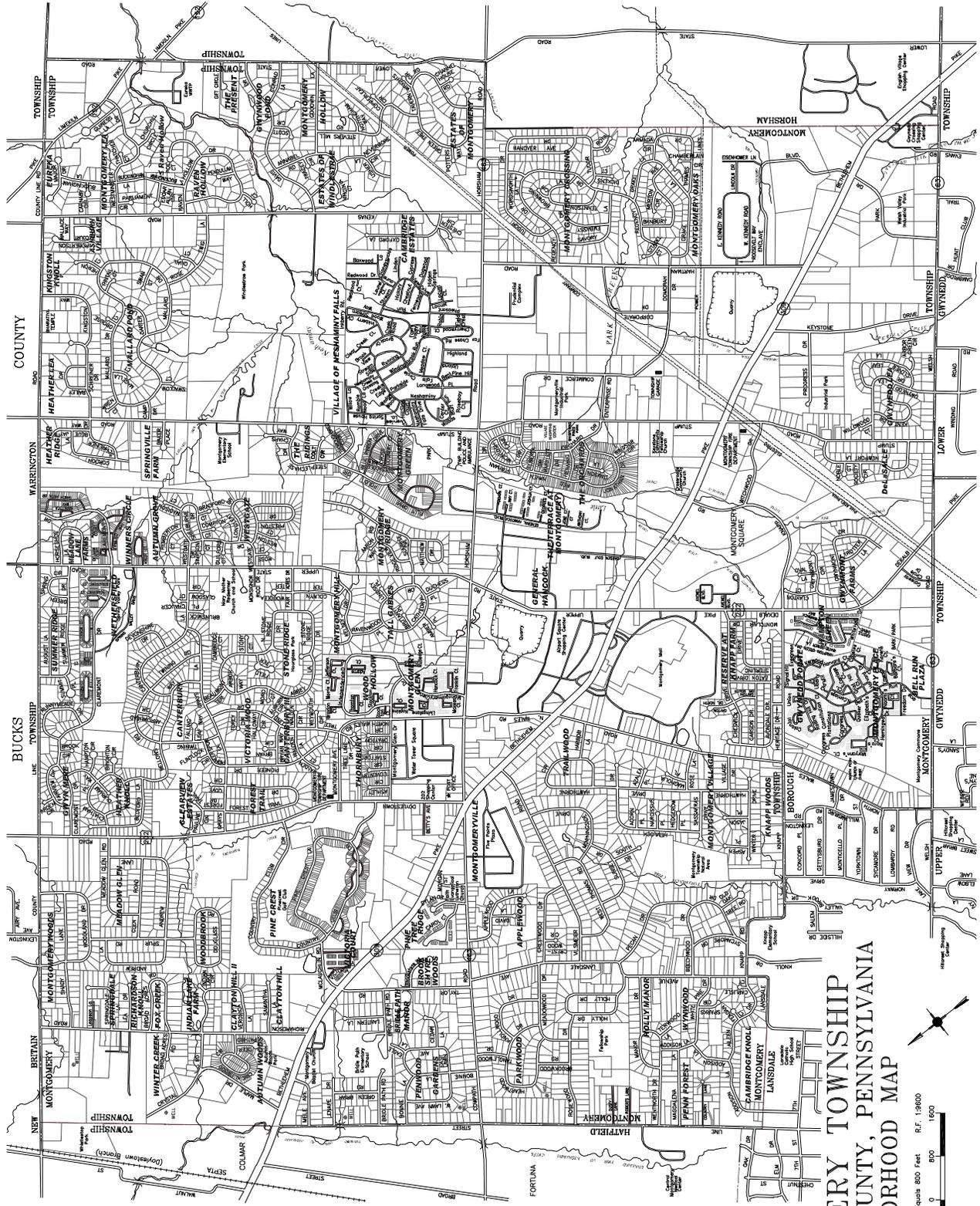
Carolyn McCreary – Township Manager  
Sean Kilkenny, Esquire – Township Solicitor  
Russell Dunlevy, P.E. – Gilmore & Associates – Township Engineer

**MANAGEMENT TEAM**

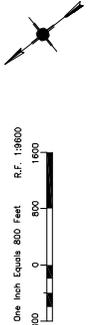
J. Scott Bendig – Chief of Police  
Kevin A. Costello – Director of Public Works  
Richard Grier – Director of Information Technology  
Brian Shapiro – Director of Finance  
Ann M. Shade – Director of Administration and Human Resources  
Floyd Shaffer – Director of Recreation and Community Center  
Bruce Shoupe – Director of Planning and Zoning  
William Wiegman, Director of Fire Services

**TOWNSHIP PROFESSIONALS**

Gilmore & Associates – Landscape and Traffic Engineer and  
Planning Consultant  
Conrad Siegel Actuaries – Pension Plan Actuary  
Eckert Seamans Cherin and Mellott, LLC – Labor Law Attorneys  
Mary Kay Kelm, Esquire – Zoning Hearing Board Solicitor  
Morgan Stanley – Pension Plan Investment Advisor  
Univest National Bank – Bank Depository



# MONTGOMERY TOWNSHIP MONTGOMERY COUNTY, PENNSYLVANIA NEIGHBORHOOD MAP



BASE MAP PREPARED BY THE PLANNING COMMISSION  
MONTGOMERY COUNTY, PENNSYLVANIA  
PROPERTY LINES AS OF NOVEMBER 2002



Chambers Associates, Inc.  
Creating Enduring and Sustainable  
Communities  
1000 North 17th Street, Suite 200  
Allentown, PA 18104  
610-262-1714

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## **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, 2020, 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 99.4%, 99.4% and 98.2%, respectively, of the assets, net position and revenues of the component units. 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

To the Board of Supervisors  
Montgomery Township  
Montgomeryville, Pennsylvania

***Emphasis of Matter***

As discussed in Note P the spread of the COVID-19 coronavirus is affecting the United States and global economies and may have an impact on Montgomery Township's operational and financial performance. At this point, Montgomery Township cannot reasonably estimate the impact on its operations or financial results. 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.



Limerick, Pennsylvania  
June 1, 2021

# **MONTGOMERY TOWNSHIP**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**YEAR ENDED DECEMBER 31, 2020**

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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, 2020.

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 2020 by \$131,883,182 (net position), an increase of \$1,723,687 as compared to 2019.
- Deferred outflows of resources, or the consumption of net assets in one period that are applicable to a future period, totaled \$1,447,732 in 2020 as compared to \$1,324,781 in 2019. A change in actuarial assumption made up 56.70% of deferred outflows in 2020.
- Deferred inflows of resources, or the acquisition of net assets in one period that are applicable to a future period, totaled \$3,125,097 in 2020 as compared to \$2,039,720 in 2019. A difference between expected and actual experience and a difference between projected and actual investment earnings made up 91.99% of deferred inflows in 2020.
- The Township's Governmental Funds (Fund Financial Statements) reported combined ending balances for all funds of \$16,313,784, a decrease of \$2,230,602 from 2019. In accordance with GASB 54, the General Fund ending balance of \$4,265,214 is unassigned and available for use according to the Township's fiscal policies. This balance represents 30.22% of total budgeted General Fund expenses for 2020. 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 \$323,908, while the Business-Type Debt decreased by \$260,082 during 2020. 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, 2020

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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, 2020**

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, 2020 and 2019**

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Cash and equivalents	\$ 12,152,184	\$ 4,973,507
Other assets	8,775,373	16,233,742
Capital assets	117,199,087	113,956,693
TOTAL ASSETS	<u>138,126,644</u>	<u>135,163,942</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	-	-
Deferred outflows related to pensions	820,860	1,012,511
Deferred outflows related to OPEB	429,301	312,270
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,250,161</u>	<u>1,324,781</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 139,376,805</u>	<u>\$ 136,488,723</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
Other liabilities	\$ 1,064,661	\$ 941,375
Long-term debt outstanding	3,580,178	3,624,446
TOTAL LIABILITIES	<u>4,644,839</u>	<u>4,565,821</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	2,874,882	1,763,000
Deferred inflows related to OPEB	250,215	276,720
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,125,097</u>	<u>2,039,720</u>
NET POSITION		
Net investment in capital assets	117,199,087	113,956,693
Restricted	1,217,137	1,559,263
Unrestricted	13,190,645	14,367,226
TOTAL NET POSITION	<u>131,606,869</u>	<u>129,883,182</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 139,376,805</u>	<u>\$ 136,488,723</u>

Business-Type Activities		Component Units		Totals	
2020	2019	2020	2019	2020	2019
\$ -	\$ 231,351	\$ 11,564,856	\$ 5,992,685	\$ 23,717,040	\$ 11,197,543
(269,797)	-	3,210,603	8,101,259	11,716,179	24,335,001
9,956,271	10,312,225	27,782,424	29,545,679	154,937,782	153,814,597
<u>9,686,474</u>	<u>10,543,576</u>	<u>42,557,883</u>	<u>43,639,623</u>	<u>190,371,001</u>	<u>189,347,141</u>
197,571	206,224	-	-	197,571	206,224
-	-	-	-	820,860	1,012,511
-	-	-	-	429,301	312,270
<u>197,571</u>	<u>206,224</u>	<u>-</u>	<u>-</u>	<u>1,447,732</u>	<u>1,531,005</u>
<u>\$ 9,884,045</u>	<u>\$ 10,749,800</u>	<u>\$ 42,557,883</u>	<u>\$ 43,639,623</u>	<u>\$ 191,818,733</u>	<u>\$ 190,878,146</u>
\$ 42,834	\$ 53,608	\$ 935,552	\$ 1,043,374	\$ 2,043,047	\$ 2,038,357
8,171,047	8,431,129	53,418	35,169	11,804,643	12,090,744
<u>8,213,881</u>	<u>8,484,737</u>	<u>988,970</u>	<u>1,078,543</u>	<u>13,847,690</u>	<u>14,129,101</u>
-	-	-	-	2,874,882	1,763,000
-	-	-	-	250,215	276,720
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,125,097</u>	<u>2,039,720</u>
1,982,795	2,087,320	27,782,424	29,522,399	146,964,306	145,566,412
-	-	-	-	1,217,137	1,559,263
(312,631)	177,743	13,786,489	13,038,681	26,664,503	27,583,650
<u>1,670,164</u>	<u>2,265,063</u>	<u>41,568,913</u>	<u>42,561,080</u>	<u>174,845,946</u>	<u>174,709,325</u>
<u>\$ 9,884,045</u>	<u>\$ 10,749,800</u>	<u>\$ 42,557,883</u>	<u>\$ 43,639,623</u>	<u>\$ 191,818,733</u>	<u>\$ 190,878,146</u>

# **MONTGOMERY TOWNSHIP**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**YEAR ENDED DECEMBER 31, 2020**

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Cash and investments represent 15.15% of the Total Governmental Assets and -2.79% of total Business-Type Assets. Of the governmental cash and investments amount, \$8,841,950 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, 84.85%, 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 2020, total revenues (including transfers) exceeded total expenditures by \$1,723,687 for all Governmental Activities resulting in an increase in net position. The increase in net position from 2019 to 2020 was a result of maintaining diversified, stable revenues with controlled expenses.

**MONTGOMERY TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2020**

**Table 2**  
**Changes in Net Position**  
**Years Ended December 31, 2020 and 2019**

	2020			Totals
	Governmental Activities	Business-Type Activities	Component Units	
<b>REVENUES</b>				
Program revenues				
Charges for services	\$ 1,257,674	\$ 168,439	\$ 6,031,826	\$ 7,457,939
Operating grants and contributions	1,730,996	-	110,645	1,841,641
Capital grants and contributions	-	-	-	-
General revenues				
Taxes	13,572,054	140,000	-	13,712,054
Cable TV franchise fees	548,523	-	-	548,523
Investment income	432,581	-	136,730	569,311
Gain on sale of capital assets	-	-	-	-
TOTAL REVENUES	<u>17,541,828</u>	<u>308,439</u>	<u>6,279,201</u>	<u>24,129,468</u>
<b>EXPENSES</b>				
Operating				
General government	2,377,864	-	-	2,377,864
Public safety	9,009,339	-	-	9,009,339
Highways and streets	2,398,922	-	-	2,398,922
Parks and recreation	416,857	-	-	416,857
Sewer Authority	-	-	7,150,790	7,150,790
Fire Department	-	-	120,578	120,578
Recreation center	-	1,212,717	-	1,212,717
Other employee benefits not allocated	-	-	-	-
Interest on long-term debt	-	-	-	-
Bond issuance costs	-	-	-	-
Depreciation, unallocated	1,305,780	-	-	1,305,780
TOTAL EXPENSES	<u>15,508,762</u>	<u>1,212,717</u>	<u>7,271,368</u>	<u>23,992,847</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	2,033,066	(904,278)	(992,167)	136,621
TRANSFERS	<u>(309,379)</u>	<u>309,379</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	1,723,687	(594,899)	(992,167)	136,621
NET POSITION, BEGINNING	<u>129,883,182</u>	<u>2,265,063</u>	<u>42,561,080</u>	<u>174,709,325</u>
NET POSITION, ENDING	<u>\$ 131,606,869</u>	<u>\$ 1,670,164</u>	<u>\$ 41,568,913</u>	<u>\$ 174,845,946</u>

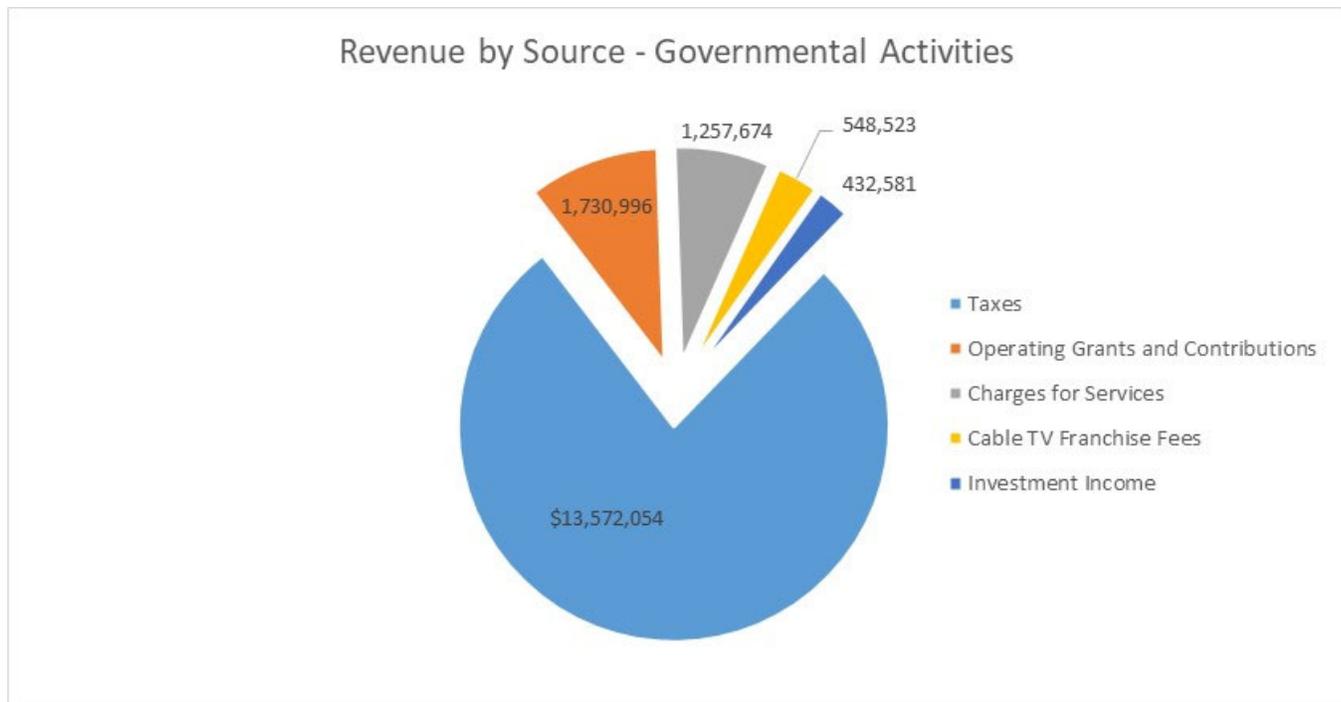
2019			
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units</u>	<u>Totals</u>
\$ 1,374,204	\$ 766,678	\$ 6,373,389	\$ 8,514,271
2,647,801	-	55,338	2,703,139
-	-	-	-
13,992,214	140,000	-	14,132,214
571,408	-	-	571,408
483,412	-	229,824	713,236
52,755	-	-	52,755
<u>19,121,794</u>	<u>906,678</u>	<u>6,658,551</u>	<u>26,687,023</u>
3,012,067	-	-	3,012,067
9,805,767	-	-	9,805,767
2,682,668	-	-	2,682,668
497,328	-	-	497,328
-	-	6,622,728	6,622,728
-	-	149,388	149,388
-	1,652,122	-	1,652,122
-	-	-	-
-	-	-	-
-	-	-	-
971,676	-	-	971,676
<u>16,969,506</u>	<u>1,652,122</u>	<u>6,772,116</u>	<u>25,393,744</u>
2,152,288	(745,444)	(113,565)	1,293,279
<u>(706,175)</u>	<u>706,175</u>	<u>-</u>	<u>-</u>
1,446,113	(39,269)	(113,565)	1,293,279
<u>128,437,069</u>	<u>2,304,332</u>	<u>42,674,645</u>	<u>173,416,046</u>
\$ <u>129,883,182</u>	\$ <u>2,265,063</u>	\$ <u>42,561,080</u>	\$ <u>174,709,325</u>

**MONTGOMERY TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2020**

**Governmental Activities**

The Township generates revenues from a variety of sources. Total revenues for Governmental Activities for fiscal year 2020 were \$17,541,828 compared to \$19,121,794 in 2019, a decrease of \$1,579,966. The Township realized a decrease in all revenue categories for 2020. Revenues by source were as follows:

Revenue	2020		2019	
	Amount	% of Total	Amount	% of Total
Taxes	\$ 13,572,054	77.37%	\$ 13,992,214	73.17%
Cable TV franchise fees	548,523	3.13%	571,408	2.99%
Investment income	432,581	2.47%	483,412	2.53%
Gain on sale of capital assets	-	0.00%	52,755	0.28%
Charges for services	1,257,674	7.17%	1,374,204	7.19%
Operating grants and contributions	1,730,996	9.87%	2,647,801	13.85%
	<u>\$ 17,541,828</u>	<u>100.00%</u>	<u>\$ 19,121,794</u>	<u>100.00%</u>



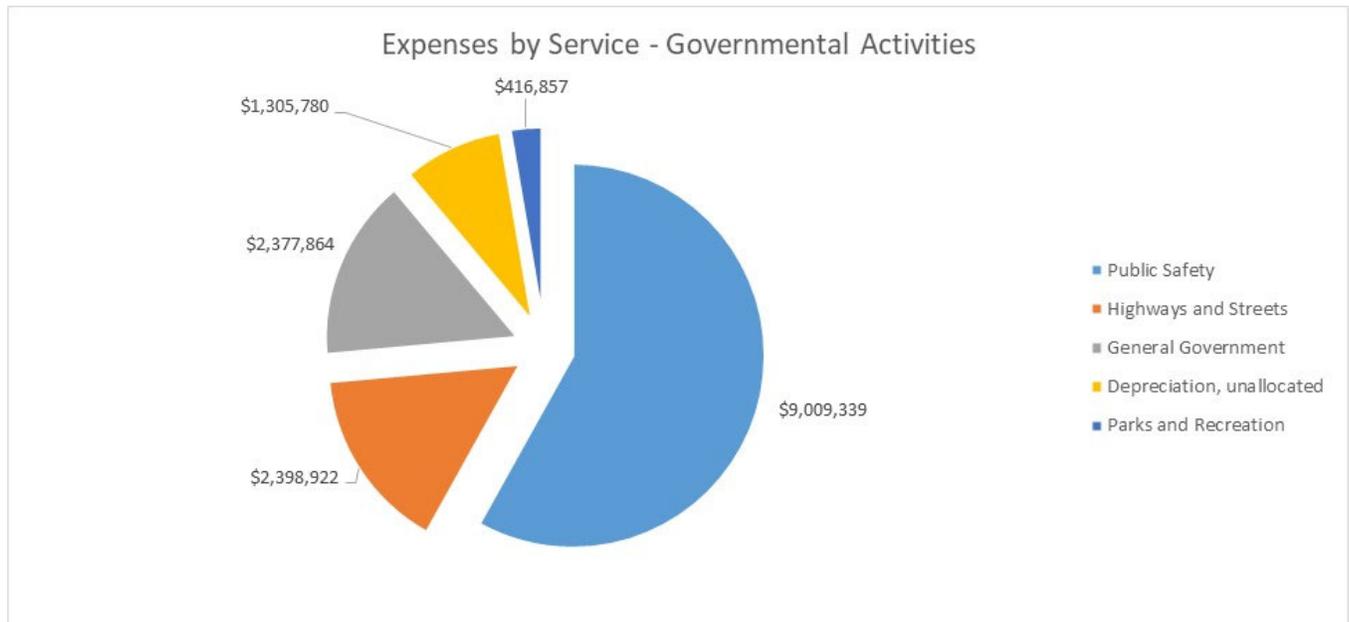
# MONTGOMERY TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

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 2020 were \$15,508,762 compared to \$16,969,506 in expenses in 2019, a decrease of \$1,460,744. This decrease is primarily attributable to decreased expenses in Administration, Public Safety and Highways and Streets. Details are shown in the table below.

Expenses	2020		2019	
	Amount	% of Total	Amount	% of Total
General government	\$ 2,377,864	15.33%	\$ 3,012,067	17.75%
Public safety	9,009,339	58.09%	9,805,767	57.78%
Highways and streets	2,398,922	15.47%	2,682,668	15.81%
Parks and recreation	416,857	2.69%	497,328	2.93%
Depreciation, unallocated	1,305,780	8.41%	971,676	5.73%
	<u>\$ 15,508,762</u>	<u>100.00%</u>	<u>\$ 16,969,506</u>	<u>100.00%</u>



# **MONTGOMERY TOWNSHIP**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**YEAR ENDED DECEMBER 31, 2020**

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### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Township's approved General Fund Budget for 2019 included total revenues of \$14.1M and total expenditures of \$14.1M, including transfers out of approximately \$522K. These budgeted amounts include budget amendments made throughout the fiscal year in accordance with the Second Class Township Code.

The 2020 Original General Fund budget, including transfers, reflected a balanced budget. Actual revenues, in particular Mercantile Taxes and Licenses and Permit fee receipts, which exceeded budget estimates by \$231K when netted against actual expenses below budget by \$464K resulted in a surplus of \$752K. This resulted in an ending General Fund balance of \$4,265,214 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 2020 was positive when compared to budget. Actual revenues, excluding transfers in, were \$14.3 million for 2020. 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 \$269K, led primarily by the Mercantile Tax and Earned Income Taxes. License and Permits exceeded budget by \$65K and Interest Income exceeded budget by \$50K. Each of these revenue categories, combined with controlled expenditures, contributed to the \$752K 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 \$4.3M for fiscal year 2020.

Actual expenditures, excluding Interfund Transfers were \$14.1M for 2020. While expenditures were lower than 2019 actual expenditures, they were \$464K less than the 2020 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 \$308K and Highway and Streets Expenditures which were below budget by \$43K. 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 \$752K. As a result, the Board of Supervisors was able to adopt a 2021 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, 2020, totaled \$117,199,087 (net of accumulated depreciation), an increase of \$3,242,394 from 2019. This increase was the result of new Capital Assets, comprised mostly of infrastructure projects in 2020.

# MONTGOMERY TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

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, 2020 and 2019**

	2020			Totals
	Governmental Activities	Business-Type Activities	Component Units	
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>				
Land	\$ 8,671,506	\$ -	\$ 673,095	\$ 9,344,601
Infrastructure, as restated	95,686,704	-	-	95,686,704
Construction in progress	-	-	453,693	453,693
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>104,358,210</u>	<u>-</u>	<u>1,126,788</u>	<u>105,484,998</u>
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Buildings and improvements	10,839,042	10,797,929	36,094,463	57,731,434
Land improvements	784,841	-	-	784,841
Infrastructure	7,493,991	-	21,178,862	28,672,853
Machinery and equipment	8,666,973	1,254,074	2,754,985	12,676,032
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>27,784,847</u>	<u>12,052,003</u>	<u>60,028,310</u>	<u>99,865,160</u>
Accumulated depreciation	<u>(14,943,970)</u>	<u>(2,095,732)</u>	<u>(33,372,674)</u>	<u>(50,412,376)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>12,840,877</u>	<u>9,956,271</u>	<u>26,655,636</u>	<u>49,452,784</u>
TOTAL CAPITAL ASSETS, net	<u>\$ 117,199,087</u>	<u>\$ 9,956,271</u>	<u>\$ 27,782,424</u>	<u>\$ 154,937,782</u>

2019			
Governmental Activities	Business-Type Activities	Component Units	Totals
\$ 8,661,987	\$ -	\$ 673,095	\$ 9,335,082
95,686,704	-	-	95,686,704
-	-	275,878	275,878
<u>104,348,691</u>	<u>-</u>	<u>948,973</u>	<u>105,297,664</u>
10,839,042	10,797,929	35,814,770	57,451,741
116,255	-	-	116,255
4,926,818	-	21,028,227	25,955,045
<u>7,450,722</u>	<u>1,254,074</u>	<u>2,854,536</u>	<u>11,559,332</u>
23,332,837	12,052,003	59,697,533	95,082,373
<u>(13,724,835)</u>	<u>(1,739,778)</u>	<u>(31,100,827)</u>	<u>(46,565,440)</u>
<u>9,608,002</u>	<u>10,312,225</u>	<u>28,596,706</u>	<u>48,516,933</u>
<u>\$ 113,956,693</u>	<u>\$ 10,312,225</u>	<u>\$ 29,545,679</u>	<u>\$ 153,814,597</u>

# MONTGOMERY TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

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### 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 2020.

As of the close of the 2020 fiscal year, the Township reported combined ending balances for all Governmental Funds of \$16,313,784 a decrease of \$2,230,602 from 2019 resulting primarily from the decrease in the Capital Reserve Fund Balance. Of this ending balance amount, \$10,080,566 or 61.79% 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 25.98%, or \$4.2M, 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 2020 were \$895K. Revenues for 2020 were \$919K. The fund posted a surplus of \$23K for the year and ended the year with a positive fund balance of \$525K. The primary reason for the surplus was a decrease in budgeted expenditures.

**Park and Recreation Fund - 05.** Expenditures for the Park and Recreation Fund for 2020 were \$383K, revenues were \$491K. The fund posted a surplus of \$109K for the year and ended the year with a positive fund balance of \$700K. The Township collected \$66K more in Real Estate Taxes than budgeted and a decrease in budgeted expenditures contributed to the net increase in fund balance.

**Basin Maintenance Fund - 06.** Expenditures for the Basin Maintenance Fund for 2020 were \$45K, there were no revenues. The fund posted a deficit of \$45K for the year and ended the year with a fund balance of \$0. Due to no revenues in 2020 was the contributing factor for this fund's deficit. This fund has been consolidated into the General Fund for future years budgets.

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 2020 were \$524K and revenues were \$143K. The fund posted a deficit of \$382K for the year and ended the year with a fund balance of \$141K. The Township started planning for a LED conversion program in 2019 and incurred increase cost due to that. The Township utilized \$400K of fund balance for the capital outlay of the LED Conversion in 2020.

**Capital Projects Fund - 19.** Expenses for the Capital Projects Fund for 2020 were \$107K. Revenues and transfers in totaled \$107K, a fund balance of \$0. 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 2020 were \$539 and revenues were \$307K and net transfers out were \$309K. The fund posted a deficit of \$3K and ended the year with a fund balance of \$0. 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, 2020

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**Capital Reserve Fund - 30.** Expenditures for the Capital Reserve Fund for 2020 were \$3.5M for budgeted capital construction projects and capital equipment purchases plus the interfund transfers out of \$40K 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 \$291K, plus the interfund transfers in of \$450K. The fund balance in this fund is comprised of assigned and committed funds totaling \$8.8M.

**Park Development Fund - 31.** Expenditures for the Park Development Fund for 2020 were 10K. Revenues to this fund were \$45K, mostly from developer contributions during 2020. The fund posted a surplus of \$35K for the year, and ended the year with a positive fund balance of \$315K.

**Liquid Fuels Fund - 35.** Expenditures from the Liquid Fuels Fund for 2020 were \$684K and revenues for 2020 were \$736K. The fund posted a deficit of \$52K for the year and ended with a positive fund balance of \$750K.

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 2020 were \$222K, and revenues were \$222K 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 2020 were \$4K, and revenues were \$77K consisting of interest earnings on the fund balance and payments for the Recycling Performance Grants. Expenses from the fund in 2020 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 \$74K for the year and ended the year with a positive fund balance of \$487K.

**Replacement Tree Fund - 94.** Expenditures for the Replacement Tree Fund for 2020 were \$27K, and revenues were \$36K. 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 surplus of \$9K for the year and ended the year with a positive fund balance of \$227K.

# MONTGOMERY TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2020

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**Autumn Festival Fund - 95.** Expenditures for the Autumn Festival Fund for 2019 were \$4K, and revenues were \$904. 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 deficit of \$3K for the year and ended the year with a positive fund balance of \$51K.

**Restoration Fund - 96.** There were no expenditures and only minimal interest income for the Restoration Fund for 2020. 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 \$8,055,000 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 12.83% of the Township's available legal borrowing capacity which was calculated using year ending December 31, 2020, data. This again evidences the Township's fiscally responsible approach to funding Capital Improvement projects.

**Table 4**  
**Outstanding Debt at Year-End**

	<u>2020</u>	<u>2019</u>
BUSINESS-TYPE ACTIVITIES		
2016 Series Bond	\$ <u>8,055,000</u>	\$ <u>8,310,000</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, 2020

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## **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, 2015 through 2020. 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 2021, the Township has not increased its real estate tax millage rate for the eighteenth year in a row while continuing to provide excellent levels of services to our residents and business community. Montgomery Township currently has \$14M in net position not invested in capital, which represents about 108% of its annual general operating budget.

The Township has continued to invest in major capital projects and future operations. The 2021 budget includes over \$3.5M in Capital Funding consisting of over \$804K in curb, sidewalk, apron, and ramp improvements to infrastructure and replacement of capital equipment, 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, 2020**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	Sewer Authority	Fire Department
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,152,184	\$ -	\$ 12,152,184	\$ 11,309,046	\$ 255,810
Investments	4,247,000	-	4,247,000	2,499,703	-
Taxes receivable	1,821,908	-	1,821,908	-	-
Accounts receivable	444,208	-	444,208	616,790	-
Due from other governments	23,433	-	23,433	-	-
Prepaid items	27,550	-	27,550	94,110	-
Internal balances	269,797	(269,797)	-	-	-
Net pension asset	1,941,477	-	1,941,477	-	-
Capital assets					
Property, plant and equipment, Sewer Authority	-	-	-	27,782,424	-
Depreciable capital assets	12,840,877	9,956,271	22,797,148	-	-
Nondepreciable capital assets	104,358,210	-	104,358,210	-	-
<b>TOTAL ASSETS</b>	<b>138,126,644</b>	<b>9,686,474</b>	<b>147,813,118</b>	<b>42,302,073</b>	<b>255,810</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amount on refunding	-	197,571	197,571	-	-
Deferred outflows related to pensions	820,860	-	820,860	-	-
Deferred outflows related to OPEB	429,301	-	429,301	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,250,161</b>	<b>197,571</b>	<b>1,447,732</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	433,505	6,143	439,648	506,056	-
Accrued payroll	631,156	18,663	649,819	-	-
Accrued interest	-	18,028	18,028	-	-
Developers' escrow deposits payable	-	-	-	429,496	-
Long-term liabilities					
Portion due or payable within one year					
Bonds payable	-	265,000	265,000	-	-
Portion due or payable after one year					
Bonds payable	-	7,906,047	7,906,047	-	-
Compensated absences	-	-	-	53,418	-
Total OPEB liability	3,580,178	-	3,580,178	-	-
<b>TOTAL LIABILITIES</b>	<b>4,644,839</b>	<b>8,213,881</b>	<b>12,858,720</b>	<b>988,970</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	2,874,882	-	2,874,882	-	-
Deferred inflows related to OPEB	250,215	-	250,215	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,125,097</b>	<b>-</b>	<b>3,125,097</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	117,199,087	1,982,795	119,181,882	27,782,424	-
Restricted					
Providing and maintaining street lights	141,573	-	141,573	-	-
Park development projects	315,838	-	315,838	-	-
Highway and street projects	749,673	-	749,673	-	-
Knapp Farm house	10,053	-	10,053	-	-
Unrestricted	13,190,645	(312,631)	12,878,014	13,530,679	255,810
<b>TOTAL NET POSITION</b>	<b>\$ 131,606,869</b>	<b>\$ 1,670,164</b>	<b>\$ 133,277,033</b>	<b>\$ 41,313,103</b>	<b>\$ 255,810</b>

See accompanying notes to the basic financial statements.

**MONTGOMERY TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 2,377,864	\$ 37,595	\$ 169,190	\$ -
Public safety	9,009,339	1,220,079	656,512	-
Highways and streets	2,398,922	-	864,610	-
Parks and recreation	416,857	-	40,684	-
Depreciation, unallocated	1,305,780	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>15,508,762</b>	<b>1,257,674</b>	<b>1,730,996</b>	<b>-</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Recreation center	1,212,717	168,439	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 16,721,479</b>	<b>\$ 1,426,113</b>	<b>\$ 1,730,996</b>	<b>\$ -</b>
<b>COMPONENT UNITS</b>				
Sewer Authority	\$ 7,150,790	\$ 6,031,826	\$ -	\$ -
Fire Department	120,578	-	110,645	-
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 7,271,368</b>	<b>\$ 6,031,826</b>	<b>\$ 110,645</b>	<b>\$ -</b>
<b>GENERAL REVENUES</b>				
Taxes				
Earned income tax				
Real property tax				
Real estate transfer taxes				
Business privilege and mercantile tax				
Miscellaneous taxes				
Cable TV franchise fees				
Investment income				
<b>TRANSFERS</b>				
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				
<b>CHANGE IN NET POSITION</b>				
<b>NET POSITION AT BEGINNING OF YEAR</b>				
<b>NET POSITION AT END OF YEAR</b>				

*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
\$ (2,171,079)	\$ -	\$ (2,171,079)	\$ -	\$ -
(7,132,748)	-	(7,132,748)	-	-
(1,534,312)	-	(1,534,312)	-	-
(376,173)	-	(376,173)	-	-
<u>(1,305,780)</u>	<u>-</u>	<u>(1,305,780)</u>	<u>-</u>	<u>-</u>
(12,520,092)	-	(12,520,092)	-	-
<u>-</u>	<u>(1,044,278)</u>	<u>(1,044,278)</u>	<u>-</u>	<u>-</u>
<u>(12,520,092)</u>	<u>(1,044,278)</u>	<u>(13,564,370)</u>	<u>-</u>	<u>-</u>
			(1,118,964)	-
			<u>-</u>	<u>(9,933)</u>
			<u>(1,118,964)</u>	<u>(9,933)</u>
5,680,738	140,000	5,820,738	-	-
3,123,763	-	3,123,763	-	-
926,895	-	926,895	-	-
3,156,978	-	3,156,978	-	-
683,680	-	683,680	-	-
548,523	-	548,523	-	-
432,581	-	432,581	136,730	-
(309,379)	309,379	-	-	-
<u>14,243,779</u>	<u>449,379</u>	<u>14,693,158</u>	<u>136,730</u>	<u>-</u>
1,723,687	(594,899)	1,128,788	(982,234)	(9,933)
<u>129,883,182</u>	<u>2,265,063</u>	<u>132,148,245</u>	<u>42,295,337</u>	<u>265,743</u>
<u>\$ 131,606,869</u>	<u>\$ 1,670,164</u>	<u>\$ 133,277,033</u>	<u>\$ 41,313,103</u>	<u>\$ 255,810</u>

**MONTGOMERY TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,273,552	\$ 6,534,968	\$ 2,343,664	\$ 12,152,184
Investments	1,065,980	2,341,370	839,650	4,247,000
Taxes receivable	1,792,217	-	29,691	1,821,908
Accounts receivable	377,708	28,989	60,944	467,641
Due from other funds	282,911	-	-	282,911
Prepaid items	27,550	-	-	27,550
<b>TOTAL ASSETS</b>	<b>\$ 6,819,918</b>	<b>\$ 8,905,327</b>	<b>\$ 3,273,949</b>	<b>\$ 18,999,194</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenditures	\$ 356,632	\$ 63,377	\$ 13,496	\$ 433,505
Accrued payroll	599,035	-	32,121	631,156
Due to other funds	-	-	13,114	13,114
<b>TOTAL LIABILITIES</b>	<b>955,667</b>	<b>63,377</b>	<b>58,731</b>	<b>1,077,775</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues				
Property taxes	14,280	-	8,598	22,878
Income taxes	1,584,757	-	-	1,584,757
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,599,037</b>	<b>-</b>	<b>8,598</b>	<b>1,607,635</b>
<b>FUND BALANCES</b>				
Nonspendable, prepaid items	27,550	-	-	27,550
Restricted				
Providing and maintaining street lights	-	-	141,573	141,573
Park development projects	-	-	315,838	315,838
Highway and street projects	-	-	749,673	749,673
Knapp Farm house	-	-	10,053	10,053
Committed to				
Arbor Day and shade tree commission	-	-	226,831	226,831
Fire protection capital purchases and/or infrastructure projects	-	-	524,529	524,529
Environmental	-	-	487,256	487,256
Equipment plans	-	2,483,743	-	2,483,743
Highway and street projects	-	520,069	-	520,069
Building improvements	-	406,414	-	406,414
Storm water projects	-	427,820	-	427,820
Traffic engineering	-	278,794	-	278,794
Open space acquisition and improvement	-	2,137,188	-	2,137,188
Parks and recreation projects	-	278,973	-	278,973
Operating reserve fund	-	2,308,949	-	2,308,949
Assigned				
Park and recreation projects	-	-	700,212	700,212
Annual autumn fest	-	-	50,655	50,655
Unassigned	4,237,664	-	-	4,237,664
<b>TOTAL FUND BALANCES</b>	<b>4,265,214</b>	<b>8,841,950</b>	<b>3,206,620</b>	<b>16,313,784</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,819,918</b>	<b>\$ 8,905,327</b>	<b>\$ 3,273,949</b>	<b>\$ 18,999,194</b>

See accompanying notes to the basic financial statements.

# MONTGOMERY TOWNSHIP

## RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2020

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TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 16,313,784
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Land	8,671,506
Buildings and building improvements	10,839,042
Land improvements	784,841
Infrastructure	103,180,695
Machinery and equipment	8,666,973
Accumulated depreciation	(14,943,970)
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	(1,874,936)
The net pension asset is not available to pay for current period expenditures and, therefore, is not reported in the funds.	
	1,941,477
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Total OPEB obligation	(3,580,178)
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>1,607,635</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 131,606,869</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, 2020**

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 11,956,422	\$ -	\$ 1,729,485	\$ 13,685,907
Licenses and permits	1,432,432	-	78,678	1,511,110
Fines and forfeits	153,322	-	-	153,322
Interest income, rents and royalties	100,092	272,374	60,115	432,581
Intergovernmental revenues	604,553	13,837	1,013,306	1,631,696
Charges for services	53,843	-	21,052	74,895
Contributions	20,006	4,500	141,664	166,170
TOTAL REVENUES	<u>14,320,670</u>	<u>290,711</u>	<u>3,044,300</u>	<u>17,655,681</u>
<b>EXPENDITURES</b>				
Current				
General government	2,298,260	157,606	10,953	2,466,819
Public safety	8,594,360	931,108	1,223,909	10,749,377
Highways and streets	2,226,479	1,969,231	1,252,951	5,448,661
Parks and recreation	-	513,844	415,872	929,716
TOTAL EXPENDITURES	<u>13,119,099</u>	<u>3,571,789</u>	<u>2,903,685</u>	<u>19,594,573</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,201,571</u>	<u>(3,281,078)</u>	<u>140,615</u>	<u>(1,938,892)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	17,669	-	17,669
Interfund transfers in	-	450,000	39,849	489,849
Interfund transfers out	(450,000)	(39,849)	(309,379)	(799,228)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(450,000)</u>	<u>427,820</u>	<u>(269,530)</u>	<u>(291,710)</u>
NET CHANGE IN FUND BALANCES	751,571	(2,853,258)	(128,915)	(2,230,602)
FUND BALANCES AT BEGINNING OF YEAR	<u>3,513,643</u>	<u>11,695,208</u>	<u>3,335,535</u>	<u>18,544,386</u>
FUND BALANCES AT END OF YEAR	<u>\$ 4,265,214</u>	<u>\$ 8,841,950</u>	<u>\$ 3,206,620</u>	<u>\$ 16,313,784</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, 2020

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (2,230,602)
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 (\$1,305,780) is exceeded by capital outlays (\$4,576,995) in the current period.	3,271,215
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	(28,821)
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.	(113,853)
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.	961,852
The net change in the liability for the total 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.	<u>(136,104)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,723,687</u>

*See accompanying notes to the basic financial statements.*

**MONTGOMERY TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**DECEMBER 31, 2020**

	<u>Recreation Center Fund</u>
ASSETS	
NONCURRENT ASSETS	
Building and building improvements	\$ 10,797,929
Machinery and equipment	1,254,074
Less accumulated depreciation	<u>(2,095,732)</u>
TOTAL ASSETS	<u>9,956,271</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	<u>197,571</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	6,143
Accrued payroll	18,663
Accrued interest payable	18,028
Due to other funds	269,797
Bonds payable, current	<u>265,000</u>
TOTAL CURRENT LIABILITIES	<u>577,631</u>
NONCURRENT LIABILITIES	
Bonds payable	<u>7,906,047</u>
TOTAL LIABILITIES	<u>8,483,678</u>
NET POSITION	
Net investment in capital assets	1,982,795
Unrestricted	<u>(312,631)</u>
TOTAL NET POSITION	<u>\$ 1,670,164</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, 2020**

	<u>Recreation Center Fund</u>
OPERATING REVENUES	
Taxes	\$ 140,000
Charges for services	168,439
TOTAL OPERATING REVENUES	<u>308,439</u>
OPERATING EXPENSES	
Contractual and professional services	36,121
Other supplies and expenses	597,617
Depreciation	355,955
TOTAL OPERATING EXPENSES	<u>989,693</u>
OPERATING LOSS	(681,254)
NONOPERATING REVENUES (EXPENSES)	
Interest expense	<u>(223,024)</u>
LOSS BEFORE TRANSFERS	(904,278)
TRANSFERS IN	<u>309,379</u>
CHANGE IN NET POSITION	(594,899)
NET POSITION AT BEGINNING OF YEAR	<u>2,265,063</u>
NET POSITION AT END OF YEAR	<u>\$ 1,670,164</u>

*See accompanying notes to the basic financial statements.*

**MONTGOMERY TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Recreation Center Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 308,439
Payments to employees for services	(3,820)
Payments to suppliers for goods and services	<u>(640,055)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b><u>(335,436)</u></b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Interfund revenues	<u>579,176</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on debt	(255,000)
Interest paid on debt	<u>(220,091)</u>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING         ACTIVITIES</b>	<b><u>(475,091)</u></b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(231,351)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>231,351</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ <u><u>-</u></u></b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (681,254)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	355,955
Decrease in	
Accounts payable	(6,317)
Accrued payroll	<u>(3,820)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ <u><u>(335,436)</u></u></b>

*See accompanying notes to the basic financial statements.*

**MONTGOMERY TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2020**

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
ASSETS		
Cash	\$ 119,836	\$ 1,952,000
Investments		
Common stock	8,068,293	-
Domestic and international funds	18,746,765	-
Fixed income funds	7,595,865	-
TOTAL ASSETS	<u>34,530,759</u>	<u>1,952,000</u>
NET POSITION		
Net position restricted for pensions	34,530,759	-
Net position restricted for custodial purposes	<u>-</u>	<u>1,952,000</u>
TOTAL NET POSITION	<u>\$ 34,530,759</u>	<u>\$ 1,952,000</u>

*See accompanying notes to the basic financial statements.*

**MONTGOMERY TOWNSHIP**

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2020

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
ADDITIONS		
Contributions		
Plan member contributions	\$ 335,831	\$ -
Employer contributions	462,426	-
Other contributions, Commonwealth of Pennsylvania	595,784	-
Developers	-	1,007,209
TOTAL CONTRIBUTIONS	<u>1,394,041</u>	<u>1,007,209</u>
Investment earnings		
Interest income	808,160	-
Gain (loss) on investments	4,391,455	-
Investment expenses	(214,480)	-
INVESTMENT EARNINGS, net	<u>4,985,135</u>	<u>-</u>
TOTAL ADDITIONS	<u>6,379,176</u>	<u>1,007,209</u>
DEDUCTIONS		
Employee benefit payments	1,610,024	-
Escrow payments	-	1,083,020
TOTAL DEDUCTIONS	<u>1,610,024</u>	<u>1,083,020</u>
CHANGE IN NET POSITION	4,769,152	(75,811)
NET POSITION AT BEGINNING OF YEAR	<u>29,761,607</u>	<u>2,027,811</u>
NET POSITION AT END OF YEAR	<u>\$ 34,530,759</u>	<u>\$ 1,952,000</u>

See accompanying notes to the basic financial statements.

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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**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 fiduciary 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, 2020

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**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, 2020

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**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, 2020

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**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, 2020

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**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, Fiduciary Funds, and discretely presented component 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, 2020

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**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, 2020

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**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, 2020

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**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, 2020.

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, 2020. 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, 2020

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**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, 2020

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**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, 2020

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**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, 2020, \$14,114,136 of the Township's bank balance of \$14,483,973 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>12,058,306</u>
Pension trust funds	\$ <u>1,936,920</u>
Escrow	\$ <u>118,910</u>

As of December 31, 2020, the following amounts of the component units were exposed to custodial credit risk.

**Sewer Authority** - At December 31, 2020, \$6,297,175 of the Sewer Authority's bank balance of \$11,309,046 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>6,297,175</u>
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**Fire Department** - At December 31, 2020, 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, 2020**

**NOTE B - DEPOSITS AND INVESTMENTS (Continued)**

As of December 31, 2020, 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
<b>GOVERNMENTAL ACTIVITIES</b>					
Certificate of deposit	\$ 4,247,000	\$ -	\$ -	\$ 3,247,000	\$ 1,000,000
<b>PENSION ACTIVITIES</b>					
Common stock	\$ -	\$ 8,068,293	\$ 8,068,293	\$ 8,068,293	\$ -
Domestic and international mutual funds	-	18,746,765	18,746,765	18,746,765	-
Fixed income mutual funds	-	7,595,865	7,595,865	7,595,865	-
	\$ -	\$ 34,410,923	\$ 34,410,923	\$ 34,410,923	\$ -

As of December 31, 2020, 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	\$ 2,499,703	\$ 250,000	\$ 2,249,703

**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, 2020**

**NOTE C - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 8,661,987	\$ 9,519	\$ -	\$ 8,671,506
Infrastructure	95,686,704	-	-	95,686,704
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>104,348,691</u>	<u>9,519</u>	<u>-</u>	<u>104,358,210</u>
Capital assets being depreciated				
Buildings and building improvements	10,839,042	-	-	10,839,042
Land improvements	116,255	668,586	-	784,841
Infrastructure	4,926,818	2,567,173	-	7,493,991
Machinery and equipment	7,450,722	1,394,759	(178,508)	8,666,973
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>23,332,837</u>	<u>4,630,518</u>	<u>(178,508)</u>	<u>27,784,847</u>
Accumulated depreciation				
Buildings and building improvements	(6,107,904)	(326,321)	-	(6,434,225)
Land improvements	(89,265)	(40,024)	-	(129,289)
Infrastructure	(2,521,367)	(369,456)	-	(2,890,823)
Machinery and equipment	(5,006,299)	(569,979)	86,645	(5,489,633)
TOTAL ACCUMULATED DEPRECIATION	<u>(13,724,835)</u>	<u>(1,305,780)</u>	<u>86,645</u>	<u>(14,943,970)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>9,608,002</u>	<u>3,324,738</u>	<u>(91,863)</u>	<u>12,840,877</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	<u>\$ 113,956,693</u>	<u>\$ 3,334,257</u>	<u>\$ (91,863)</u>	<u>\$ 117,199,087</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets being depreciated				
Buildings and building improvements	\$ 10,797,929	\$ -	\$ -	\$ 10,797,929
Machinery and equipment	1,254,074	-	-	1,254,074
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>12,052,003</u>	<u>-</u>	<u>-</u>	<u>12,052,003</u>
Accumulated depreciation				
Buildings and building improvements	(1,334,308)	(270,007)	-	(1,604,315)
Machinery and equipment	(405,470)	(85,947)	-	(491,417)
TOTAL ACCUMULATED DEPRECIATION	<u>(1,739,778)</u>	<u>(355,954)</u>	<u>-</u>	<u>(2,095,732)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>10,312,225</u>	<u>(355,954)</u>	<u>-</u>	<u>9,956,271</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	<u>\$ 10,312,225</u>	<u>\$ (355,954)</u>	<u>\$ -</u>	<u>\$ 9,956,271</u>

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

<b>Governmental activities:</b>	
Unallocated	\$ <u>1,305,780</u>
<b>Business-type activities:</b>	
Recreation center	\$ <u>355,954</u>

**MONTGOMERY TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE C - CAPITAL ASSETS (Continued)**

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
<b>COMPONENT UNIT, SEWER AUTHORITY</b>				
Capital assets not being depreciated				
Land	\$ 673,095	\$ -	\$ -	\$ 673,095
Construction in progress	275,878	806,381	(628,566)	453,693
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<b>948,973</b>	<b>806,381</b>	<b>(628,566)</b>	<b>1,126,788</b>
Capital assets being depreciated				
Wastewater treatment and collection system				
Hatfield Waste Water Treatment Plant	10,316,810	174,831	-	10,491,641
Eureka Treatment Plant	25,497,960	14,579	(9,717)	25,602,822
Other sewer system improvements	6,791,019	160,525	(9,890)	6,941,654
Developer dedications	14,237,208	-	-	14,237,208
<b>TOTAL WASTEWATER TREATMENT AND COLLECTION SYSTEMS</b>	<b>56,842,997</b>	<b>449,935</b>	<b>(19,607)</b>	<b>57,273,325</b>
Equipment	2,621,734	99,864	(199,415)	2,522,183
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>59,464,731</b>	<b>549,799</b>	<b>(238,629)</b>	<b>59,795,508</b>
Accumulated depreciation				
Wastewater treatment and collection systems				
Hatfield Waste Water Treatment Plant	(8,687,534)	(263,013)	-	(8,950,547)
Eureka Treatment Plant	(9,952,556)	(772,047)	9,717	(10,714,886)
Other sewer system improvements	(4,249,094)	(446,759)	9,890	(4,685,963)
Developer dedications	(6,738,695)	(672,840)	-	(7,411,535)
<b>TOTAL WASTEWATER TREATMENT AND COLLECTION SYSTEMS ACCUMULATED DEPRECIATION</b>	<b>(29,627,879)</b>	<b>(2,154,659)</b>	<b>19,607</b>	<b>(31,762,931)</b>
Equipment	(1,263,426)	(238,495)	124,980	(1,376,941)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>(30,891,305)</b>	<b>(2,393,154)</b>	<b>164,194</b>	<b>(33,139,872)</b>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, net</b>	<b>28,573,426</b>	<b>(1,843,355)</b>	<b>(74,435)</b>	<b>26,655,636</b>
<b>COMPONENT UNIT, SEWER AUTHORITY CAPITAL ASSETS, net</b>	<b>\$ 29,522,399</b>	<b>\$ (1,036,974)</b>	<b>\$ (703,001)</b>	<b>\$ 27,782,424</b>
<b>COMPONENT UNIT, FIRE DEPARTMENT</b>				
Equipment	\$ 232,802	\$ -	\$ -	\$ 232,802
Accumulated depreciation	(209,522)	(23,280)	-	(232,802)
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, net</b>	<b>\$ 23,280</b>	<b>\$ (23,280)</b>	<b>\$ -</b>	<b>\$ -</b>

**MONTGOMERY TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**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, 2020:

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

Net pension liabilities and any total other postemployment benefit liabilities are liquidated by the General Fund.

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Balance Outstanding January 1, 2020	Additions	Reductions	Balance Outstanding December 31, 2020	Due Within One Year
\$ 323,908	\$ -	\$ (323,908)	\$ -	\$ -
<u>3,300,538</u>	<u>279,640</u>	<u>-</u>	<u>3,580,178</u>	<u>-</u>
<u>3,624,446</u>	<u>279,640</u>	<u>(323,908)</u>	<u>3,580,178</u>	<u>-</u>
8,310,000	-	(255,000)	8,055,000	265,000
<u>121,129</u>	<u>-</u>	<u>(5,082)</u>	<u>116,047</u>	<u>-</u>
<u>8,431,129</u>	<u>-</u>	<u>(260,082)</u>	<u>8,171,047</u>	<u>265,000</u>
<u>\$ 12,055,575</u>	<u>\$ 279,640</u>	<u>\$ (583,990)</u>	<u>\$ 11,751,225</u>	<u>\$ 265,000</u>

**MONTGOMERY TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**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>
2021	\$ 265,000	\$ 212,355	\$ 477,355
2022	275,000	204,255	479,255
2023	280,000	197,330	477,330
2024	285,000	191,680	476,680
2025	290,000	185,930	475,930
2026 to 2030	1,540,000	838,185	2,378,185
2031 to 2035	1,740,000	639,180	2,379,180
2036 to 2040	2,015,000	359,325	2,374,325
2041 to 2043	1,365,000	62,325	1,427,325
	<u>\$ 8,055,000</u>	<u>\$ 2,890,565</u>	<u>\$ 10,945,565</u>

A summary of changes in long-term debt for the Sewer Authority for the year ended December 31, 2020, is as follows:

	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2020</u>	<u>Due Within One Year</u>
SEWER AUTHORITY					
Compensated absences	\$ 35,169	\$ 18,249	\$ -	\$ 53,418	\$ -

**MONTGOMERY TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NOTE E - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances at December 31, 2020, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 13,114
General Fund	Recreation Center Fund	<u>269,797</u>
		<u>\$ 282,911</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers at December 31, 2020, are as follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 450,000	\$ -
Capital Reserve Fund	39,849	450,000
Other Governmental Funds	309,379	39,849
Recreation Center Fund	<u>-</u>	<u>309,379</u>
	<u>\$ 799,228</u>	<u>\$ 799,228</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, 2020**

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**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, 2020, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>33</u>
	<u><u>56</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, 2020**

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**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 \$809,364 to the plan for the year 2020. The Township's actual contributions for the plan year 2020 were \$809,367.

**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, 2020:

<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, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 15.78%. 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**  
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**NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)**

**Net Pension Liability (Asset) of the Township**

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

Total pension liability	\$ 23,309,182
Plan fiduciary net position	<u>(25,250,659)</u>
NET PENSION LIABILITY (ASSET)	<u>\$ (1,941,477)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>108.33%</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, 2020, 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, 2020 (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, 2020**

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**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 (Asset)**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at December 31, 2019	\$ 21,954,307	\$ 21,630,399	\$ 323,908
Service cost	562,404	-	562,404
Interest	1,678,250	-	1,678,250
Contributions			
Employer	-	809,367	(809,367)
Member	-	211,410	(211,410)
Net investment income	-	3,485,262	(3,485,262)
Benefit payments	(885,779)	(885,779)	-
Net Changes	<u>1,354,875</u>	<u>3,620,260</u>	<u>(2,265,385)</u>
Balances at December 31, 2020	<u>\$ 23,309,182</u>	<u>\$ 25,250,659</u>	<u>\$ (1,941,477)</u>

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate** - The following presents the net pension liability (asset) of the Township, calculated using the discount rate of 7.50%, as well as what the Township's net pension liability (asset) 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%)
Net pension liability (asset)	<u>\$ 884,161</u>	<u>\$ (1,941,477)</u>	<u>\$ (4,283,819)</u>

**MONTGOMERY TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2020

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**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, 2020, the Township recognized pension expense of (\$152,485). At December 31, 2020, 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	\$ -	\$ 642,296
Changes in assumptions	820,860	-
Difference between projected and actual investment earnings	<u>-</u>	<u>2,232,586</u>
	<u>\$ 820,860</u>	<u>\$ 2,874,882</u>

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

<u>Year Ending December 31,</u>	
2021	\$ (594,168)
2022	(354,702)
2023	(787,761)
2024	(391,725)
2025	24,777
Thereafter	49,557

**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, 2020

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**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 \$247,590, of which \$247,590 was funded by state-shared revenues. Employee contributions to the Plan were \$211,410.

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

**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, 2020, the Authority's contribution was \$77,797.

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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**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, 2020, the Township reported Total OPEB liability measured as of January 1, 2020, and the total OPEB liability was determined by performing update procedures and rolling forward the January 1, 2019 actuarial valuation to January 1, 2020.

**Plan Membership** - At December 31, 2020, plan membership consisted of the following:

Active participants	35
Vested former participants	1
Retired participants	9
	<hr/>
	45
	<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, 2020**

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

**Assumptions**

The following assumptions and actuarial methods and calculations were used:

**Interest Rate** - 3.26%, based on S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2020.

**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** - 5.5% in 2019 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% 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** - PubS-2010 mortality table

**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, 2020

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**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 2020 actuarial valuation, the discount rate changed from 3.64% to 3.26%.

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance at January 1, 2019	\$ 3,300,538
Changes for the year	
Service cost	198,579
Interest cost	123,658
Difference between experience	30,080
Changes in assumptions	115,459
Benefit payments	<u>(188,136)</u>
Net changes	<u>279,640</u>
Balance at January 1, 2020	<u>\$ 3,580,178</u>

**MONTGOMERY TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2020

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**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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease <u>2.26%</u>	Current Discount Rate <u>3.26%</u>	1% Increase <u>4.26%</u>
Total OPEB liability	\$ <u>3,913,840</u>	\$ <u>3,580,178</u>	\$ <u>3,278,979</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>4,062,351</u>	\$ <u>3,580,178</u>	\$ <u>3,178,862</u>

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*** - For the year ended December 31, 2020, the Township recognized OPEB expense of \$321,376. At December 31, 2020, 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	\$ 27,345	\$ 133,430
Changes in assumptions	216,684	116,785
Contributions subsequent to the measurement date	<u>185,272</u>	<u>-</u>
	\$ <u>429,301</u>	\$ <u>250,215</u>

**MONTGOMERY TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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

\$185,272 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>		
2021	\$	(861)
2022		(861)
2023		(861)
2024		(861)
2025		(861)
Thereafter		(1,881)

**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, 2020, 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, 2020

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**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 (DVWCT) 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  
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**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, 2020, 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, 2020**

**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>
<b>ASSETS</b>			
Cash	\$ 119,836	\$ -	\$ 119,836
Investments			
Common stock	8,068,293	-	8,068,293
Domestic and international funds	9,466,665	9,280,100	18,746,765
Fixed income funds	7,595,865	-	7,595,865
<b>TOTAL ASSETS</b>	<u>25,250,659</u>	<u>9,280,100</u>	<u>34,530,759</u>
<b>NET POSITION</b>			
Net position restricted for pensions	<u>\$ 25,250,659</u>	<u>\$ 9,280,100</u>	<u>\$ 34,530,759</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>
<b>ADDITIONS</b>			
Contributions			
Plan member contributions	\$ 211,410	\$ 124,421	\$ 335,831
Employer contributions	461,173	1,253	462,426
Other contributions			
Commonwealth of Pennsylvania	348,194	247,590	595,784
<b>TOTAL CONTRIBUTIONS</b>	<u>1,020,777</u>	<u>373,264</u>	<u>1,394,041</u>
Investment earnings			
Interest income	493,278	314,882	808,160
Gain (loss) on investments	3,203,761	1,187,694	4,391,455
Investment expenses	(211,777)	(2,703)	(214,480)
<b>INVESTMENT EARNINGS, net</b>	<u>3,485,262</u>	<u>1,499,873</u>	<u>4,985,135</u>
<b>TOTAL ADDITIONS</b>	4,506,039	1,873,137	6,379,176
<b>DEDUCTIONS</b>			
Employee benefit payments	<u>885,779</u>	<u>724,245</u>	<u>1,610,024</u>
<b>CHANGE IN NET POSITION</b>	3,620,260	1,148,892	4,769,152
NET POSITION AT BEGINNING OF YEAR	<u>21,630,399</u>	<u>8,131,208</u>	<u>29,761,607</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 25,250,659</u>	<u>\$ 9,280,100</u>	<u>\$ 34,530,759</u>

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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**NOTE P - RISK AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the novel coronavirus ("COVID-19") outbreak a pandemic which has impacted the global economy. Although no significant financial impact has occurred thus far, the COVID-19 pandemic is still on-going and the duration and extent of the related financial impact on the Company's financial position, operations and cash flows is uncertain and cannot be reasonably estimated at this time.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**MONTGOMERY TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 11,687,140	\$ 11,687,140	\$ 11,956,422	\$ 269,282
Licenses and permits	1,367,500	1,367,500	1,432,432	64,932
Fines and forfeits	175,000	175,000	153,322	(21,678)
Interest income, rents and royalties	50,000	50,000	100,092	50,092
Intergovernmental revenues	707,790	707,790	604,553	(103,237)
Charges for services	101,900	101,900	53,843	(48,057)
Contributions	-	-	20,006	20,006
<b>TOTAL REVENUES</b>	<u>14,089,330</u>	<u>14,089,330</u>	<u>14,320,670</u>	<u>231,340</u>
<b>EXPENDITURES</b>				
General government	2,339,040	2,339,040	2,298,260	40,780
Public safety	8,902,690	8,902,690	8,594,360	308,330
Highways and streets	2,269,500	2,269,500	2,226,479	43,021
<b>TOTAL EXPENDITURES</b>	<u>13,511,230</u>	<u>13,511,230</u>	<u>13,119,099</u>	<u>392,131</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>578,100</u>	<u>578,100</u>	<u>1,201,571</u>	<u>623,471</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	10,000	10,000	-	(10,000)
Interfund transfers out	(532,000)	(532,000)	(450,000)	82,000
<b>TOTAL OTHER FINANCING USES</b>	<u>(522,000)</u>	<u>(522,000)</u>	<u>(450,000)</u>	<u>72,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	56,100	56,100	751,571	695,471
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>3,513,643</u>	<u>3,513,643</u>	<u>3,513,643</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 3,569,743</u>	<u>\$ 3,569,743</u>	<u>\$ 4,265,214</u>	<u>\$ 695,471</u>

See accompanying note to budgetary comparison schedule.

# **MONTGOMERY TOWNSHIP**

## **NOTE TO THE BUDGETARY COMPARISON SCHEDULE**

**YEAR ENDED DECEMBER 31, 2020**

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### **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 SEVEN FISCAL YEARS**

	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>							
Service cost	\$ 562,404	\$ 533,084	\$ 505,591	\$ 479,233	\$ 475,597	\$ 450,803	\$ 397,260
Interest	1,678,250	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	(885,779)	(840,472)	(843,423)	(1,363,681)	(527,896)	(508,968)	(748,577)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>1,354,875</b>	<b>1,481,350</b>	<b>1,115,426</b>	<b>166,382</b>	<b>1,298,375</b>	<b>1,729,181</b>	<b>861,919</b>
Total pension liability, beginning	21,954,307	20,472,957	19,357,531	19,191,149	17,892,774	16,163,593	15,301,674
<b>TOTAL PENSION LIABILITY, ENDING (a)</b>	<b>\$ 23,309,182</b>	<b>\$ 21,954,307</b>	<b>\$ 20,472,957</b>	<b>\$ 19,357,531</b>	<b>\$ 19,191,149</b>	<b>\$ 17,892,774</b>	<b>\$ 16,163,593</b>
<b>PLAN FIDUCIARY NET POSITION</b>							
Contributions							
Employer	\$ 809,367	\$ 851,857	\$ 822,819	\$ 770,721	\$ 761,309	\$ 751,249	\$ 611,018
Member	211,410	194,827	201,729	174,963	165,677	161,806	153,337
DROP	-	-	-	-	-	-	275,238
Net investment income	3,485,262	3,630,437	(778,976)	2,412,208	947,050	(128,538)	894,128
Benefit payments, including refunds of member contributions	(885,779)	(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)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>3,620,260</b>	<b>3,836,649</b>	<b>(602,381)</b>	<b>1,978,471</b>	<b>1,342,230</b>	<b>263,109</b>	<b>1,169,239</b>
Plan fiduciary net position, beginning	21,630,399	17,793,750	18,396,131	16,417,660	15,075,430	14,812,321	13,643,082
<b>PLAN FIDUCIARY NET, POSITION ENDING (b)</b>	<b>\$ 25,250,659</b>	<b>\$ 21,630,399</b>	<b>\$ 17,793,750</b>	<b>\$ 18,396,131</b>	<b>\$ 16,417,660</b>	<b>\$ 15,075,430</b>	<b>\$ 14,812,321</b>
<b>NET PENSION LIABILITY, (ASSET) ENDING (a)-(b)</b>	<b>\$ (1,941,477)</b>	<b>\$ 323,908</b>	<b>\$ 2,679,207</b>	<b>\$ 961,400</b>	<b>\$ 2,773,489</b>	<b>\$ 2,817,344</b>	<b>\$ 1,351,272</b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>108%</b>	<b>98.52%</b>	<b>86.91%</b>	<b>95.03%</b>	<b>85.55%</b>	<b>84.25%</b>	<b>91.64%</b>
<b>COVERED PAYROLL</b>	<b>\$ 3,974,721</b>	<b>\$ 3,865,415</b>	<b>\$ 3,868,025</b>	<b>\$ 3,481,326</b>	<b>\$ 3,317,883</b>	<b>\$ 3,103,825</b>	<b>\$ 3,080,805</b>
<b>NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL</b>	<b>-49%</b>	<b>8.38%</b>	<b>69.27%</b>	<b>27.62%</b>	<b>83.59%</b>	<b>90.77%</b>	<b>43.86%</b>

**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 SEVEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 809,364	\$ 851,856	\$ 822,819	\$ 770,721	\$ 761,309	\$ 751,249	\$ 611,018
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>809,367</u>	<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>(3)</u>	\$ <u>(1)</u>	\$ <u>-</u>				
COVERED PAYROLL	\$ <u>3,974,721</u>	\$ <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>20.36%</u>	<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, 2019

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	5 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 SEVEN FISCAL YEARS**

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	<u>2020</u>	<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>15.78%</u>	<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 THREE FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 198,579	\$ 210,147	\$ 187,611
Interest	123,658	107,879	121,756
Difference between expected and actual experience	30,080	-	(177,908)
Changes of assumptions	115,459	(140,143)	148,960
Benefit payments	(188,136)	(176,955)	(163,741)
NET CHANGE IN TOTAL OPEB LIABILITY	<u>279,640</u>	<u>928</u>	<u>116,678</u>
 TOTAL OPEB LIABILITY, BEGINNING	 <u>3,300,538</u>	 <u>3,299,610</u>	 <u>3,182,932</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 3,580,178</u>	<u>\$ 3,300,538</u>	<u>\$ 3,299,610</u>
 COVERED PAYROLL	 <u>\$ 3,986,097</u>	 <u>\$ 3,408,647</u>	 <u>\$ 3,408,647</u>
 TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	 <u>89.82%</u>	 <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 2019 actuarial valuation, the discount rate changed from 3.64% 3.26%. In the 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, 2020**

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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, 2020:

Condition	% of Streets		
	2020	2017	2014
Excellent/good - rating of III - V	94%	94%	94%
Fair/poor - rating of II	6%	6%	6%
Very poor/failed - rating of I	0%	0%	0%

**MONTGOMERY TOWNSHIP**  
**TREND DATA ON INFRASTRUCTURE CONDITION**  
**YEAR ENDED DECEMBER 31, 2020**

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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>
2020	\$ 904,600	\$ 683,887
2019	997,080	902,873
2018	710,650	591,657
2017	469,175	477,735
2016	591,700	465,409

## **SUPPLEMENTARY INFORMATION SECTION**

**MONTGOMERY TOWNSHIP**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
<b>REVENUES</b>				
Taxes				
Real estate	\$ 1,616,640	\$ 1,616,640	\$ 1,858,825	\$ 242,185
Earned income	5,450,000	5,450,000	5,325,944	(124,056)
Transfer	850,000	850,000	926,895	76,895
Mercantile	2,100,000	2,100,000	2,103,089	3,089
Emergency municipal services	577,500	577,500	480,305	(97,195)
Amusement	68,000	68,000	53,013	(14,987)
Business privilege	1,025,000	1,025,000	1,208,351	183,351
<b>TOTAL TAXES</b>	<b>11,687,140</b>	<b>11,687,140</b>	<b>11,956,422</b>	<b>269,282</b>
Licenses and permits				
Building	360,000	360,000	446,411	86,411
Zoning	22,000	22,000	31,031	9,031
Electrical	45,000	45,000	57,150	12,150
Plumbing	20,000	20,000	16,190	(3,810)
Street	20,000	20,000	18,304	(1,696)
Fence	8,000	8,000	12,129	4,129
Use and occupancy	20,000	20,000	21,293	1,293
Roofing and siding	35,000	35,000	48,577	13,577
Grading	2,500	2,500	5,500	3,000
Demolition	10,000	10,000	38,966	28,966
Heat, vent and air conditioning	95,000	95,000	124,327	29,327
Sign	20,000	20,000	16,234	(3,766)
Licenses	100,000	100,000	47,797	(52,203)
Cable television franchise fees	610,000	610,000	548,523	(61,477)
<b>TOTAL LICENSES AND PERMITS</b>	<b>1,367,500</b>	<b>1,367,500</b>	<b>1,432,432</b>	<b>64,932</b>
Fines and forfeits, police	175,000	175,000	153,322	(21,678)
Interest income, rents and royalties	50,000	50,000	100,092	50,092
Intergovernmental revenues				
Public utility realty tax	15,000	15,000	13,610	(1,390)
State pension aid	635,000	635,000	595,784	(39,216)
Other state grants	56,290	56,290	(4,841)	(61,131)
County	1,500	1,500	-	(1,500)
<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	<b>707,790</b>	<b>707,790</b>	<b>604,553</b>	<b>(103,237)</b>
Charges for services				
Administrative	45,000	45,000	36,186	(8,814)
Finance, street lights	6,900	6,900	-	(6,900)
Police services	50,000	50,000	17,657	(32,343)
<b>TOTAL CHARGES FOR SERVICES</b>	<b>101,900</b>	<b>101,900</b>	<b>53,843</b>	<b>(48,057)</b>
Contributions	-	-	20,006	20,006
<b>TOTAL REVENUES</b>	<b>14,089,330</b>	<b>14,089,330</b>	<b>14,320,670</b>	<b>231,340</b>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	10,000	10,000	-	(10,000)
Interfund transfers in				
Capital Reserve Fund	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>(10,000)</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 14,099,330</b>	<b>\$ 14,099,330</b>	<b>\$ 14,320,670</b>	<b>\$ 221,340</b>

**MONTGOMERY TOWNSHIP**  
**SCHEDULE OF FUNCTIONAL EXPENDITURES BY**  
**ACTIVITY AND OTHER FINANCING USES**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Over (Under) Budget
	Original	Final		
EXPENDITURES				
General government				
Administration	\$ 1,390,280	\$ 1,390,280	\$ 1,314,603	\$ (75,677)
Tax collection	209,860	209,860	186,279	(23,581)
Finance	425,720	425,720	387,769	(37,951)
Information technology	313,180	313,180	286,752	(26,428)
TOTAL GENERAL GOVERNMENT	<u>2,339,040</u>	<u>2,339,040</u>	<u>2,175,403</u>	<u>(163,637)</u>
Public safety				
Police	7,881,130	7,881,130	7,695,009	(186,121)
Police vehicles	113,980	113,980	92,118	(21,862)
Fire protection	91,520	91,520	141,021	49,501
Planning and zoning	801,540	801,540	661,740	(139,800)
Emergency management	14,520	14,520	4,472	(10,048)
TOTAL PUBLIC SAFETY	<u>8,902,690</u>	<u>8,902,690</u>	<u>8,594,360</u>	<u>(308,330)</u>
Highways and streets				
Public works	1,970,320	2,129,180	2,017,248	(111,932)
Snow removal	104,760	104,760	30,859	(73,901)
Traffic lights	133,220	133,220	126,620	(6,600)
Street lighting	21,200	21,200	11,762	(9,438)
Repairs	40,000	40,000	39,990	(10)
TOTAL HIGHWAYS AND STREETS	<u>2,269,500</u>	<u>2,428,360</u>	<u>2,226,479</u>	<u>(201,881)</u>
TOTAL EXPENDITURES	<u>13,511,230</u>	<u>13,670,090</u>	<u>12,996,242</u>	<u>(673,848)</u>
OTHER FINANCING USES				
Interfund transfers out				
Capital Reserve Fund	325,000	325,000	450,000	125,000
Recreation Center Fund	200,000	200,000	-	(200,000)
Autumn Festival Fund	7,000	7,000	-	(7,000)
TOTAL OTHER FINANCING USES	<u>532,000</u>	<u>532,000</u>	<u>450,000</u>	<u>(82,000)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 14,043,230</u>	<u>\$ 14,202,090</u>	<u>\$ 13,446,242</u>	<u>\$ (755,848)</u>

**MONTGOMERY TOWNSHIP**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

	Special Revenue				
	Fire Protection Fund	Park and Recreation Fund	Basin Maintenance Fund	Street Lights Fund	Liquid Fuels Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 382,802	\$ 505,209	\$ -	\$ 103,939	\$ 551,927
Investments	137,152	180,962	-	37,240	197,746
Taxes receivable	9,013	12,725	-	-	-
Accounts receivable	30,233	13,351	-	5,600	-
<b>TOTAL ASSETS</b>	<b>\$ 559,200</b>	<b>\$ 712,247</b>	<b>\$ -</b>	<b>\$ 146,779</b>	<b>\$ 749,673</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 1,841	\$ 6,505	\$ -	\$ 5,150	\$ -
Accrued payroll	30,220	1,845	-	56	-
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>32,061</b>	<b>8,350</b>	<b>-</b>	<b>5,206</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues, property taxes	2,610	3,685	-	-	-
<b>FUND BALANCES</b>					
<b>Restricted</b>					
Providing and maintaining street lights	-	-	-	141,573	-
Park development projects	-	-	-	-	-
Highway and street projects	-	-	-	-	749,673
Knapp Farm house	-	-	-	-	-
<b>Committed to</b>					
Arbor Day and shade tree commission	-	-	-	-	-
Environmental	-	-	-	-	-
Fire protection capital purchases and/or infrastructure projects	524,529	-	-	-	-
<b>Assigned</b>					
Park and recreation projects	-	700,212	-	-	-
Annual autumn fest	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>524,529</b>	<b>700,212</b>	<b>-</b>	<b>141,573</b>	<b>749,673</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 559,200</b>	<b>\$ 712,247</b>	<b>\$ -</b>	<b>\$ 146,779</b>	<b>\$ 749,673</b>

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			
\$ 357,278	\$ 165,703	\$ 37,293	\$ 232,112	\$ -	\$ 7,401	\$ -	\$ 2,343,664	
128,006	59,368	13,362	83,162	-	2,652	-	839,650	
-	-	-	-	-	-	7,953	29,691	
1,972	1,760	-	564	-	-	7,464	60,944	
<u>\$ 487,256</u>	<u>\$ 226,831</u>	<u>\$ 50,655</u>	<u>\$ 315,838</u>	<u>\$ -</u>	<u>\$ 10,053</u>	<u>\$ 15,417</u>	<u>\$ 3,273,949</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,496	
-	-	-	-	-	-	-	32,121	
-	-	-	-	-	-	13,114	13,114	
-	-	-	-	-	-	13,114	58,731	
-	-	-	-	-	-	2,303	8,598	
-	-	-	-	-	-	-	141,573	
-	-	-	315,838	-	-	-	315,838	
-	-	-	-	-	-	-	749,673	
-	-	-	-	-	10,053	-	10,053	
-	226,831	-	-	-	-	-	226,831	
487,256	-	-	-	-	-	-	487,256	
-	-	-	-	-	-	-	524,529	
-	-	-	-	-	-	-	700,212	
-	-	50,655	-	-	-	-	50,655	
<u>487,256</u>	<u>226,831</u>	<u>50,655</u>	<u>315,838</u>	<u>-</u>	<u>10,053</u>	<u>-</u>	<u>3,206,620</u>	
<u>\$ 487,256</u>	<u>\$ 226,831</u>	<u>\$ 50,655</u>	<u>\$ 315,838</u>	<u>\$ -</u>	<u>\$ 10,053</u>	<u>\$ 15,417</u>	<u>\$ 3,273,949</u>	

**MONTGOMERY TOWNSHIP**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	Special Revenue Funds					
	Fire Protection Fund	Park and Recreation Fund	Basin Maintenance Fund	Street Lights Fund	Liquid Fuels Fund	Fire Relief Fund
<b>REVENUES</b>						
Taxes	\$ 811,173	\$ 481,555	\$ -	\$ 134,866	\$ -	\$ -
Licenses and permits	78,678	-	-	-	-	-
Interest income, rents and royalties	6,172	10,317	-	7,209	13,464	-
Intergovernmental revenues	-	-	-	-	722,353	221,793
Charges for services	20,568	-	-	474	-	-
Contributions	2,325	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>918,916</b>	<b>491,872</b>	<b>-</b>	<b>142,549</b>	<b>735,817</b>	<b>221,793</b>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	-	-
Public safety	895,507	-	-	-	-	221,793
Highways and streets	-	-	44,722	524,108	683,887	-
Parks and recreation	-	382,574	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>895,507</b>	<b>382,574</b>	<b>44,722</b>	<b>524,108</b>	<b>683,887</b>	<b>221,793</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>23,409</b>	<b>109,298</b>	<b>(44,722)</b>	<b>(381,559)</b>	<b>51,930</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Interfund transfers in	-	-	-	-	-	-
Interfund transfers out	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>23,409</b>	<b>109,298</b>	<b>(44,722)</b>	<b>(381,559)</b>	<b>51,930</b>	<b>-</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>501,120</b>	<b>590,914</b>	<b>44,722</b>	<b>523,132</b>	<b>697,743</b>	<b>-</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 524,529</b>	<b>\$ 700,212</b>	<b>\$ -</b>	<b>\$ 141,573</b>	<b>\$ 749,673</b>	<b>\$ -</b>

								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					
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,891	\$ 1,729,485					
-	-	-	-	-	-	-	78,678					
8,240	4,811	604	4,274	-	118	4,906	60,115					
69,160	-	-	-	-	-	-	1,013,306					
10	-	-	-	-	-	-	21,052					
-	31,595	300	40,684	66,760	-	-	141,664					
<u>77,410</u>	<u>36,406</u>	<u>904</u>	<u>44,958</u>	<u>66,760</u>	<u>118</u>	<u>306,797</u>	<u>3,044,300</u>					
3,539	3,315	3,560	-	-	-	539	10,953					
-	-	-	-	106,609	-	-	1,223,909					
234	-	-	-	-	-	-	1,252,951					
-	23,561	7	9,730	-	-	-	415,872					
<u>3,773</u>	<u>26,876</u>	<u>3,567</u>	<u>9,730</u>	<u>106,609</u>	<u>-</u>	<u>539</u>	<u>2,903,685</u>					
<u>73,637</u>	<u>9,530</u>	<u>(2,663)</u>	<u>35,228</u>	<u>(39,849)</u>	<u>118</u>	<u>306,258</u>	<u>140,615</u>					
-	-	-	-	39,849	-	-	39,849					
-	-	-	-	-	-	(309,379)	(309,379)					
-	-	-	-	39,849	-	(309,379)	(269,530)					
73,637	9,530	(2,663)	35,228	-	118	(3,121)	(128,915)					
<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>\$ 487,256</u>	<u>\$ 226,831</u>	<u>\$ 50,655</u>	<u>\$ 315,838</u>	<u>\$ -</u>	<u>\$ 10,053</u>	<u>\$ -</u>	<u>\$ 3,206,620</u>					

**MONTGOMERY TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL RESERVE FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest income, rents and royalties	\$ 200,000	\$ 200,000	\$ 272,374	\$ 72,374
Intergovernmental revenues	510,000	-	13,837	13,837
Contributions	-	-	4,500	4,500
<b>TOTAL REVENUES</b>	<b>710,000</b>	<b>200,000</b>	<b>290,711</b>	<b>90,711</b>
<b>EXPENDITURES</b>				
General government				
Administration	350,700	350,700	91,947	(258,753)
Finance	9,310	9,310	11,931	2,621
Information technology	27,310	27,310	53,728	26,418
<b>TOTAL GENERAL GOVERNMENT</b>	<b>387,320</b>	<b>387,320</b>	<b>157,606</b>	<b>(229,714)</b>
Public safety				
Police	233,670	233,670	132,750	(100,920)
Fire protection	1,452,770	1,452,770	770,458	(682,312)
Planning and zoning	38,200	38,200	27,900	(10,300)
<b>TOTAL PUBLIC SAFETY</b>	<b>1,724,640</b>	<b>1,724,640</b>	<b>931,108</b>	<b>(793,532)</b>
Highways and streets				
Public works	1,159,600	1,159,600	963,405	(196,195)
Snow removal	21,280	21,280	-	(21,280)
Traffic lights	568,430	568,430	74,562	(493,868)
Street lighting	540,000	-	174,925	174,925
Repairs	854,620	854,620	756,339	(98,281)
<b>TOTAL HIGHWAYS AND STREETS</b>	<b>3,143,930</b>	<b>2,603,930</b>	<b>1,969,231</b>	<b>(634,699)</b>
Parks and recreation	847,690	847,690	513,844	(333,846)
<b>TOTAL EXPENDITURES</b>	<b>6,103,580</b>	<b>5,563,580</b>	<b>3,571,789</b>	<b>(1,991,791)</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>				
	<b>(5,393,580)</b>	<b>(5,363,580)</b>	<b>(3,281,078)</b>	<b>2,082,502</b>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	-	-	17,669	17,669
Interfund transfers in				
General Fund	325,000	325,000	450,000	125,000
Interfund transfers out				
Capital Projects	(40,510)	(40,510)	(39,849)	661
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>284,490</b>	<b>284,490</b>	<b>427,820</b>	<b>143,330</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,109,090)</b>	<b>(5,079,090)</b>	<b>(2,853,258)</b>	<b>2,225,832</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>11,695,208</b>	<b>11,695,208</b>	<b>11,695,208</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 6,586,118</b>	<b>\$ 6,616,118</b>	<b>\$ 8,841,950</b>	<b>\$ 2,225,832</b>

**MONTGOMERY TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES--BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	Fire Protection Fund		Park and Recreation Fund	
	Budget	Actual	Budget	Actual
<b>REVENUES</b>				
Taxes				
Real estate	\$ 370,000	\$ 340,826	\$ 415,000	\$ 481,555
Earned income	310,000	310,000	-	-
Local services	192,500	160,347	-	-
TOTAL TAXES	<u>872,500</u>	<u>811,173</u>	<u>415,000</u>	<u>481,555</u>
Licenses and permits, tipping fees	75,000	78,678	-	-
Interest income, rents and royalties	3,000	6,172	23,500	10,317
Intergovernmental revenues				
State	15,000	-	-	-
Charges for services				
Fire department services	15,690	20,568	-	-
Recycling bins	-	-	-	-
TOTAL CHARGES FOR SERVICES	<u>15,690</u>	<u>20,568</u>	<u>-</u>	<u>-</u>
Contributions	-	2,325	-	-
TOTAL REVENUES	<u>981,190</u>	<u>918,916</u>	<u>438,500</u>	<u>491,872</u>
<b>EXPENDITURES</b>				
General government, administration	-	-	-	-
Public safety, fire protection	981,110	895,507	-	-
Highways and streets				
Public works	-	-	-	-
Street lighting	-	-	-	-
Repairs	-	-	-	-
TOTAL HIGHWAYS AND STREETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parks and recreation	-	-	427,800	382,574
TOTAL EXPENDITURES	<u>981,110</u>	<u>895,507</u>	<u>427,800</u>	<u>382,574</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>80</u>	<u>23,409</u>	<u>10,700</u>	<u>109,298</u>
<b>OTHER FINANCING SOURCES</b>				
Interfund transfers in				
General Fund	-	-	-	-
Capital Reserve Fund	-	-	-	-
TOTAL INTERFUND TRANSFERS IN	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interfund transfers out				
Capital Reserve Fund	-	-	(10,690)	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>(10,690)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	80	23,409	10	109,298
FUND BALANCES AT BEGINNING OF YEAR	501,120	501,120	590,914	590,914
FUND BALANCES AT END OF YEAR	<u>\$ 501,200</u>	<u>\$ 524,529</u>	<u>\$ 590,924</u>	<u>\$ 700,212</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	\$ 134,866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	133,000	134,866	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	11,230	7,793	2,610	13,464	-	-	11,410	8,240	11,280	4,811	100	604
-	-	-	-	707,900	722,353	222,610	221,793	40,000	69,160	-	-	-	-
-	-	-	-	-	-	-	-	-	10	-	-	-	-
-	-	-	-	-	-	-	-	-	10	-	-	-	-
-	-	-	(110)	-	-	-	-	-	-	54,690	31,595	21,000	300
-	-	144,230	142,549	710,510	735,817	222,610	221,793	51,410	77,410	65,970	36,406	21,100	904
-	-	-	-	-	-	-	-	34,500	3,539	20,000	3,315	26,150	3,560
-	-	-	-	-	-	222,610	221,793	-	-	-	-	-	-
-	44,722	39,100	37,482	-	-	-	-	9,500	234	47,060	23,561	-	-
-	-	105,130	486,626	-	-	-	-	-	-	-	-	-	-
-	-	-	-	904,600	683,887	-	-	-	-	-	-	-	-
-	44,722	144,230	524,108	904,600	683,887	-	-	9,500	234	47,060	23,561	-	-
-	-	-	-	-	-	-	-	-	-	-	-	1,100	7
-	44,722	144,230	524,108	904,600	683,887	222,610	221,793	44,000	3,773	67,060	26,876	27,250	3,567
-	(44,722)	-	(381,559)	(194,090)	51,930	-	-	7,410	73,637	(1,090)	9,530	(6,150)	(2,663)
-	-	-	-	-	-	-	-	-	-	-	-	7,000	-
-	-	-	-	-	-	-	-	-	-	-	-	7,000	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	7,000	-
-	(44,722)	-	(381,559)	(194,090)	51,930	-	-	7,410	73,637	(1,090)	9,530	850	(2,663)
44,722	44,722	523,132	523,132	697,743	697,743	-	-	413,619	413,619	217,301	217,301	53,318	53,318
\$ 44,722	\$ -	\$ 523,132	\$ 141,573	\$ 503,653	\$ 749,673	\$ -	\$ -	\$ 421,029	\$ 487,256	\$ 216,211	\$ 226,831	\$ 54,168	\$ 50,655

# MONTGOMERY TOWNSHIP

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL NONMAJOR CAPITAL PROJECTS FUNDS YEAR ENDED DECEMBER 31, 2020

	Park Development Fund		Capital Projects Fund		Restoration Fund	
	Budget	Actual	Budget	Actual	Budget	Actual
<b>REVENUES</b>						
Interest income, rents and royalties	\$ 3,490	\$ 4,274	\$ -	\$ -	\$ -	\$ 118
Contributions	119,000	40,684	66,760	66,760	-	-
<b>TOTAL REVENUES</b>	<u>122,490</u>	<u>44,958</u>	<u>66,760</u>	<u>66,760</u>	<u>-</u>	<u>118</u>
<b>EXPENDITURES</b>						
General government						
Administration	-	-	-	-	9,930	-
Public safety						
Police	-	-	40,510	39,849	-	-
Fire protection	-	-	66,760	66,760	-	-
<b>TOTAL PUBLIC SAFETY</b>	<u>-</u>	<u>-</u>	<u>107,270</u>	<u>106,609</u>	<u>-</u>	<u>-</u>
Highways and streets						
Public works	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-
Repairs	-	-	-	-	-	-
<b>TOTAL HIGHWAYS AND STREETS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Parks and recreation	-	9,730	-	-	-	-
<b>EXCESS (DEFICIENCY) OF     REVENUES OVER EXPENDITURES</b>	<u>122,490</u>	<u>35,228</u>	<u>(40,510)</u>	<u>(39,849)</u>	<u>(9,930)</u>	<u>118</u>
<b>OTHER FINANCING USES</b>						
Interfund transfers in						
Capital Reserve Fund	-	-	40,510	39,849	-	-
Interfund transfers out						
Capital Reserve Fund	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING USES</b>	<u>-</u>	<u>-</u>	<u>40,510</u>	<u>39,849</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	122,490	35,228	-	-	(9,930)	118
FUND BALANCES AT BEGINNING OF YEAR	280,610	280,610	-	-	9,935	9,935
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 403,100</u>	<u>\$ 315,838</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 10,053</u>

# MONTGOMERY TOWNSHIP

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--BUDGET AND ACTUAL NONMAJOR DEBT SERVICE FUND YEAR ENDED DECEMBER 31, 2020

	Debt Service Fund	
	Budget	Actual
REVENUES		
Taxes, real estate	\$ 490,000	\$ 301,891
Interest income, rents and royalties	11,000	4,906
TOTAL REVENUES	<u>501,000</u>	<u>306,797</u>
EXPENDITURES		
General government, administration	<u>2,000</u>	<u>539</u>
EXCESS OF REVENUES OVER EXPENDITURES	499,000	306,258
OTHER FINANCING SOURCES (USES)		
Interfund transfers out		
Recreation Center Fund	<u>(479,200)</u>	<u>(309,379)</u>
NET CHANGE IN FUND BALANCE	19,800	(3,121)
FUND BALANCE AT BEGINNING OF YEAR	<u>3,121</u>	<u>3,121</u>
FUND BALANCE AT END OF YEAR	<u>\$ 22,921</u>	<u>\$ -</u>

## **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>2020</u>	<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>
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 117,199,087	\$ 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
Restricted	1,217,137	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>13,190,645</u>	<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>
Total Government Activities Net Position	\$ 131,606,869	\$ 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
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 1,982,795	\$ 2,087,320	\$ 2,173,825	\$ 2,500,698	\$ 2,817,631	\$ 2,967,520	\$ (871,148)	\$ (1,054,718)	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>(312,631)</u>	<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	\$ 1,670,164	\$ 2,265,063	\$ 2,304,332	\$ 2,619,033	\$ 2,912,281	\$ 3,480,455	\$ (923,035)	\$ (1,137,830)	\$ -	\$ -
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 119,181,882	\$ 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
Restricted	1,217,137	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>12,878,014</u>	<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>
Total Primary Government Net Position	<u>\$ 133,277,033</u>	<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>

**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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 (2)</u>	<u>2012 (1)</u>	<u>2011</u>
<b>Expenditures</b>										
<b>Governmental Activities</b>										
General Government	\$ 2,377,864	\$ 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
Public Safety	9,009,339	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
Highways and Streets	2,398,922	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
Parks and Recreation	416,857	497,328	469,547	410,813	365,999	478,748	792,683	854,770	758,403	593,554
Interest on Long-Term Debt	-	-	-	-	3,896	12,610	22,851	226,143	51,755	35,704
Depreciation, Unallocated	1,305,780	971,676	952,194	920,457	946,421	901,584	859,765	871,406	877,568	819,214
Amortization of Bond Issue Costs and Discounts, Unallocated	-	-	-	-	678	678	678	678	5,172	5,172
<b>Total Governmental Activities Expenditures</b>	<b>\$ 15,508,762</b>	<b>\$ 16,969,506</b>	<b>\$ 17,379,904</b>	<b>\$ 15,610,626</b>	<b>\$ 15,383,358</b>	<b>\$ 15,213,728</b>	<b>\$ 14,691,132</b>	<b>\$ 15,057,713</b>	<b>\$ 14,756,461</b>	<b>\$ 13,862,963</b>
<b>Business-Type Activities</b>										
Recreation Center	\$ 1,212,717	\$ 1,652,122	\$ 1,637,921	\$ 1,649,490	\$ 1,658,552	\$ 1,430,152	\$ 269,504	\$ 141,742	\$ -	\$ -
<b>Total Business-Type Activities Expenditures</b>	<b>\$ 1,212,717</b>	<b>\$ 1,652,122</b>	<b>\$ 1,637,921</b>	<b>\$ 1,649,490</b>	<b>\$ 1,658,552</b>	<b>\$ 1,430,152</b>	<b>\$ 269,504</b>	<b>\$ 141,742</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Primary Government Expenditures</b>	<b>\$ 16,721,479</b>	<b>\$ 18,621,628</b>	<b>\$ 19,017,825</b>	<b>\$ 17,260,116</b>	<b>\$ 17,041,910</b>	<b>\$ 16,643,880</b>	<b>\$ 14,960,636</b>	<b>\$ 15,199,455</b>	<b>\$ 14,756,461</b>	<b>\$ 13,862,963</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
<b>Charges for Services</b>										
General Government	\$ 37,595	\$ 104,303	\$ 103,948	\$ 63,415	\$ 80,811	\$ 83,833	\$ 71,448	\$ 71,054	\$ 70,852	\$ 43,405
Public Safety	1,220,079	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
Highways and Streets	-	6,900	6,900	6,900	6,900	6,750	6,900	6,900	12,750	-
Parks and Recreation	-	-	-	-	961	1,845	249,833	256,560	238,540	225,034
Operating Grants and Contributions	1,730,996	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
Capital Grants and Contributions	-	-	-	-	267,723	-	163,211	1,770,813	-	-
<b>Total Governmental Program Revenues</b>	<b>\$ 2,988,670</b>	<b>\$ 4,022,005</b>	<b>\$ 3,149,917</b>	<b>\$ 2,604,962</b>	<b>\$ 2,733,105</b>	<b>\$ 2,297,939</b>	<b>\$ 3,122,004</b>	<b>\$ 4,448,423</b>	<b>\$ 2,717,748</b>	<b>\$ 2,738,175</b>
<b>Business-Type Activities</b>										
Charges for Services	\$ 168,439	\$ 766,678	\$ 717,940	\$ 731,815	\$ 542,315	\$ 348,626	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	-	-	-	-	66	263,080	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities Program Revenues</b>	<b>\$ 168,439</b>	<b>\$ 766,678</b>	<b>\$ 717,940</b>	<b>\$ 731,815</b>	<b>\$ 542,381</b>	<b>\$ 611,706</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 3,157,109</b>	<b>\$ 4,788,683</b>	<b>\$ 3,867,857</b>	<b>\$ 3,336,777</b>	<b>\$ 3,275,486</b>	<b>\$ 2,909,645</b>	<b>\$ 3,122,004</b>	<b>\$ 4,448,423</b>	<b>\$ 2,717,748</b>	<b>\$ 2,738,175</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (12,520,092)	\$ (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)
Business-Type Activities	(1,044,278)	(885,444)	(919,981)	(917,675)	(1,116,171)	(818,446)	(269,504)	(141,742)	-	-
<b>Total Primary Government Net Expense</b>	<b>\$ (13,564,370)</b>	<b>\$ (13,832,945)</b>	<b>\$ (15,149,968)</b>	<b>\$ (13,923,339)</b>	<b>\$ (13,766,424)</b>	<b>\$ (13,734,235)</b>	<b>\$ (11,838,632)</b>	<b>\$ (10,751,032)</b>	<b>\$ (12,038,713)</b>	<b>\$ (11,124,788)</b>

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

<b>General Revenues and other Changes in Net Assets</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 (3)</b>	<b>2012 (2)</b>	<b>2011</b>
<b>Governmental Activities</b>										
Taxes	\$ 13,572,054	\$ 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
Cable TV Franchise Fees	548,523	571,408	578,487	610,646	612,010	588,476	572,530	536,820	502,002	483,769
Investment Income	432,581	483,412	300,867	174,875	150,541	152,425	89,292	97,683	88,555	83,569
Gain (Loss) on Sale of Capital Assets	-	52,755	20,056	-	334,692	98,169	(17,730)	36,403	20,840	18,611
Transfers	<u>(309,379)</u>	<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>
<b>Total Governmental Activities</b>	<b>\$ 14,243,779</b>	<b>\$ 14,393,614</b>	<b>\$ 13,880,126</b>	<b>\$ 14,111,874</b>	<b>\$ 14,383,060</b>	<b>\$ 9,132,079</b>	<b>\$ 13,125,391</b>	<b>\$ 14,641,795</b>	<b>\$ 12,195,119</b>	<b>\$ 12,072,829</b>
<b>Business-Type Activities</b>										
Taxes	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-	439	7,405	3,912	-	-
Transfers	<u>309,379</u>	<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>
<b>Total Business-Type Activities</b>	<b>\$ 449,379</b>	<b>\$ 846,175</b>	<b>\$ 605,280</b>	<b>\$ 624,427</b>	<b>\$ 547,997</b>	<b>\$ 5,221,936</b>	<b>\$ 484,299</b>	<b>\$ (996,088)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Primary Government</b>	<b><u>\$ 14,693,158</u></b>	<b><u>\$ 15,239,789</u></b>	<b><u>\$ 14,485,406</u></b>	<b><u>\$ 14,736,301</u></b>	<b><u>\$ 14,931,057</u></b>	<b><u>\$ 14,354,015</u></b>	<b><u>\$ 13,609,690</u></b>	<b><u>\$ 13,645,707</u></b>	<b><u>\$ 12,195,119</u></b>	<b><u>\$ 12,072,829</u></b>
<b>Change in Net Position</b>										
Government Activities	\$ 1,723,687	\$ 1,446,113	\$ (349,861)	\$ 1,106,210	\$ 1,732,807	\$ (3,783,710)	\$ 1,556,263	\$ 4,032,505	\$ 156,406	\$ 948,041
Business-Type Activities	<u>(594,899)</u>	<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>
<b>Total Primary Government</b>	<b><u>\$ 1,128,788</u></b>	<b><u>\$ 1,406,844</u></b>	<b><u>\$ (664,562)</u></b>	<b><u>\$ 812,962</u></b>	<b><u>\$ 1,164,633</u></b>	<b><u>\$ 619,780</u></b>	<b><u>\$ 1,771,058</u></b>	<b><u>\$ 2,894,675</u></b>	<b><u>\$ 156,406</u></b>	<b><u>\$ 948,041</u></b>

**Notes:**

- (1) Montgomery Township applied GASB Statement No. 63 in fiscal year 2012 and as a result is reporting Net Position
- (2) 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>2020</u>	<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>
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Non-Spendable	27,550	39,354	-	-	-	-	-	-	3,200	3,200
Unassigned	<u>4,237,664</u>	<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	\$ 4,265,214	\$ 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
<b>All Other Governmental Funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Restricted										
Street Light Fund	141,573	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	315,838	280,610	214,074	121,775	59,191	605	333,663	300,932	289,544	171,518
Liquid Fuels Fund	749,673	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	10,053	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	226,831	217,301	624,480	818,796	720,875	689,954	925,650	603,955	586,667	635,572
Fire Services Fund	524,529	501,120	435,346	404,703	304,091	209,452	290,060	247,521	247,054	213,550
Capital Reserve Fund	8,841,950	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	487,256	413,619	380,497	298,211	325,156	307,579	766,037	-	-	-
Assigned										
Park and Recreation Fund	700,212	590,914	569,010	523,647	489,004	573,210	576,539	605,902	595,845	577,156
Capital Projects Fund	50,655	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>-</u>	<u>(57)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,757)</u>	<u>-</u>
Total All Other Governmental Funds	\$ 12,048,570	\$ 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
<b>Total All Governmental Funds</b>	<b><u>\$ 16,313,784</u></b>	<b><u>\$ 18,544,386</u></b>	<b><u>\$ 18,843,747</u></b>	<b><u>\$ 18,698,218</u></b>	<b><u>\$ 17,105,580</u></b>	<b><u>\$ 15,721,369</u></b>	<b><u>\$ 20,651,359</u></b>	<b><u>\$ 20,706,429</u></b>	<b><u>\$ 19,426,982</u></b>	<b><u>\$ 18,620,453</u></b>

**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>2020</u>	<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>
<b>Revenues</b>										
Taxes	\$ 13,685,907	\$ 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
Licenses and Permits	1,511,110	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
Fines and Forfeitures	153,322	197,669	175,879	202,604	175,253	186,404	173,774	178,452	179,435	179,842
Interest Income, Rents and Royalties	432,581	483,412	300,867	174,875	151,502	154,279	90,977	99,388	89,635	84,595
Intergovernmental Revenues	1,631,696	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
Charges for Services	74,895	121,183	137,220	140,394	125,616	103,601	346,637	370,971	340,260	305,748
Contributions	<u>166,170</u>	<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>
<b>Total Revenues</b>	<b>\$ 17,655,681</b>	<b>\$ 18,715,184</b>	<b>\$ 17,429,421</b>	<b>\$ 17,690,310</b>	<b>\$ 17,326,958</b>	<b>\$ 16,650,321</b>	<b>\$ 16,805,771</b>	<b>\$ 16,327,518</b>	<b>\$ 15,676,449</b>	<b>\$ 15,401,863</b>
<b>Expenditures</b>										
Current										
General Government	\$ 2,466,819	\$ 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
Public Safety	10,749,377	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
Highway and Streets	5,448,661	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
Parks and Recreation	929,716	763,402	607,200	480,007	503,847	419,689	889,622	849,671	803,448	643,990
Other Employee Benefits not Allocated	-	-	-	-	1,023,766	928,923	882,524	888,672	707,378	663,646
Debt Service										
Principal	-	-	-	-	453,509	654,452	132,515	1,283,917	451,262	349,200
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>
<b>Total Expenditures</b>	<b>\$ 19,594,573</b>	<b>\$ 18,361,125</b>	<b>\$ 16,857,104</b>	<b>\$ 15,613,245</b>	<b>\$ 15,829,442</b>	<b>\$ 16,564,466</b>	<b>\$ 16,389,707</b>	<b>\$ 16,116,728</b>	<b>\$ 16,802,782</b>	<b>\$ 15,476,675</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b><u>\$ (1,938,892)</u></b>	<b><u>\$ 354,059</u></b>	<b><u>\$ 572,317</u></b>	<b><u>\$ 2,077,065</u></b>	<b><u>\$ 1,497,516</u></b>	<b><u>\$ 85,855</u></b>	<b><u>\$ 416,064</u></b>	<b><u>\$ 210,790</u></b>	<b><u>\$ (1,126,333)</u></b>	<b><u>\$ (74,812)</u></b>
<b>Other Financing Sources (Uses)</b>										
Proceeds From Sale of Capital Assets	\$ 17,669	\$ 52,755	\$ 38,492	\$ -	\$ 334,692	\$ 105,652	\$ 5,760	\$ 68,657	\$ 20,840	\$ 22,800
Proceeds From Loan Issuance	-	-	-	-	-	-	-	-	1,914,366	-
Proceeds From County Infrastructure Loan	-	-	-	-	-	-	-	-	-	-
Refund of Prior Year's Expenditures	-	-	-	-	-	-	-	-	-	-
Interfund Transfers In	489,849	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
Interfund Transfers Out	<u>(799,228)</u>	<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>
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (291,710)</b>	<b>\$ (653,420)</b>	<b>\$ (426,788)</b>	<b>\$ (484,427)</b>	<b>\$ (113,305)</b>	<b>\$ (5,015,845)</b>	<b>\$ (471,134)</b>	<b>\$ 1,068,657</b>	<b>\$ 1,935,206</b>	<b>\$ 22,800</b>
Net Change in Fund Balance	\$ (2,230,602)	\$ (299,361)	\$ 145,529	\$ 1,592,638	\$ 1,384,211	\$ (4,929,990)	\$ (55,070)	\$ 1,279,447	\$ 808,873	\$ (52,012)
Fund Balance at Beginning of Year	<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>18,618,109</u>	<u>18,670,121</u>
Fund Balance at End of Year	<u><u>16,313,784</u></u>	<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>
Debt Service as a Percentage of Non-Capital Expenditures	0.00%	0.00%	0.00%	0.00%	2.98%	4.20%	0.96%	10.34%	3.09%	2.51%

**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>
2020	\$ 3,123,763	\$ 926,895	\$ 5,820,738	\$ 640,652	\$ 1,238,075	\$ 2,073,365	\$ 53,014	\$ 13,876,502
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

**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
2020	\$ 2,293,578,607	\$ 70,947,210	\$ 2,222,631,397	\$ 3,878,854,098	0.591	1.49000
2019	2,222,580,114	71,597,010	2,150,983,104	3,869,277,769	0.574	1.49000
2018	2,208,907,184	71,213,210	2,137,693,974	3,745,023,938	0.590	1.49000
2017	2,201,704,284	68,256,890	2,133,447,394	3,733,203,604	0.590	1.49000
2016	2,193,996,614	62,924,970	2,131,071,644	3,594,304,614	0.610	1.49000
2015	2,179,190,054	62,417,400	2,116,772,654	3,566,200,543	0.611	1.49000
2014	2,125,785,154	58,259,560	2,067,525,594	3,355,585,352	0.634	1.49000
2013	2,121,389,328	58,036,790	2,063,352,538	3,355,585,352	0.632	1.49000
2012	2,098,343,338	57,458,860	2,040,884,478	3,229,339,125	0.650	1.49000
2011	2,100,221,628	52,330,288	2,047,891,340	3,231,488,997	0.650	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			Total	
	Montgomery Township			Montgomery County, PA			North Penn School District	Direct & Overlapping Millage Rates
	Operating Millage	Debt Service Millage	Total Township Millage	Operating Millage	Debt Service Millage	Total County Millage	Total Millage	
2020	1.34000	0.15000	1.49000	3.84900	-	3.84900	26.77420	32.11320
2019	1.34000	0.15000	1.49000	3.84900	-	3.84900	26.09570	31.43470
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

**Source:**

Pennsylvania DCED Municipal Statistics

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

Taxpayer	Type of Business	December 31, 2020			December 31, 2011		
		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	2.62%	\$ 103,400,000	1	4.92%
Kir Montgomery 049 LLC	Shopping Mall	28,552,240	2	1.24%	22,376,090	3	1.07%
1100 Avenel Boulevard LP	Apartment Building	23,668,500	3	1.03%			
Gateway D C Properties Inc.	Shopping Mall	23,402,840	4	1.02%	20,196,000	5	0.96%
Water Tower Square Associates	Apartment Building	17,501,500	5	0.76%	19,229,000	6	0.92%
Montgomeryville Associates	Shopping Mall	15,356,880	6	0.67%			
213-36 Montgomery Holdings LP	Grocery Store	12,595,840	7	0.55%			
SBS of Montgomeryville Inc.	Hotel	12,572,000	8	0.55%			
Target Corporation	Retail Store	10,580,460	9	0.46%			
Private Individual	Industrial Building	10,090,220	10	0.44%	21,626,630	4	1.03%
Private Individual	Industrial Building				30,813,320	2	1.47%
Avenel Realty Co Inco	Shopping Mall				18,896,160	7	0.90%
Lowe's Home Center	Retail Store				11,751,190	9	0.56%
Private Individual	Rental Lots				14,794,330	8	0.70%
Montgomery Department Investors	Shopping Mall				9,956,880	10	0.47%
<b>Total</b>		<b>\$ 214,328,840</b>		<b>9.34%</b>	<b>\$ 273,039,600</b>		<b>13.00%</b>

**Notes:**

(1) Information provided by Montgomery Township Tax Collector

(2) Information provided by Montgomery County, PA Real Estate Assessment Roll. Total Assessed Valuation is \$2,293,578,607

(3) Information obtain from Montgomery Township 2011 Annual Report. 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
2020	\$ 3,010,987	\$ 2,927,822	97.24%	\$ 14,833	\$ 2,942,655	97.73%
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%

**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>
2020	1,342	\$ 2,207,626,567	\$ 3,311,440	1.50000
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

**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, 2020		December 31, 2011	
	Rank	Percentage of Total Tax Collected	Rank	Percentage of Total Tax Collected
Retail Store	1	6.99%	1	7.22%
Grocery Store	2	0.40%		
Retail Store	3	2.76%	2	2.95%
Retail Store	4	2.62%		
Grocery Store	5	2.27%		
Auto Sales	6	2.18%	3	2.60%
Retail Store	7	2.07%	4	2.43%
Auto Sales	8	1.85%	7	2.12%
Retail Store	9	1.66%	5	2.18%
Auto Sales	10	1.49%	8	1.85%
Retail Store			6	2.12%
Relocation Services			10	1.58%
Retail Store			9	1.66%
Retail Store				
Total		23.15%		26.71%

**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				
2020	\$ -	\$ -	\$ 8,171,047	\$ -	\$ 8,171,047	0.56%	26,164	312
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

**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>
2020	26,164	\$ 2,293,578,607	\$ -	\$ -	-	0.00%	-
2019	25,984	2,222,580,114	-	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)

**Source:**

Population: 2011-2015 - Bureau of Census 2011-2013 American Community Survey  
2016-2020 - 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, 2020 (Unaudited)**

	Net Debt Outstanding	Debt Applicable to Montgomery	
Direct Debt of the Township and Related Entities			
Montgomery Township	\$ 3,580,178	\$ 3,580,178	
Overlapping Debt			
County of Montgomery	427,967,420	14,250,482	(1)
North Penn School District	<u>88,229,000</u>	<u>25,767,555</u>	(2)
Total Overlapping Debt	\$ 516,196,420	\$ 40,018,037	
 Total Direct and Overlapping Debt	 <u>\$ 519,776,598</u>	 <u>\$ 43,598,215</u>	

**Notes:**

(1) Percentage of total Montgomery County debt as of December 31, 2020, based on the ratio of Montgomery Township Assessed Valuation to Montgomery County 2020 Assessed Value

(2) Percentage of total North Penn School District debt as of June 30, 2020, based on the ration of Montgomery Township Assessed Valuation to North Penn School District 2020 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, 2020 (Unaudited)**

Borrowing Base Revenues (1):	
2018	\$ 17,429,421
2019	18,715,184
2020	<u>17,655,681</u>
Total Revenues:	<u>\$ 53,800,286</u>

Debt Limit for General Obligation Bonds:	
Average Borough Base Revenues	\$ 17,933,429
Debt Limit Percent	<u>250.00%</u>
Debt Limit	\$ 44,833,572
Total Amount of Debt Applicable to Debt Limit	<u>-</u>
Legal Debt Margin	\$ 44,833,572

Debt Limit for General Obligation Bonds and Lease Rental Debt:	
Average Borough Base Revenues	\$ 17,933,429
Debt Limit Percent	<u>350.00%</u>
Debt Limit	\$ 62,767,000
Total Amount of Debt Applicable to Debt Limit	<u>-</u>
Legal Debt Margin	\$ 62,767,000

**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
2020	\$ 44,833,572	\$ 3,580,178	41,253,394	7.99%
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%

**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
2020	\$ 255,000	\$ 220,091	\$ 475,091	\$ 19,594,573	2.42%
2019	250,000	226,480	476,480	18,361,125	2.60%
2018	25,000	229,105	254,105	16,857,104	1.51%
2017	-	250,243	250,243	15,613,245	1.60%
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%

**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)
2020	\$ 55,298	26,164	\$ 1,446,816,872	6.85%
2019	50,495	25,984	1,312,062,080	3.15%
2018	49,293	25,890	1,276,195,770	3.10%
2017	45,702	26,143	1,194,787,386	3.46%
2016	44,130	26,025	1,148,483,250	3.59%
2015	43,880	26,025	1,141,977,000	3.49%
2014	44,629	25,386	1,132,951,794	3.98%
2013	42,539	25,121	1,068,622,219	4.88%
2012	42,539	25,121	1,068,622,219	5.13%
2011	40,891	24,790	1,013,687,890	5.27%

**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, 2020			December 31, 2011		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Cobham Management Services Inc.	Manufacturing	535	1	3.18%			
McCallion Temps Inc.	Temporary Services	406	2	2.42%	695	2	3.36%
Wegmans Food Market	Grocery	386	3	2.30%			
Costco Wholesale Corporation	Retail/Grocery	385	4	2.29%	229	9	1.11%
TEVA Pharmaceuticals USA	Pharmaceuticals	332	5	1.98%	800	1	3.87%
FedEx Supply Chain Inc.	Delivery Services	311	6	1.85%			
Target Corporation	Retail/Grocery	300	7	1.79%	409	5	1.98%
Giant Foods	Grocery	288	8	1.71%			
Thales DIS USA Inc.	Manufacturing	283	9	1.68%			
Capital Wine & Spirits Company	Manufacturing	280	10	1.67%	406	6	1.96%
Sensor Antaenae Systems (BAE)	Manufacturing				453	3	2.19%
Harriet Carter	Catalog Sales				440	4	2.13%
Macy's	Department Store				347	7	1.68%
Gemalto	Shopping Mall				294	8	1.42%
Home Depot	Retail Store				192	10	0.93%
Total		3,506		20.87%	4,265		20.62%

**Notes:**

Total number of individuals employed in the Township in 2020: 16,801

Total number of individuals employed in the Township in 2011: 20,688

**Source:**

2011 Township Occupational Privilege/Local Services Tax Records and 2020 Berkheimer, Inc. Records

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

	<u>2020</u>	<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>
General Government	9.00	9.00	7.90	7.60	7.00	7.70	7.50	7.50	7.50	8.00
Finance and Tax Collection	4.00	4.00	7.50	7.50	8.00	7.50	6.50	6.50	6.50	6.50
Public Safety										
Officers	36.00	36.00	36.00	35.00	36.00	35.00	36.00	36.00	36.00	36.00
Civilians	9.00	8.00	9.00	9.00	9.00	8.00	9.00	9.00	9.00	9.00
Fire Safety										
Officers	11.00	10.50	6.10	6.40	6.30	6.10	6.80	5.80	5.80	5.80
Clerical	0.70	0.70	0.70	0.70	0.60	0.60	0.50	0.50	0.50	0.50
Code Enforcement, Building and Zoning	3.75	3.87	4.40	5.10	5.50	5.50	5.40	5.00	5.00	6.30
Public Works	17.50	18.50	19.70	19.20	20.10	19.20	21.30	21.30	22.30	23.30
Culture and Recreation	<u>9.50</u>	<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>
Totals:	<u>100.45</u>	<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>

**Source:**

Montgomery Township, Montgomery County, Pennsylvania Records

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Part I Crimes	253	304	366	409	425	397	465	418	443	531
Part II Crimes	1,377	1,418	1,174	773	1,104	1,117	1,085	1,142	1,028	1,113
Total Calls for Service	28,915	32,393	32,537	32,510	30,976	31,980	29,841	28,966	26,250	29,306
Fire Safety Responses	591	622	646	562	585	615	639	565	588	599
Code Enforcement and Zoning										
Total Permits	1,321	1,299	1,388	1,298	1,441	1,388	1,345	1,314	1,349	1,374
Land Development Submittals	2	7	10	6	7	10	8	9	10	1
Zoning Hearing Board Applications	15	16	21	12	18	11	18	17	15	15
Rezoning Requests	-	-	-	1	1	-	2	1	-	-
Conditional Use Applications	3	2	3	1	1	2	1	2	2	2
Highway and Streets										
Streets Resurfaced (miles)	4.30	5.96	4.03	3.38	3.01	2.84	2.71	5.43	5.47	5.02

**Source:**

Montgomery Township, Montgomery County, Pennsylvania Records

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

	<u>2020</u>	<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>
<b>General Government</b>										
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	1	-	-	-
<b>Public Safety</b>										
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units	19	19	19	19	19	19	19	19	19	19
<b>Fire</b>										
Stations	2	2	2	2	2	2	2	2	2	2
Apparatus	4	4	4	4	4	4	5	5	5	5
<b>Highway and Streets</b>										
Street Miles	74	74	74	73	73	73	73	73	73	73
Traffic Signals	50	50	50	50	50	49	48	48	48	41
Stormwater Dentention Basins	63	63	63	63	63	63	63	63	63	63
<b>Culture and Recreation</b>										
Park Sites	14	14	14	14	14	14	14	13	13	11
Acres	376	376	376	376	376	376	376	326	326	314
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	9	8.5	8.5	8.5	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