

# **Annual Comprehensive Financial Report (ACFR)**

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**Montgomery Township, Pennsylvania**

**#wearemontgomerytwp**

**FOR THE YEAR  
ENDED:  
DECEMBER 31, 2021**

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**MONTGOMERY TOWNSHIP, PENNSYLVANIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

***Fiscal Year Ended December 31, 2021***

**Prepared by the Montgomery Township Finance Department**

## **INTRODUCTORY SECTION**

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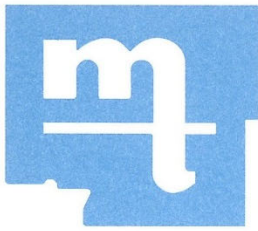
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**MONTGOMERY TOWNSHIP  
BOARD OF SUPERVISORS**

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AUDREY R. WARE**

**CAROLYN McCREARY**  
TOWNSHIP MANAGER

May 23, 2022

To the Board of Supervisors and Citizens of Montgomery Township:

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of Montgomery Township for the fiscal year ended December 31, 2021. 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. It 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 understand 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, 2021. 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 independent auditors' report.

## **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 employment opportunities, making it one of the most desirable communities in the region 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 25,862 in 2020 (Decennial Census). 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. There are also three thriving industrial and manufacturing centers located in the Township: The Bethlehem Pike Industrial Center, Montgomeryville Industrial Center, and the Hartman Corporate Center. Montgomery retains its suburban character with a wide range of well-established residential neighborhoods despite a strong business presence.

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 stormwater basin maintenance, and maintenance of building and park 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

Montgomery Township emerged from the covid-19 pandemic stronger, wiser, and more resilient with a renewed sense of purpose, eager to reengage with its community members. The year saw a return of in-person community events, new environmental and mental health initiatives, park openings and renovations, and awards for the Township. Staff worked diligently to serve a community that can proudly proclaim, “We are Montgomery Township!”

### Community Events

- The Community & Recreation Center saw a steady increase in programming and attendance.
- The Police and Fire Departments hosted several community events and initiatives, including but not limited to:
  - National Night Out
  - Food Drives
  - Fundraisers for Charitable Organizations
  - Emergency Services Night
- The Shade Tree Commission held its Annual Arbor Day Tree Giveaway, and the Environmental Advisory Committee held its annual Electronics Recycling Event in April.
- Friendship Park had its ribbon cutting on June 26<sup>th</sup>. This is Montgomery Township’s 16<sup>th</sup> park and the second ADA accessible playground in the Township.
- The Summer Concert Series returned to the Community & Recreation Center, and they were well attended by the community.
- The Police and Fire Departments competed in the Battle of the Badges, an effort by the American Red Cross to encourage blood donations to people in need of blood.
- Staff from all departments participated in a free community Drive-Thru Trick or Treat Experience in October.
- The Montgomery Township Police Department hosted a portion of the Police Dog 1 K-9 Field Trials at William F. Maule Park @ Windlestrae.
- Breakfast with Santa returned to the Community & Recreation Center in December for the first time since the COVID-19 pandemic began.
- Tinsel the Elf graced Montgomery Township with holiday cheer, appearing at events and taking photos at various locations for a Police Department holiday social media campaign.

### Initiatives

- Montgomery Township entered a five-year contract with Constellation Energy for electricity generation, continuing its commitment to using environmentally friendly energy sources.

- The Human Relations Commission was established in March. This committee works to ensure all residents of Montgomery Township are treated with equality.
- The Environmental Advisory Committee initiated a new battery recycling program in Montgomery Township in March.
- The Planning Commission began developing a new, updated Comprehensive Plan in May.
- The Police Department joined the Law Enforcement Treatment Initiative (LETI) Program, focusing on mental health.
- The Board of Supervisors adopted a Resolution recognizing June as Pride Month.
- The Ready for 100 Advisory Ad Hoc Committee was established to help Montgomery Township achieve 100% renewable energy by 2035.
- The Finance Department published its first Popular Annual Financial Report (PAFR).
- The Public Works Department resurfaced the walking trail and basketball court at Autumn Woods.

#### Awards

- Montgomery Township received an award for Citizen Communication in the Audio/Visual category from PSATS. This distinction is for our two virtual town hall meetings held in the Summer of 2020 regarding COVID-19 and police use of force. Both videos can be found on our YouTube channel.
- Montgomery Township received the AAA Rating from S&P Global.

#### Local Economy

The Township has a thriving business community with employment estimated at over 18,000, 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 sizeable 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 ranks 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 manufacturing company, grocery stores, a construction services company, a large retail sector, and thriving restaurants. In addition to the strong and diverse employment foundation in the Township, the Board of Supervisors' fiscally conservative and progressive approach 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

41% of total revenues, with a steady growth rate of about 1.29% annually over the last five years. This indicates that township residents continue to earn higher incomes stemming from a stable, growing economy. 2021 saw an increase in EIT revenue of 5.89%.

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 that is diversified and proportionate to ensure the 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 2021, 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 a multi-year Capital Investment Plan of capital assets and infrastructure improvements. Funding is established by annual allocations to ensure that resources are available in the Township's annual budgets to replace needed capital equipment, resurface deteriorated roadway surfaces, traffic improvements, park facilities, and other capital assets of the Township.

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 34.60% 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 for ensuring 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 with the goal-setting conference between staff and the Township Manager. Throughout September and October, funding requests 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 must operate within the annual departmental budget established by the Board of Supervisors.

The department maintains the level of budgetary control (i.e., the level at which expenditures cannot exceed the appropriated amount). 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2020. 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 Annual Comprehensive Financial Report (ACFR) continues to meet the Certificate of Achievement Program's requirements, and we are submitting the report to the GFOA to determine its eligibility for the 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**

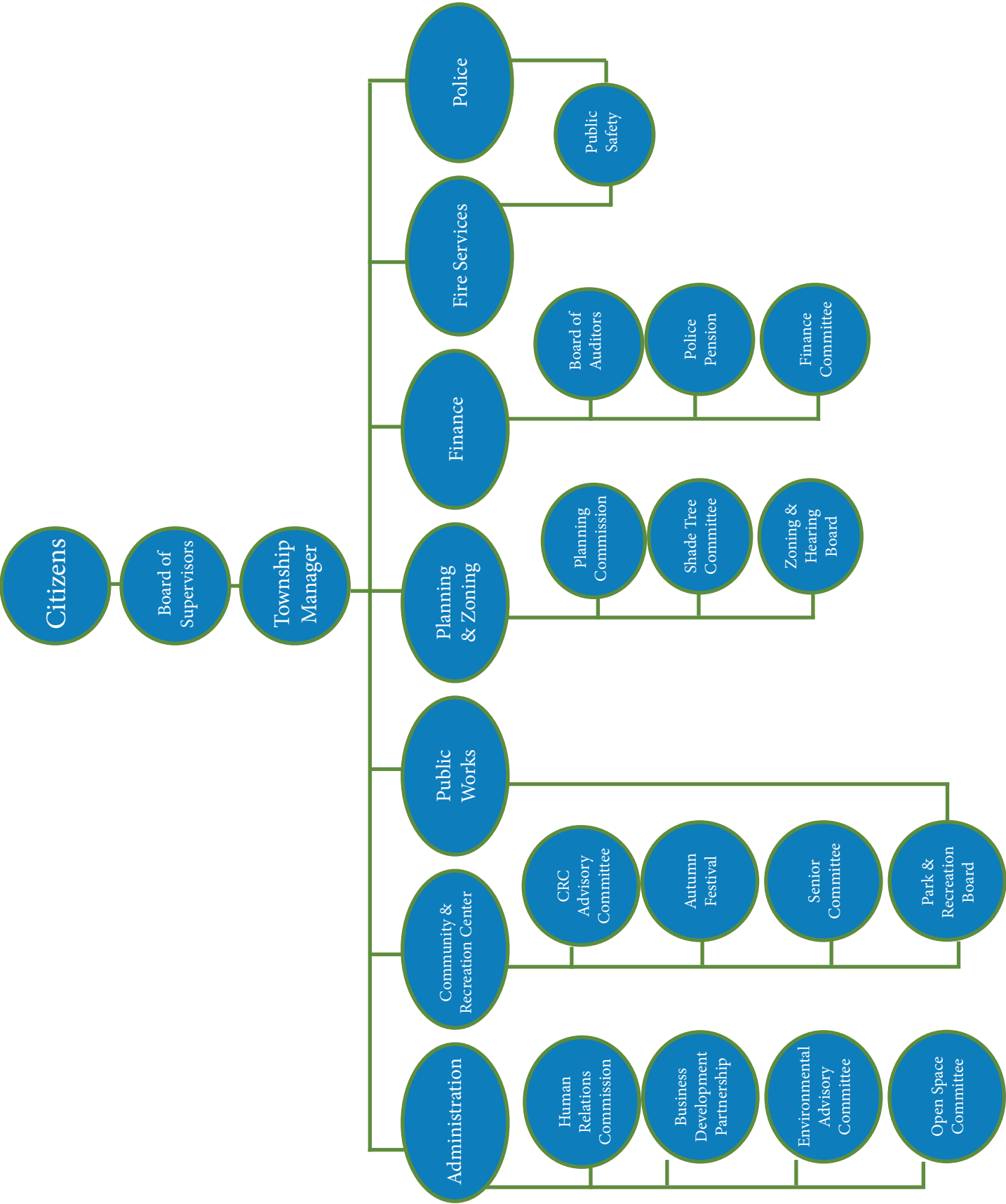
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morrell*

Executive Director/CEO

# Organization Chart





# PRINCIPAL OFFICIALS

AS OF DECEMBER 31, 2021  
MONTGOMERY TOWNSHIP, PENNSYLVANIA

## BOARD OF SUPERVISORS

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

Chairperson  
Vice-Chairperson

## APPOINTED OFFICIALS

Carolyn McCreary, ICMA-CM  
Russell Dunlevy, P.E.  
Sean Kilkenny, Esquire

Gilmore & Associates  
Kilkenny Law

Township Manager  
Township Engineer  
Township Solicitor

## MANAGEMENT OFFICIALS

J. Scott Bendig  
Richard Grier  
Gregory Reiff  
Ann M. Shade  
Floyd Shaffer  
Brian Shapiro  
Bruce Shoupe  
William Wiegman

Chief of Police  
Director of Information Technology  
Director of Public Works  
Director of Administration & Human Resources  
Director of Recreation & Community Center  
Director of Finance  
Director of Planning & Zoning  
Director of Fire Services

## PROFESSIONAL STAFF

AndCo  
Conrad Siegel Actuaries  
Eckert Seamans Cherin & Mellott, LLC  
Gilmore & Associates  
Gilmore & Associates  
Mary Kay Kelm, Esquire  
Univest National Bank  
U.S. Bank

Police Pension Plan Investment Advisor  
Pension Plan Actuary  
Labor Law Attorneys  
Landscape Engineer & Planning Consultant  
Traffic Engineer  
Zoning Hearing Board Solicitor  
Bank Depository  
Police Pension Plan Custodian



## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

To the Board of Supervisors  
Montgomery Township  
Montgomeryville, Pennsylvania

### ***Opinion***

We have audited the 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, 2021, and the related notes to the financial statements, which collectively comprise Montgomery Township's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery Township, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Montgomery Township Municipal Sewer Authority (discretely presented component unit), which represents 99.3%, 99.3%, and 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.

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Montgomery Township's ability to continue as a going concern for one year after the financial statement date.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 19 through 31, budgetary comparison information on pages 75 and 76, pension plan information on pages 77 through 79, postemployment benefits other than pension funding progress on page 80 and trend data on infrastructure condition on pages 81 and 82 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

To the Board of Supervisors  
Montgomery Township  
Montgomeryville, Pennsylvania

### ***Supplementary 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 general fund schedule of revenues and other financing sources, general fund schedule of functional expenditures by activity and other financing uses, other governmental funds combining balance sheet and combining schedule of revenues, expenditures and changes in fund balances, capital reserve fund budgetary comparison schedule, nonmajor special revenue funds schedule of revenues, expenditures and changes in fund balances--budget and actual, nonmajor capital projects funds schedule of revenues, expenditures and changes in fund balances--budget and actual and nonmajor debt service fund schedule of revenues, expenditures and changes in fund balances--budget and actual are presented for purposes of additional analysis and are not required part of the basic financial statements.

The general fund schedule of revenues and other financing sources, general fund schedule of functional expenditures by activity and other financing uses, other governmental funds combining balance sheet and combining schedule of revenues, expenditures and changes in fund balances, capital reserve fund budgetary comparison schedule, nonmajor special revenue funds schedule of revenues, expenditures and changes in fund balances—budget and actual, nonmajor capital projects funds schedule of revenues, expenditures and changes in fund balances—budget and actual and nonmajor debt service fund schedule of revenues, expenditures and changes in fund balances—budget and actual 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.

### ***Other Information Included in the Annual Comprehensive Financial Report***

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Limerick, Pennsylvania  
May 23, 2022

# **MONTGOMERY TOWNSHIP**

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

**YEAR ENDED DECEMBER 31, 2021**

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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, 2021.

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 2021 by \$134,313,608 (net position), an increase of \$2,706,739 as compared to 2020.
- Deferred outflows of resources, or the consumption of net assets in one period that are applicable to a future period, totaled \$1,546,193 in 2021 as compared to \$1,447,732 in 2020. A change in actuarial assumption made up 81.6% of deferred outflows in 2021.
- Deferred inflows of resources, or the acquisition of net assets in one period that are applicable to a future period, totaled \$3,792,240 in 2021 as compared to \$3,125,097 in 2020. A difference between expected and actual experience and a difference between projected and actual investment earnings made up 97.2% of deferred inflows in 2021.
- The Township's Governmental Funds (Fund Financial Statements) reported combined ending balances for all funds of \$30,102,038, an increase of \$13,788,254 from 2020. In accordance with GASB 54, the General Fund ending balance of \$4,733,816 is unassigned and available for use according to the Township's fiscal policies. This balance represents 35.29% of total budgeted General Fund expenses for 2021. The remainder of the combined ending balances has been classified in accordance with the GASB 54 designations.
- The Township's Governmental Funds Debt increased by \$15,650,284, while the Business-Type Debt decreased by \$319,617 during 2021. 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, 2021

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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.



# MONTGOMERY TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

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, 2021 and 2020**

	Governmental Activities	
	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Cash and equivalents	\$ 32,033,364	\$ 12,152,184
Other assets	7,655,487	8,775,373
Capital assets	119,471,018	117,199,087
TOTAL ASSETS	<u>159,159,869</u>	<u>138,126,644</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	-	-
Deferred outflows related to pensions	629,209	820,860
Deferred outflows related to OPEB	839,166	429,301
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,468,375</u>	<u>1,250,161</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 160,628,244</u>	<u>\$ 139,376,805</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
Other liabilities	\$ 3,071,301	\$ 1,064,661
Long-term debt outstanding	19,451,095	3,580,178
TOTAL LIABILITIES	<u>22,522,396</u>	<u>4,644,839</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	3,568,530	2,874,882
Deferred inflows related to OPEB	223,710	250,215
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,792,240</u>	<u>3,125,097</u>
NET POSITION		
Net investment in capital assets	119,375,518	117,199,087
Restricted	1,390,189	1,217,137
Unrestricted	13,547,901	13,190,645
TOTAL NET POSITION	<u>134,313,608</u>	<u>131,606,869</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 160,628,244</u>	<u>\$ 139,376,805</u>

Business-Type Activities		Component Units		Totals	
2021	2020	2021	2020	2021	2020
\$ -	\$ -	\$ 10,521,317	\$ 11,135,360	\$ 42,554,681	\$ 23,287,544
(443,947)	(269,797)	4,364,681	3,210,603	11,576,221	11,716,179
9,607,348	9,956,271	26,802,567	27,897,311	155,880,933	155,052,669
<u>9,163,401</u>	<u>9,686,474</u>	<u>41,688,565</u>	<u>42,243,274</u>	<u>210,011,835</u>	<u>190,056,392</u>
77,818	197,571	-	-	77,818	197,571
-	-	-	-	629,209	820,860
-	-	-	-	839,166	429,301
<u>77,818</u>	<u>197,571</u>	<u>-</u>	<u>-</u>	<u>1,546,193</u>	<u>1,447,732</u>
<u>\$ 9,241,219</u>	<u>\$ 9,884,045</u>	<u>\$ 41,688,565</u>	<u>\$ 42,243,274</u>	<u>\$ 211,558,028</u>	<u>\$ 191,504,124</u>
\$ 19,487	\$ 42,834	\$ 498,267	\$ 506,056	\$ 3,589,055	\$ 1,613,551
7,851,430	8,171,047	41,897	53,418	27,344,422	11,804,643
<u>7,870,917</u>	<u>8,213,881</u>	<u>540,164</u>	<u>559,474</u>	<u>30,933,477</u>	<u>13,418,194</u>
-	-	-	-	3,568,530	2,874,882
-	-	-	-	223,710	250,215
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,792,240</u>	<u>3,125,097</u>
1,838,166	1,982,795	26,802,567	27,897,311	148,016,251	147,079,193
-	-	-	-	1,390,189	1,217,137
(467,864)	(312,631)	14,345,834	13,786,489	27,425,871	26,664,503
<u>1,370,302</u>	<u>1,670,164</u>	<u>41,148,401</u>	<u>41,683,800</u>	<u>176,832,311</u>	<u>174,960,833</u>
<u>\$ 9,241,219</u>	<u>\$ 9,884,045</u>	<u>\$ 41,688,565</u>	<u>\$ 42,243,274</u>	<u>\$ 211,558,028</u>	<u>\$ 191,504,124</u>

## **MONTGOMERY TOWNSHIP**

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

**YEAR ENDED DECEMBER 31, 2021**

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Cash and investments represent 20.13% of the Total Governmental Assets and 0% of total Business-Type Assets. Of the governmental cash and investments amount, \$7,326,566 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, 89.34%, 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 2021, total revenues (including transfers) exceeded total expenditures by \$2,706,739 for all Governmental Activities resulting in an increase in net position. The increase in net position from 2020 to 2021 was a result of maintaining diversified, stable revenues with controlled expenses.

**MONTGOMERY TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2021**

**Table 2**  
**Changes in Net Position**  
**Years Ended December 31, 2021 and 2020**

	2021			
	Governmental Activities	Business-Type Activities	Component Units	Totals
<b>REVENUES</b>				
Program revenues				
Charges for services	\$ 1,043,458	\$ 335,800	\$ 6,006,547	\$ 7,385,805
Operating grants and contributions	1,656,292	300	116,715	1,773,307
Capital grants and contributions	-	-	279,099	279,099
General revenues				
Taxes	14,495,993	140,000	-	14,635,993
Cable TV franchise fees	528,627	-	-	528,627
Investment income	116,518	-	63,923	180,441
Gain on sale of capital assets	12,474	-	10,529	23,003
<b>TOTAL REVENUES</b>	<b>17,853,362</b>	<b>476,100</b>	<b>6,476,813</b>	<b>24,806,275</b>
<b>EXPENSES</b>				
Operating				
General government	2,403,155	-	-	2,403,155
Public safety	8,407,892	-	-	8,407,892
Highways and streets	1,786,122	-	-	1,786,122
Parks and recreation	527,871	-	-	527,871
Sewer Authority	-	-	6,911,230	6,911,230
Fire Department	-	-	100,982	100,982
Recreation center	-	1,253,317	-	1,253,317
Other employee benefits not allocated	-	-	-	-
Interest on long-term debt	148,649	-	-	148,649
Bond issuance costs	-	-	-	-
Depreciation, unallocated	1,395,579	-	-	1,395,579
<b>TOTAL EXPENSES</b>	<b>14,669,268</b>	<b>1,253,317</b>	<b>7,012,212</b>	<b>22,934,797</b>
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>	<b>3,184,094</b>	<b>(777,217)</b>	<b>(535,399)</b>	<b>1,871,478</b>
<b>TRANSFERS</b>	<b>(477,355)</b>	<b>477,355</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>2,706,739</b>	<b>(299,862)</b>	<b>(535,399)</b>	<b>1,871,478</b>
<b>NET POSITION, BEGINNING</b>	<b>131,606,869</b>	<b>1,670,164</b>	<b>41,683,800</b>	<b>174,960,833</b>
<b>NET POSITION, ENDING</b>	<b>\$ 134,313,608</b>	<b>\$ 1,370,302</b>	<b>\$ 41,148,401</b>	<b>\$ 176,832,311</b>

2020			
Governmental Activities	Business-Type Activities	Component Units	Totals
\$ 1,257,674	\$ 168,439	\$ 6,031,826	\$ 7,457,939
1,730,996	-	110,645	1,841,641
-	-	114,887	114,887
13,572,054	140,000	-	13,712,054
548,523	-	-	548,523
432,581	-	136,730	569,311
-	-	-	-
<u>17,541,828</u>	<u>308,439</u>	<u>6,394,088</u>	<u>24,244,355</u>
2,377,864	-	-	2,377,864
9,009,339	-	-	9,009,339
2,398,922	-	-	2,398,922
416,857	-	-	416,857
-	-	7,150,790	7,150,790
-	-	120,578	120,578
-	1,212,717	-	1,212,717
-	-	-	-
-	-	-	-
-	-	-	-
1,305,780	-	-	1,305,780
<u>15,508,762</u>	<u>1,212,717</u>	<u>7,271,368</u>	<u>23,992,847</u>
2,033,066	(904,278)	(877,280)	251,508
<u>(309,379)</u>	<u>309,379</u>	<u>-</u>	<u>-</u>
1,723,687	(594,899)	(877,280)	251,508
<u>129,883,182</u>	<u>2,265,063</u>	<u>42,561,080</u>	<u>174,709,325</u>
\$ <u>131,606,869</u>	\$ <u>1,670,164</u>	\$ <u>41,683,800</u>	\$ <u>174,960,833</u>

# MONTGOMERY TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

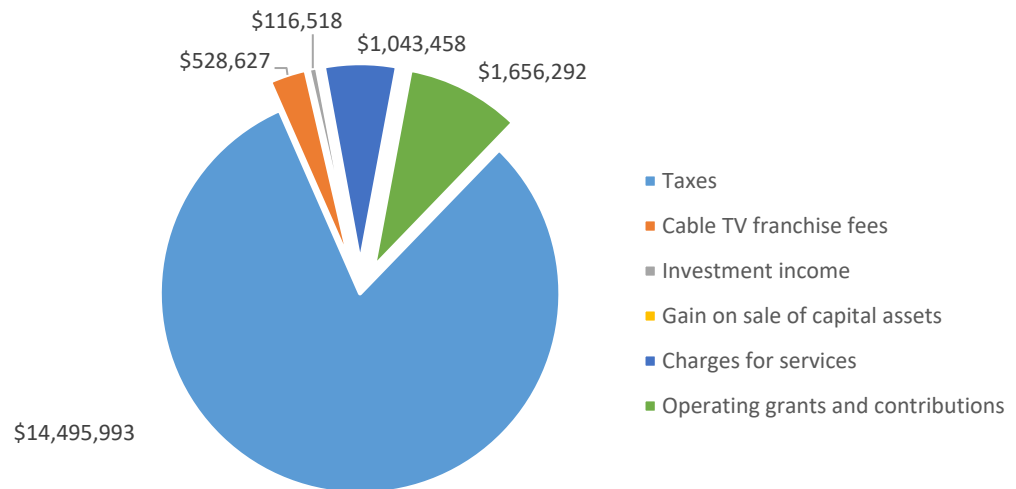
YEAR ENDED DECEMBER 31, 2021

### Governmental Activities

The Township generates revenues from a variety of sources. Total revenues for Governmental Activities for fiscal year 2021 were \$17,853,362 compared to \$17,541,828 in 2020, an increase of \$311,534. The Township realized an increase in the taxes revenue categories for 2021. Revenues by source were as follows:

<b>Governmental Activities Revenues</b>				
<b>From Statement of Activities</b>				
Revenue	2021		2020	
	Amount	% of Total	Amount	% of Total
Taxes	\$ 14,495,993	81.19%	\$ 13,572,054	77.37%
Cable TV franchise fees	528,627	2.96%	548,523	3.13%
Investment income	116,518	0.65%	432,581	2.47%
Gain on sale of capital assets	12,474	0.07%	-	0.00%
Charges for services	1,043,458	5.84%	1,257,674	7.17%
Operating grants and contributions	1,656,292	9.28%	1,730,996	9.87%
	<u>\$ 17,853,362</u>	<u>100.00%</u>	<u>\$ 17,541,828</u>	<u>100.00%</u>

### Revenue by Source - Governmental Activities



# MONTGOMERY TOWNSHIP

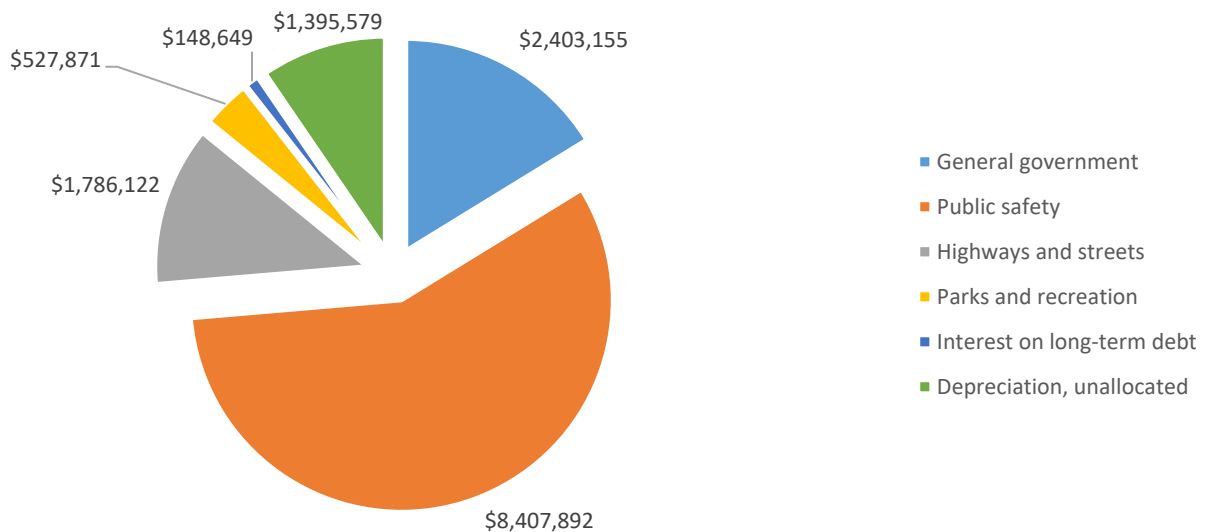
## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

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 2021 were \$14,669,268, compared to \$15,508,762 in expenses in 2020, a decrease of \$839,494. This decrease is primarily attributable to decreased expenses in Public Safety and Highways and Streets. Details are shown in the table below.

Expenses	2021		2020	
	Amount	% of Total	Amount	% of Total
General government	\$ 2,403,155	16.38%	\$ 2,377,864	15.33%
Public safety	8,407,892	57.32%	9,009,339	58.09%
Highways and streets	1,786,122	12.18%	2,398,922	15.47%
Parks and recreation	527,871	3.60%	416,857	2.69%
Interest on long-term debt	148,649	1.01%	-	0.00%
Depreciation, unallocated	1,395,579	9.50%	1,305,780	8.42%
	<u>\$ 14,669,268</u>	<u>100.00%</u>	<u>\$ 15,508,762</u>	<u>100.00%</u>

### Expenses by Service - Governmental Activities



# **MONTGOMERY TOWNSHIP**

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

**YEAR ENDED DECEMBER 31, 2021**

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### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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.

The 2021 Original General Fund budget, including transfers, reflected a balanced budget of \$13,390,000. Actual revenues, in particular, Earned Income and R.E. Transfer Taxes, exceeded budgeted estimates by \$789,308. Total expenditures, mainly in Police Services, resulted in actual expenses below budget by \$448,236. Unbudgeted transfer to the Capital Reserve and Debt Service Funds, totaling \$740,203 resulted in a surplus of \$497,341. This resulted in an ending General Fund balance of \$4,762,555 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, the revenue performance of the General Fund in 2021 was positive when compared to the budget. Actual revenues, excluding transfers in, were \$14.2 million for 2021. 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 \$952K, led primarily by the R.E. Transfer and Earned Income Taxes. License and Permits exceeded budget by \$33K. Each of these revenue categories, combined with controlled expenditures, contributed to the \$789K surplus (excluding transfers in) in General Fund revenues. The net of the revenue surplus and the transfer of surplus to the Capital and Debt Service Funds led to the General Fund ending Fund Balance of \$4.8M for the fiscal year 2021.

Actual expenditures, excluding Interfund Transfers, were \$12.9M for 2021, which was \$448K less than the 2021 budgeted expenditures. These savings were achieved by practicing strict cost containment measures across all departments. The two primary departments contributing to the savings were General Government which was below budget by \$179K and Public Safety Expenditures which was below budget by \$183K. 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 \$497K. The 2022 Budget included a one (1) mill Real Estate Tax increase, the first millage increase since 2006. The increase is to fund costs related to fire services, parks, and debt service. Without this increase in revenue, the Township could not transfer dollars for fire services, parks, and debt service without completely depleting its reserves and potentially cutting back on some services in 2023 and beyond.

### **CAPITAL ASSETS**

Montgomery Township's investment in capital assets for its Governmental Activities as of December 31, 2021, totaled \$119,375,518 (net of accumulated depreciation), an increase of \$2,176,431 from 2020. This increase was the result of new Capital Assets, comprised mostly of infrastructure projects in 2021.



# MONTGOMERY TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

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, 2021 and 2020**

	2021			
	Governmental Activities	Business-Type Activities	Component Units	Totals
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 8,671,506	\$ -	\$ 673,095	\$ 9,344,601
Infrastructure, as restated	95,686,704	-	-	95,686,704
Construction in progress	25,352	-	150,065	175,417
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	104,383,562	-	823,160	105,206,722
CAPITAL ASSETS BEING DEPRECIATED				
Buildings and improvements	10,839,042	10,797,929	36,635,452	58,272,423
Land improvements	987,749	-	-	987,749
Infrastructure	9,630,525	-	20,660,812	30,291,337
Machinery and equipment	9,824,554	1,254,074	2,848,300	13,926,928
TOTAL CAPITAL ASSETS BEING DEPRECIATED	31,281,870	12,052,003	60,144,564	103,478,437
Accumulated depreciation	(16,194,414)	(2,444,655)	(34,165,157)	(52,804,226)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	15,087,456	9,607,348	25,979,407	50,674,211
TOTAL CAPITAL ASSETS, net	\$ 119,471,018	\$ 9,607,348	\$ 26,802,567	\$ 155,880,933

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2020			
Governmental Activities	Business-Type Activities	Component Units	Totals
\$ 8,671,506	\$ -	\$ 673,095	\$ 9,344,601
95,686,704	-	-	95,686,704
-	-	453,693	453,693
<u>104,358,210</u>	<u>-</u>	<u>1,126,788</u>	<u>105,484,998</u>
10,839,042	10,797,929	36,094,463	57,731,434
784,841	-	-	784,841
7,493,991	-	21,293,750	28,787,741
<u>8,666,973</u>	<u>1,254,074</u>	<u>2,754,985</u>	<u>12,676,032</u>
27,784,847	12,052,003	60,143,198	99,980,048
<u>(14,943,970)</u>	<u>(2,095,732)</u>	<u>(33,372,675)</u>	<u>(50,412,377)</u>
<u>12,840,877</u>	<u>9,956,271</u>	<u>26,770,523</u>	<u>49,567,671</u>
<u>\$ 117,199,087</u>	<u>\$ 9,956,271</u>	<u>\$ 27,897,311</u>	<u>\$ 155,052,669</u>

# MONTGOMERY TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

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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 2021.

As of the close of the 2021 fiscal year, the Township reported combined ending balances for all Governmental Funds of \$30,102,038 an increase of \$13,788,254 from 2020 resulting primarily from the increase of the Capital Reserve Fund Balance by \$14,904,500, which represents G.O. Bond proceeds issued in 2021. Of this ending balance amount, \$8,307,437 or 27.60% 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 15.73%, or \$4.7M, 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 activities. 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 2021 were \$1M. Revenues for 2021 were \$889K. The fund posted a deficit of \$159K for the year and ended the year with a positive fund balance of \$366K. The primary reason for the deficit was an increase in staffing by one (1) full-time employee in 2021. A portion of the 2022 millage increase has allocated more revenue to this fund for ongoing services.

**Park and Recreation Fund - 05.** Expenditures for the Park and Recreation Fund for 2021 were \$483K, revenues were \$472K. The fund posted a deficit of \$11K for the year and ended the year with a positive fund balance of \$689K. The Township collected \$13K more in Real Estate Taxes than budgeted and actual expenditures were \$20K over budget which contributed to the net decrease in fund balance. A portion of the 2022 millage increase has allocated more revenue to this fund for ongoing services.

**Street Light Fund - 07.** Expenditures for the Street Light Fund for 2021 were \$140K and revenues were \$207K. The fund posted a surplus of \$67K for the year and ended the year with a fund balance of \$208K. The Township converted streetlights to LED in 2019 which has resulted in lower energy cost.

**Debt Service Fund - 23.** Expenditures for the Debt Service Fund for 2021 were \$71K and revenues were \$294K and net transfers out were \$219K. The fund posted a deficit of \$4K and ended the year with a fund balance of \$4K. Further details regarding the Township's total debt can be viewed in Note D of the Financial Statements. Part of the 2022 millage increase was dedicated to this fund because of the new G.O. Bond issuance in 2021. Those proceeds will be used to fund the Township's Capital Investment Plan.

**Capital Reserve Fund - 30.** Expenditures for the Capital Reserve Fund for 2021 were \$2.3M for budgeted capital construction projects and capital equipment purchases. Revenues for this fund were \$210K, interfund transfers in of \$482K, and loan proceeds of \$15M. The fund balance in this fund is comprised of assigned and committed funds totaling \$22.2M.

**Park Development Fund - 31.** The Park Development Fund did not have any expenditures for 2021. Revenues to this fund were \$7K, mostly from developer contributions during 2021. The fund posted a surplus of \$7K for the year and ended the year with a positive fund balance of \$323K.

## **MONTGOMERY TOWNSHIP**

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

**YEAR ENDED DECEMBER 31, 2021**

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**Liquid Fuels Fund - 35.** Expenditures from the Liquid Fuels Fund for 2021 were \$578K and revenues for 2021 were \$674K. The fund posted a surplus of \$95K for the year and ended with a positive fund balance of \$845K.

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 2021 were \$194K, and revenues were \$194K 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 2021 were \$142K, and revenues were \$46K consisting of interest earnings on the fund balance and payments for the Recycling Performance Grants. Expenses from the fund in 2021 were for the Township's recycling collection costs including the costs for the bi-annual curbside leaf collection program. A capital purchase of a chipper for \$94K was acquired in 2021. The fund posted a deficit of \$97K for the year and ended the year with a positive fund balance of \$390K.

**Replacement Tree Fund - 94.** Expenditures for the Replacement Tree Fund for 2021 were \$57K, and revenues were \$55K. Funding for the Replacement Tree Fund comes from contributions from developers under "fee in lieu of" provisions of the Land Development Ordinance. The fund posted a deficit of \$2K for the year and ended the year with a positive fund balance of \$225K.

**Autumn Festival Fund - 95.** Expenditures for the Autumn Festival Fund for 2021 were \$3K, and revenues were \$326. 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 \$48K. Due to COVID-19, this event was canceled in 2020 and 2021.

**Restoration Fund - 96.** There were no expenditures and only minimal interest income for the Restoration Fund for 2021. 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.

# MONTGOMERY TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2021

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### LONG-TERM DEBT

At year-end, the Township had \$15,000,000 of outstanding debt for governmental activities and \$7,847,000 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 current debt obligation of the Township is approximately 33.58% of the Township's available legal borrowing capacity which was calculated using year ending December 31, 2021, data. This again evidences the Township's fiscally responsible approach to funding Capital Improvement projects.

**Table 4**

***Outstanding Debt at Year-End***

	<u>2021</u>	<u>2020</u>
GOVERNMENTAL ACTIVITIES		
2021A Series Note	\$ <u>15,000,000</u>	\$ <u>-</u>
BUSINESS-TYPE ACTIVITIES		
2016 Series Bond	\$ -	\$ 8,055,000
2021 Series Note	<u>7,847,000</u>	<u>-</u>
	\$ <u>7,847,000</u>	\$ <u>8,055,000</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, 2021**

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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, 2016 through 2021. 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), \$751K (2020) of surplus/fund balance to the Capital Reserve Fund which the Board has committed for future capital projects.

Entering 2022, the Township had not increased the real estate tax millage rate since 2006. A necessary increase of one (1) mill was approved for the 2022 budget. This increase will allow the Township to continue 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 101% of its annual general operating budget.

The Township has continued to invest in major capital projects and future operations. The 2022 budget includes over \$8M in Capital Funding consisting of \$904K in road paving projects, \$2.4M in traffic upgrades, \$1.8M for park and recreation enhancements, \$840K in stormwater projects, \$771K in Public Works vehicles and equipment replacement, and other improvements for the resident and business of the Township. The full long-term Capital Investment Plan is detailed on the Township's website.

### **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 Director of Finance at 1001 Stump Road, Montgomeryville, PA 18936-9605.

**MONTGOMERY TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	Sewer Authority	Fire Department
<b>ASSETS</b>					
Cash and cash equivalents	\$ 31,033,364	\$ -	\$ 31,033,364	\$ 10,272,260	\$ 249,057
Investments	1,000,000	-	1,000,000	3,750,000	-
Taxes receivable	2,518,637	-	2,518,637	-	-
Accounts receivable	364,863	-	364,863	588,130	-
Due from other governments	4,646	-	4,646	-	-
Prepaid items	28,739	-	28,739	26,551	-
Internal balances	443,947	(443,947)	-	-	-
Net pension asset	4,294,655	-	4,294,655	-	-
Capital assets					
Property, plant and equipment, Sewer Authority	-	-	-	26,780,081	-
Depreciable capital assets	15,087,456	9,607,348	24,694,804	-	22,486
Construction in progress	25,352	-	25,352	-	-
Nondepreciable capital assets	104,358,210	-	104,358,210	-	-
<b>TOTAL ASSETS</b>	<b>159,159,869</b>	<b>9,163,401</b>	<b>168,323,270</b>	<b>41,417,022</b>	<b>271,543</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amount on refunding	-	77,818	77,818	-	-
Deferred outflows related to pensions	629,209	-	629,209	-	-
Deferred outflows related to OPEB	839,166	-	839,166	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,468,375</b>	<b>77,818</b>	<b>1,546,193</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	1,322,196	4,707	1,326,903	498,267	-
Accrued payroll	379,822	14,780	394,602	-	-
Unearned revenue	1,369,283	-	1,369,283	-	-
Long-term liabilities					
Portion due or payable within one year					
Notes payable	385,000	306,000	691,000	-	-
Portion due or payable after one year					
Notes payable	14,615,000	7,541,000	22,156,000	-	-
Compensated absences	220,633	4,430	225,063	41,897	-
Total OPEB liability	4,230,462	-	4,230,462	-	-
<b>TOTAL LIABILITIES</b>	<b>22,522,396</b>	<b>7,870,917</b>	<b>30,393,313</b>	<b>540,164</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	3,568,530	-	3,568,530	-	-
Deferred inflows related to OPEB	223,710	-	223,710	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,792,240</b>	<b>-</b>	<b>3,792,240</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	119,375,518	1,838,166	121,213,684	26,780,081	22,486
Restricted					
Providing and maintaining street lights	208,432	-	208,432	-	-
Debt service	4,008	-	4,008	-	-
Park development projects	323,116	-	323,116	-	-
Highway and street projects	844,545	-	844,545	-	-
Knapp Farm house	10,088	-	10,088	-	-
Unrestricted	13,547,901	(467,864)	13,080,037	14,096,777	249,057
<b>TOTAL NET POSITION</b>	<b>\$ 134,313,608</b>	<b>\$ 1,370,302</b>	<b>\$ 135,683,910</b>	<b>\$ 40,876,858</b>	<b>\$ 271,543</b>

*See accompanying notes to the basic financial statements.*

**MONTGOMERY TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General government	\$ 2,403,155	\$ 100,606	\$ 228,066	\$ -
Public safety	8,407,892	942,852	511,649	-
Highways and streets	1,786,122	-	910,417	-
Parks and recreation	527,871	-	6,160	-
Interest on long-term debt	148,649	-	-	-
Depreciation, unallocated	1,395,579	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	14,669,268	1,043,458	1,656,292	-
BUSINESS-TYPE ACTIVITIES				
Recreation center	1,253,317	335,800	300	-
TOTAL PRIMARY GOVERNMENT	\$ 15,922,585	\$ 1,379,258	\$ 1,656,592	\$ -
COMPONENT UNITS				
Sewer Authority	\$ 6,911,230	\$ 6,006,547	\$ -	\$ 279,099
Fire Department	100,982	-	116,715	-
TOTAL COMPONENT UNITS	\$ 7,012,212	\$ 6,006,547	\$ 116,715	\$ 279,099
GENERAL REVENUES				
Taxes				
Earned income tax				
Real property tax				
Real estate transfer taxes				
Business privilege and mercantile tax				
Miscellaneous taxes				
Cable TV franchise fees				
Investment income				
Gain on sale of capital assets				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

*See accompanying notes to the basic financial statements.*



Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Totals	Sewer Authority	Fire Department
\$ (2,074,483)	\$ -	\$ (2,074,483)	\$ -	\$ -
(6,953,391)	-	(6,953,391)	-	-
(875,705)	-	(875,705)	-	-
(521,711)	-	(521,711)	-	-
(148,649)	-	(148,649)	-	-
(1,395,579)	-	(1,395,579)	-	-
(11,969,518)	-	(11,969,518)	-	-
-	(917,217)	(917,217)	-	-
(11,969,518)	(917,217)	(12,886,735)	-	-
			(625,584)	-
			-	15,733
			(625,584)	15,733
6,063,822	140,000	6,203,822	-	-
3,652,633	-	3,652,633	-	-
1,104,221	-	1,104,221	-	-
2,920,898	-	2,920,898	-	-
754,419	-	754,419	-	-
528,627	-	528,627	-	-
116,518	-	116,518	63,923	-
12,474	-	12,474	10,529	-
(477,355)	477,355	-	-	-
14,676,257	617,355	15,293,612	74,452	-
2,706,739	(299,862)	2,406,877	(551,132)	15,733
131,606,869	1,670,164	133,277,033	41,427,990	255,810
\$ 134,313,608	\$ 1,370,302	\$ 135,683,910	\$ 40,876,858	\$ 271,543

# MONTGOMERY TOWNSHIP

## BALANCE SHEET

### GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	General Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,391,786	\$ 23,520,163	\$ 3,121,415	\$ 31,033,364
Investments	141,565	758,235	100,200	1,000,000
Taxes receivable	2,505,664	-	12,973	2,518,637
Accounts receivable	291,945	28,989	48,575	369,509
Due from other funds	457,061	-	-	457,061
Prepaid items	28,739	-	-	28,739
<b>TOTAL ASSETS</b>	<b>\$ 7,816,760</b>	<b>\$ 24,307,387</b>	<b>\$ 3,283,163</b>	<b>\$ 35,407,310</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenditures	\$ 495,327	\$ 707,038	\$ 119,831	\$ 1,322,196
Accrued payroll	347,397	-	32,425	379,822
Due to other funds	-	-	13,114	13,114
Unearned revenue	-	1,369,283	-	1,369,283
<b>TOTAL LIABILITIES</b>	<b>842,724</b>	<b>2,076,321</b>	<b>165,370</b>	<b>3,084,415</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues				
Property taxes	15,582	-	9,376	24,958
Income taxes	2,195,899	-	-	2,195,899
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,211,481</b>	<b>-</b>	<b>9,376</b>	<b>2,220,857</b>
<b>FUND BALANCES</b>				
Nonspendable, prepaid items	28,739	-	-	28,739
Restricted				
Capital projects	-	14,904,500	-	14,904,500
Providing and maintaining street lights	-	-	208,432	208,432
Debt service	-	-	4,008	4,008
Park development projects	-	-	323,116	323,116
Highway and street projects	-	-	844,545	844,545
Knapp Farm house	-	-	10,088	10,088
Committed to				
Arbor Day and shade tree commission	-	-	224,746	224,746
Fire protection capital purchases and/or infrastructure projects	-	-	365,646	365,646
Environmental	-	-	390,479	390,479
Equipment plans	-	1,454,350	-	1,454,350
Highway and street projects	-	350,795	-	350,795
Building improvements	-	256,252	-	256,252
Storm water projects	-	378,104	-	378,104
Traffic engineering	-	278,794	-	278,794
Open space acquisition and improvement	-	2,137,188	-	2,137,188
Parks and recreation projects	-	197,348	-	197,348
Operating reserve fund	-	2,273,735	-	2,273,735
Assigned				
Park and recreation projects	-	-	689,320	689,320
Annual autumn fest	-	-	48,037	48,037
Unassigned	4,733,816	-	-	4,733,816
<b>TOTAL FUND BALANCES</b>	<b>4,762,555</b>	<b>22,231,066</b>	<b>3,108,417</b>	<b>30,102,038</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 7,816,760</b>	<b>\$ 24,307,387</b>	<b>\$ 3,283,163</b>	<b>\$ 35,407,310</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, 2021

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TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 30,102,038
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
Construction in progress	25,352
Buildings and building improvements	10,839,042
Land improvements	987,749
Infrastructure	105,317,229
Machinery and equipment	9,824,554
Accumulated depreciation	(16,194,414)
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	(2,323,865)
The net pension asset is not available to pay for current period expenditures and, therefore, is not reported in the funds.	
	4,294,655
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	(4,230,462)
Accumulated compensated absences	(220,633)
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>2,220,857</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 134,313,608</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, 2021**

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 12,173,246	\$ -	\$ 1,709,525	\$ 13,882,771
Licenses and permits	1,214,914	-	57,371	1,272,285
Fines and forfeits	172,786	-	-	172,786
Interest income, rents and royalties	24,692	79,225	12,601	116,518
Intergovernmental revenues	554,642	118,665	908,798	1,582,105
Charges for services	37,497	-	89,890	127,387
Contributions	1,531	12,073	60,210	73,814
<b>TOTAL REVENUES</b>	<u>14,179,308</u>	<u>209,963</u>	<u>2,838,395</u>	<u>17,227,666</u>
<b>EXPENDITURES</b>				
Current				
General government	2,148,859	256,134	57,985	2,462,978
Public safety	8,808,845	944,637	1,242,203	10,995,685
Highways and streets	1,984,060	443,944	814,322	3,242,326
Parks and recreation	-	581,493	532,248	1,113,741
Debt service				
Note issue costs	-	77,735	-	77,735
Interest	-	-	70,914	70,914
<b>TOTAL EXPENDITURES</b>	<u>12,941,764</u>	<u>2,303,943</u>	<u>2,717,672</u>	<u>17,963,379</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,237,544</u>	<u>(2,093,980)</u>	<u>120,723</u>	<u>(735,713)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from note issuance	-	15,000,000	-	15,000,000
Proceeds from sale of capital assets	-	1,322	-	1,322
Interfund transfers in	-	481,774	258,429	740,203
Interfund transfers out	(740,203)	-	(477,355)	(1,217,558)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(740,203)</u>	<u>15,483,096</u>	<u>(218,926)</u>	<u>14,523,967</u>
<b>NET CHANGE IN FUND BALANCES</b>	497,341	13,389,116	(98,203)	13,788,254
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>4,265,214</u>	<u>8,841,950</u>	<u>3,206,620</u>	<u>16,313,784</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 4,762,555</u>	<u>\$ 22,231,066</u>	<u>\$ 3,108,417</u>	<u>\$ 30,102,038</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, 2021

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 13,788,254
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 (\$1,395,579) is exceeded by capital outlays (\$3,667,510) in the current period.	2,271,931
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 increased by the following in the current period.	613,222
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(15,000,000)
In the statement of activities, compensated absences (vacations and sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(220,633)
The net change in the net pension asset 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.	1,467,879
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>(213,914)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,706,739</u>

*See accompanying notes to the basic financial statements.*

**MONTGOMERY TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**DECEMBER 31, 2021**

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	<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>(2,444,655)</u>
TOTAL ASSETS	<u>9,607,348</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	<u>77,818</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	4,707
Accrued payroll	19,210
Due to other funds	443,947
Bonds payable, current	<u>306,000</u>
TOTAL CURRENT LIABILITIES	<u>773,864</u>
NONCURRENT LIABILITIES	
Bonds payable	<u>7,541,000</u>
TOTAL LIABILITIES	<u>8,314,864</u>
NET POSITION	
Net investment in capital assets	1,838,166
Unrestricted	<u>(467,864)</u>
TOTAL NET POSITION	<u>\$ 1,370,302</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, 2021

	<u>Recreation Center Fund</u>
OPERATING REVENUES	
Taxes	\$ 140,000
Charges for services	335,800
TOTAL OPERATING REVENUES	<u>475,800</u>
OPERATING EXPENSES	
Contractual and professional services	48,665
Other supplies and expenses	600,696
Depreciation	348,923
TOTAL OPERATING EXPENSES	<u>998,284</u>
OPERATING LOSS	(522,484)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental	300
Bond issue costs	(57,000)
Interest expense	<u>(198,033)</u>
LOSS BEFORE TRANSFERS	(777,217)
TRANSFERS IN	<u>477,355</u>
CHANGE IN NET POSITION	(299,862)
NET POSITION AT BEGINNING OF YEAR	<u>1,670,164</u>
NET POSITION AT END OF YEAR	<u>\$ 1,370,302</u>

*See accompanying notes to the basic financial statements.*

**MONTGOMERY TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Recreation Center Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 475,800
Payments to employees for services	547
Payments to suppliers for goods and services	<u>(650,797)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u><b>(174,450)</b></u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Interfund revenues	<u>921,302</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on debt	(265,000)
Interest paid on debt	<u>(482,152)</u>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING         ACTIVITIES</b>	<u><b>(746,852)</b></u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ -</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (522,484)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	348,923
Increase (decrease) in	
Accounts payable	(1,436)
Accrued payroll	<u>547</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u><u>\$ (174,450)</u></u>

*See accompanying notes to the basic financial statements.*



**MONTGOMERY TOWNSHIP**

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

DECEMBER 31, 2021

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
ASSETS		
Cash	\$ 595,430	\$ 3,540,366
Investments		
Domestic and international funds	30,972,582	-
Fixed income funds	<u>6,718,367</u>	<u>-</u>
TOTAL ASSETS	<u>38,286,379</u>	<u>3,540,366</u>
NET POSITION		
Net position restricted for pensions	38,286,379	-
Net position restricted for custodial purposes	<u>-</u>	<u>3,540,366</u>
TOTAL NET POSITION	<u>\$ 38,286,379</u>	<u>\$ 3,540,366</u>

*See accompanying notes to the basic financial statements.*

**MONTGOMERY TOWNSHIP**

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2021

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
ADDITIONS		
Contributions		
Plan member contributions	\$ 351,600	\$ -
Employer contributions	559,023	-
Other contributions, Commonwealth of Pennsylvania	522,904	-
Developers	-	4,432,188
TOTAL CONTRIBUTIONS	<u>1,433,527</u>	<u>4,432,188</u>
Investment earnings		
Interest income	1,065,701	-
Gain (loss) on investments	3,973,672	-
Investment expenses	(63,568)	-
INVESTMENT EARNINGS, net	<u>4,975,805</u>	<u>-</u>
TOTAL ADDITIONS	<u>6,409,332</u>	<u>4,432,188</u>
DEDUCTIONS		
Employee benefit payments	2,643,252	-
Escrow payments	-	2,843,822
TOTAL DEDUCTIONS	<u>2,653,712</u>	<u>2,843,822</u>
CHANGE IN NET POSITION	3,755,620	1,588,366
NET POSITION AT BEGINNING OF YEAR	<u>34,530,759</u>	<u>1,952,000</u>
NET POSITION AT END OF YEAR	<u>\$ 38,286,379</u>	<u>\$ 3,540,366</u>

*See accompanying notes to the basic financial statements.*

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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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, 2021

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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, 2021

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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, 2021

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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, 2021

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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, 2021**

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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, 2021**

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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, 2021**

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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, 2021.

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, 2021. 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 the difference between expected and actual experience, 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, 2021**

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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, 2021

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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, 2021

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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, 2021, \$34,893,123 of the Township's bank balance of \$35,393,123 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>30,789,788</u>
Pension trust funds	\$ <u>590,757</u>
Escrow	\$ <u>3,512,578</u>

As of December 31, 2021, the following amounts of the component units were exposed to custodial credit risk.

**Sewer Authority** - At December 31, 2021, the Sewer Authority's bank balance was \$10,272,260. Of that bank balance, \$250,000 was covered by federal depository insurance and \$4,763,345 was invested in externally pooled investments, which are not subject to credit risk. Any balances exceeding depository insurance are exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Authority's name.

**Fire Department** - At December 31, 2021, 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, 2021**

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

As of December 31, 2021, the Township had the following investments, maturities and fair value inputs:

Investment Type	Amortized Cost	Fair Value	Level 1 Inputs	Investment Maturities	
				Less Than One Year	1 to 5 Years
GOVERNMENTAL ACTIVITIES					
Certificate of deposit	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -
PENSION ACTIVITIES					
Domestic and international mutual funds	\$ -	\$ 30,972,582	\$ 30,972,582	\$ 30,972,582	\$ -
Fixed income mutual funds	-	6,718,367	6,718,367	6,718,367	-
	\$ -	\$ 37,690,949	\$ 37,690,949	\$ 37,690,949	\$ -

As of December 31, 2021, the Sewer Authority had the following investments and maturities:

Investment Type	Fair Value Level 2	Investment Maturities	
		Less Than One Year	1 to 5 Years
Certificates of deposit	\$ 3,750,000	\$ -	\$ 3,750,000

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

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

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

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

**MONTGOMERY TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE C - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 8,671,506	\$ -	\$ -	\$ 8,671,506
Infrastructure	95,686,704	-	-	95,686,704
Construction in progress	-	25,352	-	25,352
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	104,358,210	25,352	-	104,383,562
Capital assets being depreciated				
Buildings and building improvements	10,839,042	-	-	10,839,042
Land improvements	784,841	202,908	-	987,749
Infrastructure	7,493,991	2,136,534	-	9,630,525
Machinery and equipment	8,666,973	1,302,716	(145,135)	9,824,554
TOTAL CAPITAL ASSETS BEING DEPRECIATED	27,784,847	3,642,158	(145,135)	31,281,870
Accumulated depreciation				
Buildings and building improvements	(6,434,225)	(326,203)	-	(6,760,428)
Land improvements	(129,289)	(51,743)	-	(181,032)
Infrastructure	(2,890,823)	(431,785)	-	(3,322,608)
Machinery and equipment	(5,489,633)	(585,848)	145,135	(5,930,346)
TOTAL ACCUMULATED DEPRECIATION	(14,943,970)	(1,395,579)	145,135	(16,194,414)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	12,840,877	2,246,579	-	15,087,456
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 117,199,087	\$ 2,271,931	\$ -	\$ 119,471,018
<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	12,052,003	-	-	12,052,003
Accumulated depreciation				
Buildings and building improvements	(1,604,315)	(270,007)	-	(1,874,322)
Machinery and equipment	(491,417)	(78,916)	-	(570,333)
TOTAL ACCUMULATED DEPRECIATION	(2,095,732)	(348,923)	-	(2,444,655)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	9,956,271	(348,923)	-	9,607,348
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	\$ 9,956,271	\$ (348,923)	\$ -	\$ 9,607,348

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

<b>Governmental activities:</b>	
Unallocated	\$ 1,395,579
<b>Business-type activities:</b>	
Recreation center	\$ 348,923

**MONTGOMERY TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
<b>COMPONENT UNIT, SEWER AUTHORITY</b>				
Capital assets not being depreciated				
Land	\$ 673,095	\$ -	\$ -	\$ 673,095
Construction in progress	453,693	1,101,136	(1,404,764)	150,065
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	1,126,788	1,101,136	(1,404,764)	823,160
Capital assets being depreciated				
Wastewater treatment and collection system				
Hatfield Waste Water Treatment Plant	10,491,642	54,536	-	10,546,178
Eureka Treatment Plant	25,602,821	492,253	(5,800)	26,089,274
Other sewer system improvements	6,941,656	789,642	(1,422,580)	6,308,718
Developer dedications	14,352,094	-	-	14,352,094
TOTAL WASTEWATER TREATMENT AND COLLECTION SYSTEMS	57,388,213	1,336,431	(1,428,380)	57,296,264
Equipment	2,522,183	68,330	-	2,590,513
TOTAL CAPITAL ASSETS BEING DEPRECIATED	59,910,396	1,404,761	(1,428,380)	59,886,777
Accumulated depreciation				
Wastewater treatment and collection systems				
Hatfield Waste Water Treatment Plant	(8,950,548)	(136,292)	-	(9,086,840)
Eureka Treatment Plant	(10,714,884)	(828,340)	5,800	(11,537,424)
Other sewer system improvements	(4,622,975)	(351,774)	1,422,580	(3,552,169)
Developer dedications	(7,411,536)	(679,300)	-	(8,090,836)
TOTAL WASTEWATER TREATMENT AND COLLECTION SYSTEMS ACCUMULATED DEPRECIATION	(31,699,943)	(1,995,706)	1,428,380	(32,267,269)
Equipment	(1,439,930)	(222,657)	-	(1,662,587)
TOTAL ACCUMULATED DEPRECIATION	(33,139,873)	(2,218,363)	1,428,380	(33,929,856)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	26,770,523	(813,602)	-	25,956,921
COMPONENT UNIT, SEWER AUTHORITY CAPITAL ASSETS, net	\$ 27,897,311	\$ 287,534	\$ (1,404,764)	\$ 26,780,081
<b>COMPONENT UNIT, FIRE DEPARTMENT</b>				
Equipment	\$ 232,802	\$ 24,985	\$ -	\$ 257,787
Accumulated depreciation	(232,802)	(2,499)	-	(235,301)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	\$ -	\$ 22,486	\$ -	\$ 22,486



**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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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, 2021:

	<u>Original Principal</u>
GOVERNMENTAL ACTIVITIES	
General Obligation Notes, Series A of 2021	\$ 15,000,000
Total OPEB liability	-
Compensated absences	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>15,000,000</u>
BUSINESS-TYPE ACTIVITIES	
General Obligation Bonds, Series of 2016	8,585,000
Premium on 2016 Series Bonds	137,222
General Obligation Notes, Series of 2021	7,847,000
Compensated absences	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>16,569,222</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 31,569,222</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, 2021	Additions	Reductions	Balance Outstanding December 31, 2021	Due Within One Year
\$ -	\$ 15,000,000	\$ -	\$ 15,000,000	\$ 385,000
3,580,178	650,284	-	4,230,462	-
-	220,633	-	220,633	-
<u>3,580,178</u>	<u>15,650,284</u>	<u>-</u>	<u>19,451,095</u>	<u>385,000</u>
8,055,000	-	(8,055,000)	-	-
116,047	-	(116,047)	-	-
-	7,847,000	-	7,847,000	306,000
-	4,430	-	4,430	-
<u>8,171,047</u>	<u>7,851,430</u>	<u>(8,171,047)</u>	<u>7,851,430</u>	<u>306,000</u>
\$ <u><u>11,751,225</u></u>	\$ <u><u>23,501,714</u></u>	\$ <u><u>(8,171,047)</u></u>	\$ <u><u>27,302,525</u></u>	\$ <u><u>691,000</u></u>

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**NOTE D - LONG-TERM DEBT (Continued)**

**General Obligation Notes, 2021 Series**

In December 2021, the Township issued \$7,847,000 in general obligation notes for the purpose of refunding the General Obligation Bond Series of 2016. The refunding resulted in a decrease in cash flows of \$1,301,163 and an economic loss of \$80,222. The note bears an interest rate of 1.456% have varying maturities from May 25, 2022 to May 25, 2043.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 306,000	\$ 112,344	\$ 418,344
2023	311,000	107,818	418,818
2024	315,000	103,228	418,228
2025	320,000	98,570	418,570
2026	324,000	93,848	417,848
2027 to 2031	1,691,000	396,057	2,087,057
2032 to 2036	1,815,000	267,527	2,082,527
2037 to 2041	1,947,000	129,626	2,076,626
2042 to 2043	818,000	11,029	829,029
	<u>\$ 7,847,000</u>	<u>\$ 1,320,047</u>	<u>\$ 9,167,047</u>

**General Obligation Notes, 2021 Series**

In September 2021, the Township issued \$15,000,000 in general obligation notes for the purpose of funding various capital projects. The note bears an interest rate of 1.725% have varying maturities from September 25, 2022 to September 25, 2051.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2022	\$ 385,000	\$ 257,090	\$ 642,090
2023	392,000	250,418	642,418
2024	399,000	243,626	642,626
2025	405,000	236,717	641,717
2026	413,000	229,697	642,697
2027 to 2031	2,173,000	1,038,721	3,211,721
2032 to 2036	2,369,000	843,795	3,212,795
2037 to 2041	2,581,000	631,362	3,212,362
2042 to 2046	2,816,000	399,804	3,215,804
2047 to 2051	3,067,000	147,267	3,214,267
	<u>\$ 15,000,000</u>	<u>\$ 4,278,497</u>	<u>\$ 19,278,497</u>

**MONTGOMERY TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**NOTE D - LONG-TERM DEBT (Continued)**

A summary of changes in long-term debt for the Sewer Authority for the year ended December 31, 2021, is as follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021	Due Within One Year
SEWER AUTHORITY					
Compensated absences	\$ 53,418	\$ -	\$ (11,521)	\$ 41,897	\$ -

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

Interfund balances at December 31, 2021, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 13,114
General Fund	Recreation Center Fund	443,947
		<u>\$ 457,061</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, 2021, are as follows:

	Transfer Out	Transfer In
General Fund	\$ 740,203	\$ -
Capital Reserve Fund	-	481,774
Other Governmental Funds	477,355	258,429
Recreation Center Fund	-	477,355
	<u>\$ 1,217,558</u>	<u>\$ 1,217,558</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.

**MONTGOMERY TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**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.

**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, 2021, 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	1
Active plan members	<u>33</u>
	<u>57</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.

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

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.

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 \$812,228 to the plan for the year 2021. The Township's actual contributions for the plan year 2021 were \$812,228.

**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, 2021:

<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.

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

**Rate of Return** - For the year ended December 31, 2021, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 14.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

The components of the net pension liability (asset) of the Township at December 31, 2021, were as follows:

Total pension liability	\$ 24,781,478
Plan fiduciary net position	<u>(29,076,133)</u>
 NET PENSION LIABILITY (ASSET)	 \$ <u>(4,294,655)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>117.33%</u>

**Actuarial Assumptions** - The total pension liability was determined as part of an actuarial valuation as of January 1, 2021. Update procedures were used to roll forward to the Township's fiscal year ending December 31, 2021, 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-2020 to reflect mortality improvement.

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

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

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, 2021 (see the plan's investment policy) are summarized in the following table:

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

**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, 2020	\$ 23,309,182	\$ 25,250,659	\$ (1,941,477)
Service cost	614,823	-	614,823
Interest	1,780,855	-	1,780,855
Changes for experience	(44,345)	-	(44,345)
Contributions			
Employer	-	812,228	(812,228)
Member	-	203,383	(203,383)
Net investment income	-	3,699,360	(3,699,360)
Benefit payments	(879,037)	(879,037)	-
Administrative expense	-	(10,460)	10,460
Net Changes	1,472,296	3,825,474	(2,353,178)
Balances at December 31, 2021	\$ 24,781,478	\$ 29,076,133	\$ (4,294,655)



**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

***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>(1,283,312)</u>	\$ <u>(4,294,655)</u>	\$ <u>(6,796,440)</u>

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

For the year ended December 31, 2021, the Township recognized pension expense of (\$655,651). At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 530,903
Changes in assumptions	629,209	-
Difference between projected and actual investment earnings	-	3,037,627
	\$ <u>629,209</u>	\$ <u>3,568,530</u>

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

Year Ending <u>December 31,</u>	
2022	\$ (720,411)
2023	(1,153,470)
2024	(757,434)
2025	(340,933)
2026	19,234
Thereafter	13,693

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**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.

**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 \$269,699, of which \$206,283 was funded by state-shared revenues. Employee contributions to the Plan were \$148,217.

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**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**NOTE H - DEFERRED COMPENSATION PLANS (Continued)**

**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, 2021, the Authority's contribution was \$88,121.

**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**

The total OPEB liability was determined as part of an actuarial valuation as of January 1, 2020. Update procedures were used to roll forward to the Township's fiscal year ending December 31, 2021.

**Plan Membership** - At December 31, 2021, plan membership consisted of the following:

Active participants	35
Vested former participants	1
Retired participants	<u>9</u>
	<u>45</u>

**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.

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

**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.

**Assumptions**

The following assumptions and actuarial methods and calculations were used:

**Interest Rate** - 1.93%, based on S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2021.

**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

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

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

Age	Rate	Age	Rate	Age	Rate
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.

**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** - The discount rate changed from 3.26% to 1.93% and the mortality improvement scale was updated from MP-2018 to MP-2020.

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

***Changes in the Total OPEB Liability***

	Total OPEB Liability
Balance at January 1, 2020	\$ 3,580,178
Changes for the year	
Service cost	231,446
Interest cost	120,987
Changes in assumptions	483,123
Benefit payments	(185,272)
Net changes	<u>650,284</u>
Balance at January 1, 2021	\$ <u>4,230,462</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 a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease 0.93%	Current Discount Rate 1.93%	1% Increase 2.93%
Total OPEB liability	\$ <u>4,637,147</u>	\$ <u>4,230,462</u>	\$ <u>3,862,481</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% Decrease	Current Rates	1% Increase
Total OPEB liability	\$ <u>3,688,323</u>	\$ <u>4,230,462</u>	\$ <u>4,888,741</u>

**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*** - For the year ended December 31, 2021, the Township recognized OPEB expense of \$395,492. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 24,610	\$ 118,604
Changes in assumptions	632,978	105,106
Contributions subsequent to the measurement date	<u>181,578</u>	<u>-</u>
	<u>\$ 839,166</u>	<u>\$ 223,710</u>

\$181,578 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, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	
2022	\$ 43,059
2023	43,059
2024	43,059
2025	43,059
2026	43,059
Thereafter	218,583

**NOTE J - LEASE**

A lease agreement dated May 15, 1965, was executed between the Township and the Sewer Authority. Terms of the lease, which expired May 15, 2021, require the Township to lease the "sewage system" from the Sewer Authority. The agreement is continuing under the previously agreed upon terms until a new lease is agreed upon. The lease agreement was amended on April 15, 1970, March 15, 1988, December 1, 1991, November 15, 2001 and January 1, 2005.

**MONTGOMERY TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**NOTE J - LEASE (Continued)**

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, 2021, 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.

**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.



**MONTGOMERY TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**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.

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, 2021, 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.

**MONTGOMERY TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**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.

**NOTE O - COMBINING STATEMENTS OF FIDUCIARY FUNDS**

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

	Police Pension Fund	Non-Uniform Employee Pension Fund	Total Pension Trust Funds
ASSETS			
Cash	\$ 595,430	\$ -	\$ 595,430
Investments			
Domestic and international funds	21,762,336	9,210,246	30,972,582
Fixed income funds	6,718,367	-	6,718,367
TOTAL ASSETS	<u>29,076,133</u>	<u>9,210,246</u>	<u>38,286,379</u>
NET POSITION			
Net position restricted for pensions	\$ <u>29,076,133</u>	\$ <u>9,210,246</u>	\$ <u>38,286,379</u>

**MONTGOMERY TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**NOTE O - COMBINING STATEMENTS OF FIDUCIARY FUNDS (Continued)**

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

	Police Pension Fund	Non-Uniform Employee Pension Fund	Total Pension Trust Funds
<b>ADDITIONS</b>			
Contributions			
Plan member contributions	\$ 203,383	\$ 148,217	\$ 351,600
Employer contributions	495,607	63,416	559,023
Other contributions			
Commonwealth of Pennsylvania	316,621	206,283	522,904
<b>TOTAL CONTRIBUTIONS</b>	<u>1,015,611</u>	<u>417,916</u>	<u>1,433,527</u>
Investment earnings			
Interest income	509,697	556,004	1,065,701
Gain (loss) on investments	3,247,294	726,378	3,973,672
Investment expenses	(57,631)	(5,937)	(63,568)
<b>INVESTMENT EARNINGS, net</b>	<u>3,699,360</u>	<u>1,276,445</u>	<u>4,975,805</u>
<b>TOTAL ADDITIONS</b>	4,714,971	1,694,361	6,409,332
<b>DEDUCTIONS</b>			
Employee benefit payments	<u>879,037</u>	<u>1,764,215</u>	<u>2,643,252</u>
<b>CHANGE IN NET POSITION</b>	3,825,474	(69,854)	3,755,620
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>25,250,659</u>	<u>9,280,100</u>	<u>34,530,759</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 29,076,133</u>	<u>\$ 9,210,246</u>	<u>\$ 38,286,379</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**MONTGOMERY TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Taxes	\$ 11,221,000	\$ 11,221,000	\$ 12,173,246	\$ 952,246
Licenses and permits	1,182,000	1,182,000	1,214,914	32,914
Fines and forfeits	175,000	175,000	172,786	(2,214)
Interest income, rents and royalties	60,000	60,000	24,692	(35,308)
Intergovernmental revenues	660,000	660,000	554,642	(105,358)
Charges for services	92,000	92,000	37,497	(54,503)
Contributions	-	-	1,531	1,531
TOTAL REVENUES	<u>13,390,000</u>	<u>13,390,000</u>	<u>14,179,308</u>	<u>789,308</u>
<b>EXPENDITURES</b>				
General government	2,328,500	2,328,500	2,148,859	179,641
Public safety	8,991,500	8,991,500	8,808,845	182,655
Highways and streets	2,070,000	2,070,000	1,984,060	85,940
TOTAL EXPENDITURES	<u>13,390,000</u>	<u>13,390,000</u>	<u>12,941,764</u>	<u>448,236</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,237,544</u>	<u>1,237,544</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>(740,203)</u>	<u>(740,203)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>497,341</u>	<u>497,341</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>4,265,214</u>	<u>4,265,214</u>	<u>4,265,214</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 4,265,214</u>	<u>\$ 4,265,214</u>	<u>\$ 4,762,555</u>	<u>\$ 497,341</u>

*See accompanying note to the budgetary comparison schedule.*

# **MONTGOMERY TOWNSHIP**

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

**YEAR ENDED DECEMBER 31, 2021**

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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 EIGHT FISCAL YEARS

	2021	2020	2019
TOTAL PENSION LIABILITY			
Service cost	\$ 614,823	\$ 562,404	\$ 533,084
Interest	1,780,855	1,678,250	1,565,742
Changes for experience	(44,345)	-	(187,162)
Changes of assumptions	-	-	410,158
Benefit payments	(879,037)	(885,779)	(840,472)
NET CHANGE IN TOTAL PENSION LIABILITY	1,472,296	1,354,875	1,481,350
Total pension liability, beginning	23,309,182	21,954,307	20,472,957
TOTAL PENSION LIABILITY, ENDING (a)	\$ 24,781,478	\$ 23,309,182	\$ 21,954,307
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 812,228	\$ 809,367	\$ 851,857
Member	203,383	211,410	194,827
DROP	-	-	-
Net investment income	3,699,360	3,485,262	3,630,437
Benefit payments, including refunds of member contributions	(879,037)	(885,779)	(840,472)
Administrative expense	(10,460)	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	3,825,474	3,620,260	3,836,649
Plan fiduciary net position, beginning	25,250,659	21,630,399	17,793,750
PLAN FIDUCIARY NET, POSITION ENDING (b)	\$ 29,076,133	\$ 25,250,659	\$ 21,630,399
NET PENSION LIABILITY, (ASSET) ENDING (a)-(b)	\$ (4,294,655)	\$ (1,941,477)	\$ 323,908
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	117%	108%	98.52%
COVERED PAYROLL	\$ 4,090,066	\$ 3,974,721	\$ 3,865,415
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	-105%	-49%	8.38%

### 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.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 505,591	\$ 479,233	\$ 475,597	\$ 450,803	\$ 397,260
1,453,258	1,410,216	1,350,674	1,232,916	1,213,236
-	(868,285)	-	(187,763)	-
-	508,899	-	742,193	-
<u>(843,423)</u>	<u>(1,363,681)</u>	<u>(527,896)</u>	<u>(508,968)</u>	<u>(748,577)</u>
1,115,426	166,382	1,298,375	1,729,181	861,919
<u>19,357,531</u>	<u>19,191,149</u>	<u>17,892,774</u>	<u>16,163,593</u>	<u>15,301,674</u>
<u>\$ 20,472,957</u>	<u>\$ 19,357,531</u>	<u>\$ 19,191,149</u>	<u>\$ 17,892,774</u>	<u>\$ 16,163,593</u>
\$ 822,819	\$ 770,721	\$ 761,309	\$ 751,249	\$ 611,018
201,729	174,963	165,677	161,806	153,337
-	-	-	-	275,238
(778,976)	2,412,208	947,050	(128,538)	894,128
(843,423)	(1,363,681)	(527,896)	(508,968)	(748,577)
<u>(4,530)</u>	<u>(15,740)</u>	<u>(3,910)</u>	<u>(12,440)</u>	<u>(15,905)</u>
(602,381)	1,978,471	1,342,230	263,109	1,169,239
<u>18,396,131</u>	<u>16,417,660</u>	<u>15,075,430</u>	<u>14,812,321</u>	<u>13,643,082</u>
<u>\$ 17,793,750</u>	<u>\$ 18,396,131</u>	<u>\$ 16,417,660</u>	<u>\$ 15,075,430</u>	<u>\$ 14,812,321</u>
<u>\$ 2,679,207</u>	<u>\$ 961,400</u>	<u>\$ 2,773,489</u>	<u>\$ 2,817,344</u>	<u>\$ 1,351,272</u>
<u>86.91%</u>	<u>95.03%</u>	<u>85.55%</u>	<u>84.25%</u>	<u>91.64%</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>
<u>69.27%</u>	<u>27.62%</u>	<u>83.59%</u>	<u>90.77%</u>	<u>43.86%</u>



**MONTGOMERY TOWNSHIP**  
**SCHEDULE OF POLICE PENSION PLAN**  
**CONTRIBUTIONS**  
**LAST EIGHT FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 812,228	\$ 809,364	\$ 851,856
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>812,228</u>	<u>809,367</u>	<u>851,857</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>-</u>	\$ <u>(3)</u>	\$ <u>(1)</u>
COVERED PAYROLL	\$ <u>4,090,066</u>	\$ <u>3,974,721</u>	\$ <u>3,865,415</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>19.86%</u>	<u>20.36%</u>	<u>22.04%</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.

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<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 822,819	\$ 770,721	\$ 761,309	\$ 751,249	\$ 611,018
<u>822,819</u>	<u>770,721</u>	<u>761,309</u>	<u>751,249</u>	<u>611,018</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ <u><u>3,868,025</u></u>	\$ <u><u>3,481,326</u></u>	\$ <u><u>3,317,883</u></u>	\$ <u><u>3,103,825</u></u>	\$ <u><u>3,080,805</u></u>
<u><u>21.27%</u></u>	<u><u>22.14%</u></u>	<u><u>22.95%</u></u>	<u><u>24.20%</u></u>	<u><u>19.83%</u></u>

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

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	<u>2021</u>	<u>2020</u>	<u>2019</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>14.59%</u>	<u>15.78%</u>	<u>20.06%</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.

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<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u><u>-4.18%</u></u>	<u><u>14.84%</u></u>	<u><u>6.03%</u></u>	<u><u>-0.54%</u></u>	<u><u>6.64%</u></u>

# MONTGOMERY TOWNSHIP

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

	2021	2020	2019	2018
TOTAL OPEB LIABILITY				
Service cost	\$ 231,446	\$ 198,579	\$ 210,147	\$ 187,611
Interest	120,987	123,658	107,879	121,756
Difference between expected and actual experience	-	30,080	-	(177,908)
Changes of assumptions	483,123	115,459	(140,143)	148,960
Benefit payments	(185,272)	(188,136)	(176,955)	(163,741)
NET CHANGE IN TOTAL OPEB LIABILITY	650,284	279,640	928	116,678
TOTAL OPEB LIABILITY, BEGINNING	3,580,178	3,300,538	3,299,610	3,182,932
TOTAL OPEB LIABILITY, ENDING	\$ 4,230,462	\$ 3,580,178	\$ 3,300,538	\$ 3,299,610
COVERED PAYROLL	\$ 3,986,097	\$ 3,986,097	\$ 3,408,647	\$ 3,408,647
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	106.13%	89.82%	96.83%	96.80%

### NOTES TO SCHEDULE

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

Changes in assumptions: In the 2020 valuation, the discount rate changed from 3.26% to 1.93%. In the 2019 actuarial valuation, the discount rate changed from 3.64% to 3.26%. 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, 2021

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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 every three years 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 the last three evaluation periods:

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, 2021

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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>
2021	\$ 1,144,500	\$ 578,864
2020	904,600	683,887
2019	997,080	902,873
2018	710,650	591,657
2017	469,175	477,735

## **SUPPLEMENTARY INFORMATION SECTION**



**MONTGOMERY TOWNSHIP**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Budget
<b>REVENUES</b>				
Taxes				
Real estate	\$ 1,765,000	\$ 1,765,000	\$ 1,808,889	\$ 43,889
Earned income	5,250,000	5,250,000	5,753,822	503,822
Transfer	725,000	725,000	1,104,221	379,221
Mercantile	2,000,000	2,000,000	1,878,711	(121,289)
Emergency municipal services	500,000	500,000	511,930	11,930
Amusement	21,000	21,000	73,486	52,486
Business privilege	960,000	960,000	1,042,187	82,187
<b>TOTAL TAXES</b>	<b>11,221,000</b>	<b>11,221,000</b>	<b>12,173,246</b>	<b>952,246</b>
Licenses and permits				
Building	315,000	315,000	297,380	(17,620)
Zoning	15,000	15,000	27,515	12,515
Electrical	40,000	40,000	59,809	19,809
Plumbing	10,000	10,000	14,744	4,744
Street	10,000	10,000	12,830	2,830
Fence	7,000	7,000	10,625	3,625
Use and occupancy	15,000	15,000	20,675	5,675
Roofing and siding	30,000	30,000	78,443	48,443
Grading	2,500	2,500	1,000	(1,500)
Demolition	10,000	10,000	12,642	2,642
Heat, vent and air conditioning	80,000	80,000	85,245	5,245
Sign	8,000	8,000	14,400	6,400
Licenses	39,500	39,500	50,979	11,479
Cable television franchise fees	600,000	600,000	528,627	(71,373)
<b>TOTAL LICENSES AND PERMITS</b>	<b>1,182,000</b>	<b>1,182,000</b>	<b>1,214,914</b>	<b>32,914</b>
Fines and forfeits, police	175,000	175,000	172,786	(2,214)
Interest income, rents and royalties	60,000	60,000	24,692	(35,308)
Intergovernmental revenues				
Public utility realty tax	15,000	15,000	13,589	(1,411)
State pension aid	595,000	595,000	522,904	(72,096)
Other state grants	50,000	50,000	(33,626)	(83,626)
County	-	-	51,775	51,775
<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	<b>660,000</b>	<b>660,000</b>	<b>554,642</b>	<b>(105,358)</b>
Charges for services				
Administrative	45,000	45,000	29,461	(15,539)
Finance, street lights	7,000	7,000	-	(7,000)
Police services	40,000	40,000	7,663	(32,337)
Public works services	-	-	373	373
<b>TOTAL CHARGES FOR SERVICES</b>	<b>92,000</b>	<b>92,000</b>	<b>37,497</b>	<b>(54,503)</b>
Contributions	-	-	1,531	1,531
<b>TOTAL REVENUES</b>	<b>\$ 13,390,000</b>	<b>\$ 13,390,000</b>	<b>\$ 14,179,308</b>	<b>\$ 789,308</b>

**MONTGOMERY TOWNSHIP**  
**SCHEDULE OF FUNCTIONAL EXPENDITURES BY**  
**ACTIVITY AND OTHER FINANCING USES**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Budget
EXPENDITURES				
General government				
Administration	\$ 1,276,500	\$ 1,276,500	\$ 1,193,932	\$ (82,568)
Tax collection	193,500	193,500	171,448	(22,052)
Finance	504,500	504,500	460,519	(43,981)
Information technology	354,000	354,000	322,960	(31,040)
TOTAL GENERAL GOVERNMENT	2,328,500	2,328,500	2,148,859	(179,641)
Public safety				
Police	8,040,000	8,040,000	7,791,825	(248,175)
Police vehicles	115,500	115,500	126,781	11,281
Fire protection	98,500	98,500	136,751	38,251
Planning and zoning	737,500	737,500	749,478	11,978
Emergency management	-	-	4,010	4,010
TOTAL PUBLIC SAFETY	8,991,500	8,991,500	8,808,845	(182,655)
Highways and streets				
Public works	1,984,000	1,984,000	1,821,574	(162,426)
Snow removal	-	-	1,510	1,510
Traffic lights	35,000	35,000	111,090	76,090
Street lighting	1,000	1,000	11,162	10,162
Storm sewers and drains	8,000	8,000	2,334	(5,666)
Repairs	42,000	42,000	36,390	(5,610)
TOTAL HIGHWAYS AND STREETS	2,070,000	2,070,000	1,984,060	(85,940)
TOTAL EXPENDITURES	13,390,000	13,390,000	12,941,764	(448,236)
OTHER FINANCING USES				
Interfund transfers out				
Capital Reserve Fund	-	-	481,774	481,774
Debt Service Fund	-	-	258,429	258,429
TOTAL OTHER FINANCING USES	-	-	740,203	740,203
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 13,390,000	\$ 13,390,000	\$ 13,681,967	\$ 291,967

**MONTGOMERY TOWNSHIP**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2021**

				Special Revenue
	Fire Protection Fund	Park and Recreation Fund	Street Lights Fund	Liquid Fuels Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 365,807	\$ 664,614	\$ 199,562	\$ 818,169
Investments	11,793	21,421	6,433	26,376
Taxes receivable	3,938	5,560	-	-
Accounts receivable	27,460	6,220	7,555	-
<b>TOTAL ASSETS</b>	<b>\$ 408,998</b>	<b>\$ 697,815</b>	<b>\$ 213,550</b>	<b>\$ 844,545</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 12,907	\$ 183	\$ 4,585	\$ -
Accrued payroll	27,599	4,293	533	-
Due to other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>40,506</b>	<b>4,476</b>	<b>5,118</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues, property taxes	2,846	4,019	-	-
<b>FUND BALANCES</b>				
Restricted				
Providing and maintaining street lights	-	-	208,432	-
Debt service	-	-	-	-
Park development projects	-	-	-	-
Highway and street projects	-	-	-	844,545
Knapp Farm house	-	-	-	-
Committed to				
Arbor Day and shade tree commission	-	-	-	-
Environmental	-	-	-	-
Fire protection capital purchases and/or infrastructure projects	365,646	-	-	-
Assigned				
Park and recreation projects	-	689,320	-	-
Annual autumn fest	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>365,646</b>	<b>689,320</b>	<b>208,432</b>	<b>844,545</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 408,998</b>	<b>\$ 697,815</b>	<b>\$ 213,550</b>	<b>\$ 844,545</b>

Funds			Capital Projects Funds		Debt Service Fund	Total Other Governmental Funds
Environmental Fund	Replacement Tree Fund	Autumn Festival Fund	Park Development Fund	Restoration Fund		
\$ 467,212	\$ 224,149	\$ 46,537	\$ 312,478	\$ 9,773	\$ 13,114	\$ 3,121,415
15,062	7,226	1,500	10,074	315	-	100,200
-	-	-	-	-	3,475	12,973
1,972	1,760	-	564	-	3,044	48,575
<u>\$ 484,246</u>	<u>\$ 233,135</u>	<u>\$ 48,037</u>	<u>\$ 323,116</u>	<u>\$ 10,088</u>	<u>\$ 19,633</u>	<u>\$ 3,283,163</u>
\$ 93,767	\$ 8,389	\$ -	\$ -	\$ -	\$ -	\$ 119,831
-	-	-	-	-	-	32,425
-	-	-	-	-	13,114	13,114
<u>93,767</u>	<u>8,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,114</u>	<u>165,370</u>
-	-	-	-	-	2,511	9,376
-	-	-	-	-	-	208,432
-	-	-	-	-	4,008	4,008
-	-	-	323,116	-	-	323,116
-	-	-	-	-	-	844,545
-	-	-	-	10,088	-	10,088
-	224,746	-	-	-	-	224,746
390,479	-	-	-	-	-	390,479
-	-	-	-	-	-	365,646
-	-	-	-	-	-	689,320
-	-	48,037	-	-	-	48,037
<u>390,479</u>	<u>224,746</u>	<u>48,037</u>	<u>323,116</u>	<u>10,088</u>	<u>4,008</u>	<u>3,108,417</u>
<u>\$ 484,246</u>	<u>\$ 233,135</u>	<u>\$ 48,037</u>	<u>\$ 323,116</u>	<u>\$ 10,088</u>	<u>\$ 19,633</u>	<u>\$ 3,283,163</u>

# MONTGOMERY TOWNSHIP

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds				
	Fire Protection Fund	Park and Recreation Fund	Street Lights Fund	Liquid Fuels Fund	Fire Relief Fund
REVENUES					
Taxes	\$ 811,446	\$ 469,331	\$ 135,415	\$ -	\$ -
Licenses and permits	57,371	-	-	-	-
Interest income, rents and royalties	1,604	2,426	721	3,082	-
Intergovernmental revenues	-	-	-	670,654	194,194
Charges for services	18,705	-	71,145	-	-
Contributions	-	-	-	-	-
TOTAL REVENUES	<u>889,126</u>	<u>471,757</u>	<u>207,281</u>	<u>673,736</u>	<u>194,194</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	1,048,009	-	-	-	194,194
Highways and streets	-	-	140,422	578,864	-
Parks and recreation	-	482,649	-	-	-
Debt service					
Interest	-	-	-	-	-
TOTAL EXPENDITURES	<u>1,048,009</u>	<u>482,649</u>	<u>140,422</u>	<u>578,864</u>	<u>194,194</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(158,883)</u>	<u>(10,892)</u>	<u>66,859</u>	<u>94,872</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	-	-	-	-
Interfund transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(158,883)	(10,892)	66,859	94,872	-
FUND BALANCES AT BEGINNING OF YEAR	<u>524,529</u>	<u>700,212</u>	<u>141,573</u>	<u>749,673</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 365,646</u>	<u>\$ 689,320</u>	<u>\$ 208,432</u>	<u>\$ 844,545</u>	<u>\$ -</u>

			Capital Projects Funds				
Environmental Fund	Replacement Tree Fund	Autumn Festival Fund	Park Development Fund	Restoration Fund	Debt Service Fund	Total Other Governmental Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 293,333	\$ 1,709,525	
-	-	-	-	-	-	57,371	
1,674	750	176	1,118	35	1,015	12,601	
43,950	-	-	-	-	-	908,798	
40	-	-	-	-	-	89,890	
-	53,900	150	6,160	-	-	60,210	
<u>45,664</u>	<u>54,650</u>	<u>326</u>	<u>7,278</u>	<u>35</u>	<u>294,348</u>	<u>2,838,395</u>	
47,405	7,136	2,944	-	-	500	57,985	
-	-	-	-	-	-	1,242,203	
95,036	-	-	-	-	-	814,322	
-	49,599	-	-	-	-	532,248	
-	-	-	-	-	70,914	70,914	
<u>142,441</u>	<u>56,735</u>	<u>2,944</u>	<u>-</u>	<u>-</u>	<u>71,414</u>	<u>2,717,672</u>	
<u>(96,777)</u>	<u>(2,085)</u>	<u>(2,618)</u>	<u>7,278</u>	<u>35</u>	<u>222,934</u>	<u>120,723</u>	
-	-	-	-	-	258,429	258,429	
-	-	-	-	-	(477,355)	(477,355)	
-	-	-	-	-	(218,926)	(218,926)	
(96,777)	(2,085)	(2,618)	7,278	35	4,008	(98,203)	
<u>487,256</u>	<u>226,831</u>	<u>50,655</u>	<u>315,838</u>	<u>10,053</u>	<u>-</u>	<u>3,206,620</u>	
\$ <u>390,479</u>	\$ <u>224,746</u>	\$ <u>48,037</u>	\$ <u>323,116</u>	\$ <u>10,088</u>	\$ <u>4,008</u>	\$ <u>3,108,417</u>	

**MONTGOMERY TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL RESERVE FUND**  
**YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest income, rents and royalties	\$ 205,000	\$ 205,000	\$ 79,225	\$ (125,775)
Intergovernmental revenues	15,000	15,000	118,665	103,665
Contributions	-	-	12,073	12,073
TOTAL REVENUES	<u>220,000</u>	<u>220,000</u>	<u>209,963</u>	<u>(10,037)</u>
<b>EXPENDITURES</b>				
General government				
Administration	90,000	90,000	50,446	(39,554)
Information technology	253,600	261,480	35,136	(226,344)
Buildings and grounds	175,500	175,500	170,552	(4,948)
TOTAL GENERAL GOVERNMENT	<u>519,100</u>	<u>526,980</u>	<u>256,134</u>	<u>(265,898)</u>
Public safety				
Police	137,100	141,601	32,733	(108,868)
Fire protection	758,500	758,500	906,554	148,054
Planning and zoning	-	-	5,350	5,350
TOTAL PUBLIC SAFETY	<u>895,600</u>	<u>900,101</u>	<u>944,637</u>	<u>44,536</u>
Highways and streets				
Public works	1,109,000	1,322,406	342,460	(979,946)
Snow removal	-	-	4,050	4,050
Traffic lights	-	9,907	57,681	47,774
Street lighting	-	-	8,529	8,529
Repairs	-	-	31,224	31,224
TOTAL HIGHWAYS AND STREETS	<u>1,109,000</u>	<u>1,332,313</u>	<u>443,944</u>	<u>(888,369)</u>
Parks and recreation	<u>185,000</u>	<u>518,694</u>	<u>581,493</u>	<u>62,799</u>
Debt service	<u>-</u>	<u>-</u>	<u>77,735</u>	<u>77,735</u>
TOTAL EXPENDITURES	<u>2,708,700</u>	<u>3,278,088</u>	<u>2,303,943</u>	<u>(969,197)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(2,488,700)</u>	<u>(3,058,088)</u>	<u>(2,093,980)</u>	<u>964,108</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from note issuance	-	-	15,000,000	15,000,000
Proceeds from sale of capital assets	50,000	50,000	1,322	(48,678)
Interfund transfers in				
General Fund	-	-	481,774	481,774
TOTAL OTHER FINANCING SOURCES	<u>50,000</u>	<u>50,000</u>	<u>15,483,096</u>	<u>433,096</u>
NET CHANGE IN FUND BALANCE	(2,438,700)	(3,008,088)	13,389,116	1,397,204
FUND BALANCE AT BEGINNING OF YEAR	<u>8,841,950</u>	<u>8,841,950</u>	<u>8,841,950</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 6,403,250</u>	<u>\$ 5,833,862</u>	<u>\$ 22,231,066</u>	<u>\$ 1,397,204</u>

**MONTGOMERY TOWNSHIP****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND****BALANCES--BUDGET AND ACTUAL****NONMAJOR SPECIAL REVENUE FUNDS****YEAR ENDED DECEMBER 31, 2021**

	Fire Protection Fund		Park and Recreation Fund	
	Budget	Actual	Budget	Actual
REVENUES				
Taxes				
Real estate	\$ 331,000	\$ 332,443	\$ 451,000	\$ 469,331
Earned income	300,000	310,000	-	-
Local services	180,000	169,003	-	-
TOTAL TAXES	811,000	811,446	451,000	469,331
Licenses and permits, tipping fees	70,000	57,371	-	-
Interest income, rents and royalties	3,000	1,604	7,500	2,426
Intergovernmental revenues				
State	-	-	-	-
Charges for services				
Fire department services	15,500	18,705	-	-
Recycling bins	-	-	-	-
TOTAL CHARGES FOR SERVICES	15,500	18,705	-	-
Contributions	-	-	-	-
TOTAL REVENUES	899,500	889,126	458,500	471,757
EXPENDITURES				
General government, administration	-	-	-	-
Public safety, fire protection	1,198,500	1,048,009	-	-
Highways and streets				
Public works	-	-	-	-
Street lighting	-	-	-	-
Repairs	-	-	-	-
TOTAL HIGHWAYS AND STREETS	-	-	-	-
Parks and recreation	-	-	463,000	482,649
TOTAL EXPENDITURES	1,198,500	1,048,009	463,000	482,649
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(299,000)	(158,883)	(4,500)	(10,892)
OTHER FINANCING SOURCES				
Interfund transfers in				
General Fund	-	-	-	-
Capital Reserve Fund	-	-	-	-
TOTAL INTERFUND TRANSFERS IN	-	-	-	-
Interfund transfers out				
Capital Reserve Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
NET CHANGE IN FUND BALANCES	(299,000)	(158,883)	(4,500)	(10,892)
FUND BALANCES AT BEGINNING OF YEAR	524,529	524,529	700,212	700,212
FUND BALANCES AT END OF YEAR	\$ 225,529	\$ 365,646	\$ 695,712	\$ 689,320



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
\$ 130,000	\$ 135,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
130,000	135,415	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
7,500	71,866	5,000	3,082	-	-	10,000	1,674	10,000	750	500	176
-	-	650,000	670,654	200,000	194,194	60,000	43,950	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	40	-	-	-	-
-	-	-	-	-	-	-	40	-	-	-	-
-	-	-	-	-	-	-	-	-	53,900	20,000	150
137,500	207,281	655,000	673,736	200,000	194,194	70,000	45,664	10,000	54,650	20,500	326
-	-	-	-	-	-	30,000	47,405	20,500	7,136	25,000	2,944
-	-	-	-	200,000	194,194	-	-	-	-	-	-
-	-	-	-	-	-	105,000	95,036	52,500	49,599	-	-
136,500	140,422	-	-	-	-	-	-	-	-	-	-
-	-	1,144,500	578,864	-	-	-	-	-	-	-	-
136,500	140,422	1,144,500	578,864	-	-	105,000	95,036	52,500	49,599	-	-
-	-	-	-	-	-	-	-	-	-	1,000	-
136,500	140,422	1,144,500	578,864	200,000	194,194	135,000	142,441	73,000	56,735	26,000	2,944
1,000	66,859	(489,500)	94,872	-	-	(65,000)	(96,777)	(63,000)	(2,085)	(5,500)	(2,618)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
1,000	66,859	(489,500)	94,872	-	-	(65,000)	(96,777)	(63,000)	(2,085)	(5,500)	(2,618)
141,573	141,573	749,673	749,673	-	-	487,256	487,256	226,831	226,831	50,655	50,655
\$ 142,573	\$ 208,432	\$ 260,173	\$ 844,545	\$ -	\$ -	\$ 422,256	\$ 390,479	\$ 163,831	\$ 224,746	\$ 45,155	\$ 48,037

# MONTGOMERY TOWNSHIP

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--BUDGET AND ACTUAL NONMAJOR CAPITAL PROJECTS FUNDS YEAR ENDED DECEMBER 31, 2021

	Park Development Fund		Restoration Fund	
	Budget	Actual	Budget	Actual
REVENUES				
Interest income, rents and royalties	\$ 2,500	\$ 1,118	\$ -	\$ 35
Contributions	-	6,160	-	-
TOTAL REVENUES	2,500	7,278	-	35
EXPENDITURES				
General government				
Administration	-	-	-	-
Public safety				
Police	-	-	-	-
Fire protection	-	-	-	-
TOTAL PUBLIC SAFETY	-	-	-	-
Highways and streets				
Public works	-	-	-	-
Street lighting	-	-	-	-
Repairs	-	-	-	-
TOTAL HIGHWAYS AND STREETS	-	-	-	-
Parks and recreation	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,500	7,278	-	35
OTHER FINANCING USES				
Interfund transfers in				
Capital Reserve Fund	-	-	-	-
Interfund transfers out				
Capital Reserve Fund	-	-	-	-
TOTAL OTHER FINANCING USES	-	-	-	-
NET CHANGE IN FUND BALANCES	2,500	7,278	-	35
FUND BALANCES AT BEGINNING OF YEAR	315,838	315,838	10,053	10,053
FUND BALANCES AT END OF YEAR	\$ 318,338	\$ 323,116	\$ 10,053	\$ 10,088

**MONTGOMERY TOWNSHIP****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE--BUDGET AND ACTUAL  
NONMAJOR DEBT SERVICE FUND  
YEAR ENDED DECEMBER 31, 2021**

	Debt Service Fund	
	Budget	Actual
REVENUES		
Taxes, real estate	\$ 290,000	\$ 293,333
Interest income, rents and royalties	5,000	1,015
TOTAL REVENUES	295,000	294,348
EXPENDITURES		
General government, administration	2,000	500
Debt service, interest expense	-	70,914
TOTAL EXPENDITURES	2,000	71,414
EXCESS OF REVENUES OVER EXPENDITURES	293,000	222,934
OTHER FINANCING SOURCES (USES)		
Interfund transfers in		
General Fund	-	258,429
Interfund transfers out		
Recreation Center Fund	(477,000)	(477,355)
NET CHANGE IN FUND BALANCE	(184,000)	4,008
FUND BALANCE AT BEGINNING OF YEAR	-	-
FUND BALANCE AT END OF YEAR	\$ (184,000)	\$ 4,008

## **STATISTICAL SECTION**

## STATISTICAL SECTION

This part of the Montgomery Township annual comprehensive 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 Annual Comprehensive 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>2021</u>	<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>
Governmental Activities										
Net Investment in Capital Assets	\$ 119,375,518	\$ 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
Restricted	1,390,189	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
Unrestricted	<u>13,547,901</u>	<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>
Total Government Activities Net Position	\$ 134,313,608	\$ 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
Business-Type Activities										
Net Investment in Capital Assets	\$ 1,838,166	\$ 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>(467,864)</u>	<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>	<u>-</u>
Total Business-Type Activities Net Position	\$ 1,370,302	\$ 1,670,164	\$ 2,265,063	\$ 2,304,332	\$ 2,619,033	\$ 2,912,281	\$ 3,480,455	\$ (923,035)	\$ (1,137,830)	\$ -
Primary Government										
Net Investment in Capital Assets	\$ 121,213,684	\$ 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
Restricted	1,390,189	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
Unrestricted	<u>13,080,037</u>	<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>
Total Primary Government Net Position	<u>\$ 135,683,910</u>	<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>

**Notes:**

- (1) Montgomery Township applied GASB Statement No. 63 in fiscal year 2012
- (2) 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>2021</u>	<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>
<b>Expenditures</b>										
Governmental Activities										
General Government	\$ 2,403,155	\$ 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
Public Safety	8,407,892	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
Highways and Streets	1,786,122	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
Parks and Recreation	527,871	416,857	497,328	469,547	410,813	365,999	478,748	792,683	854,770	758,403
Police and Employee Pension Costs	-	-	-	-	-	-	-	-	-	-
Interest on Long-Term Debt	148,649	-	-	-	-	3,896	12,610	22,851	226,143	51,755
Depreciation, Unallocated	1,395,579	1,305,780	971,676	952,194	920,457	946,421	901,584	859,765	871,406	877,568
Amortization of Bond Issue Costs and Discounts, Unallocated	-	-	-	-	-	678	678	678	678	5,172
Total Governmental Activities Expenditures	\$ 14,669,268	\$ 15,508,762	\$ 16,969,506	\$ 17,379,904	\$ 15,610,626	\$ 15,383,358	\$ 15,213,728	\$ 14,691,132	\$ 15,057,713	\$ 14,756,461
Business-Type Activities										
Recreation Center	\$ 1,253,317	\$ 1,212,717	\$ 1,652,122	\$ 1,637,921	\$ 1,649,490	\$ 1,658,552	\$ 1,430,152	\$ 269,504	\$ 141,742	\$ -
Total Business-Type Activities Expenditures	\$ 1,253,317	\$ 1,212,717	\$ 1,652,122	\$ 1,637,921	\$ 1,649,490	\$ 1,658,552	\$ 1,430,152	\$ 269,504	\$ 141,742	\$ -
Total Primary Government Expenditures	<u>\$ 15,922,585</u>	<u>\$ 16,721,479</u>	<u>\$ 18,621,628</u>	<u>\$ 19,017,825</u>	<u>\$ 17,260,116</u>	<u>\$ 17,041,910</u>	<u>\$ 16,643,880</u>	<u>\$ 14,960,636</u>	<u>\$ 15,199,455</u>	<u>\$ 14,756,461</u>
<b>Program Revenues</b>										
Governmental Activities										
Charges for Services										
General Government	\$ 100,606	\$ 37,595	\$ 104,303	\$ 103,948	\$ 63,415	\$ 80,811	\$ 83,833	\$ 71,448	\$ 71,054	\$ 70,852
Public Safety	942,852	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
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
Operating Grants and Contributions	1,656,292	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
Capital Grants and Contributions	-	-	-	-	-	267,723	-	163,211	1,770,813	-
Total Governmental Program Revenues	\$ 2,699,750	\$ 2,988,670	\$ 4,022,005	\$ 3,149,917	\$ 2,604,962	\$ 2,733,105	\$ 2,297,939	\$ 3,122,004	\$ 4,448,423	\$ 2,717,748
Business-Type Activities										
Charges for Services	\$ 335,800	\$ 168,439	\$ 766,678	\$ 717,940	\$ 731,815	\$ 542,315	\$ 348,626	\$ -	\$ -	\$ -
Operating Grants and Contributions	300	-	-	-	-	66	263,080	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	\$ 336,100	\$ 168,439	\$ 766,678	\$ 717,940	\$ 731,815	\$ 542,381	\$ 611,706	\$ -	\$ -	\$ -
Total Primary Government Program Revenues	<u>\$ 3,035,850</u>	<u>\$ 3,157,109</u>	<u>\$ 4,788,683</u>	<u>\$ 3,867,857</u>	<u>\$ 3,336,777</u>	<u>\$ 3,275,486</u>	<u>\$ 2,909,645</u>	<u>\$ 3,122,004</u>	<u>\$ 4,448,423</u>	<u>\$ 2,717,748</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (11,969,518)	\$ (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)
Business-Type Activities	(917,217)	(1,044,278)	(885,444)	(919,981)	(917,675)	(1,116,171)	(818,446)	(269,504)	(141,742)	-
Total Primary Government Net Expense	<u>\$ (12,886,735)</u>	<u>\$ (13,564,370)</u>	<u>\$ (13,832,945)</u>	<u>\$ (15,149,968)</u>	<u>\$ (13,923,339)</u>	<u>\$ (13,766,424)</u>	<u>\$ (13,734,235)</u>	<u>\$ (11,838,632)</u>	<u>\$ (10,751,032)</u>	<u>\$ (12,038,713)</u>

**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>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013 (2)</b>	<b>2012 (1)</b>
<b>Governmental Activities</b>										
Taxes	\$ 14,495,993	\$ 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
Cable TV Franchise Fees	528,627	548,523	571,408	578,487	610,646	612,010	588,476	572,530	536,820	502,002
Investment Income	116,518	432,581	483,412	300,867	174,875	150,541	152,425	89,292	97,683	88,555
Gain (Loss) on Sale of Capital Assets	12,474	-	52,755	20,056	-	334,692	98,169	(17,730)	36,403	20,840
Refund of Prior Year Expenditures	-	-	-	-	-	-	-	-	-	-
Transfers	<u>(477,355)</u>	<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>
Total Governmental Activities	\$ 14,676,257	\$ 14,243,779	\$ 14,393,614	\$ 13,880,126	\$ 14,111,874	\$ 14,383,060	\$ 9,132,079	\$ 13,125,391	\$ 14,641,795	\$ 12,195,119
<b>Business-Type Activities</b>										
Taxes	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -
Investment Income	-	-	-	-	-	-	439	7,405	3,912	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	<u>477,355</u>	<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>
Total Business-Type Activities	\$ 617,355	\$ 449,379	\$ 846,175	\$ 605,280	\$ 624,427	\$ 547,997	\$ 5,221,936	\$ 484,299	\$ (996,088)	\$ -
<b>Total Primary Government</b>	<b><u>\$ 15,293,612</u></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>Change in Net Position</b>										
Government Activities	\$ 2,706,739	\$ 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
Business-Type Activities	<u>(299,862)</u>	<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>
Total Primary Government	<b><u>\$ 2,406,877</u></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>

**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>2021</u>	<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>
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Non-Spendable	28,739	27,550	39,354	-	-	-	-	-	-	3,200
Unassigned	<u>4,733,816</u>	<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>
Total General Fund	\$ 4,762,555	\$ 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
<b>All Other Governmental Funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Restricted										
Capital Projects	14,904,500	-	-	-	-	-	-	-	-	-
Street Light Fund	208,432	141,573	523,132	548,818	553,241	568,392	562,300	570,741	593,217	594,459
Debt Service Fund	4,008	-	3,121	63,995	299,200	545,847	814,752	1,101,320	712,798	700,876
Basin Maintenance Fund	-	-	44,722	29,701	18,147	6,795	28,485	55,339	115,353	188,611
Park Development Fund	323,116	315,838	280,610	214,074	121,775	59,191	605	333,663	300,932	289,544
Liquid Fuels Fund	844,545	749,673	697,743	779,675	644,718	432,734	239,954	181,728	117,476	227,574
Environmental Fund	-	-	-	-	-	-	-	-	703,110	741,885
Restoration Fund	10,088	10,053	9,935	9,908	9,894	9,883	9,883	9,880	23,615	23,610
300th Anniversary	-	-	-	-	-	-	-	49	64,217	8,362
Committed										
Replacement Tree Fund	224,746	226,831	217,301	624,480	818,796	720,875	689,954	925,650	603,955	586,667
Fire Services Fund	365,646	524,529	501,120	435,346	404,703	304,091	209,452	290,060	247,521	247,054
Capital Reserve Fund	7,326,566	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
Environmental Fund	390,479	487,256	413,619	380,497	298,211	325,156	307,579	766,037	-	-
Assigned										
Park and Recreation Fund	689,320	700,212	590,914	569,010	523,647	489,004	573,210	576,539	605,902	595,845
Capital Projects Fund	48,037	50,655	53,318	-	-	1,403,738	-	-	-	-
Autumn Festival Fund	-	-	-	53,626	53,660	48,959	44,717	50,125	43,941	36,503
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,757)</u>
Total All Other Governmental Funds	\$ 25,339,483	\$ 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
<b>Total All Governmental Funds</b>	<u>\$ 30,102,038</u>	<u>\$ 16,313,784</u>	<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>

**Notes:**

**Source:**

Montgomery Township Records, Balance Sheet Governmental Funds

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

	<u>2021</u>	<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>
<b>Revenues</b>										
Taxes	\$ 13,882,771	\$ 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
Licenses and Permits	1,272,285	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
Fines and Forfeitures	172,786	153,322	197,669	175,879	202,604	175,253	186,404	173,774	178,452	179,435
Interest Income, Rents and Royalties	116,518	432,581	483,412	300,867	174,875	151,502	154,279	90,977	99,388	89,635
Intergovernmental Revenues	1,582,105	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
Charges for Services	127,387	74,895	121,183	137,220	140,394	125,616	103,601	346,637	370,971	340,260
Contributions	<u>73,814</u>	<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>
<b>Total Revenues</b>	\$ 17,227,666	\$ 17,655,681	\$ 18,715,184	\$ 17,429,421	\$ 17,690,310	\$ 17,326,958	\$ 16,650,321	\$ 16,805,771	\$ 16,327,518	\$ 15,676,449
<b>Expenditures</b>										
Current										
General Government	\$ 2,462,978	\$ 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
Public Safety	10,995,685	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
Highway and Streets	3,242,326	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
Parks and Recreation	1,113,741	929,716	763,402	607,200	480,007	503,847	419,689	889,622	849,671	803,448
Other Employee Benefits not Allocated	-	-	-	-	-	1,023,766	928,923	882,524	888,672	707,378
Debt Service										
Principal	-	-	-	-	-	453,509	654,452	132,515	1,283,917	451,262
Interest and Other Charges	<u>148,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,937</u>	<u>13,288</u>	<u>23,529</u>	<u>226,727</u>	<u>51,613</u>
<b>Total Expenditures</b>	\$ 17,963,379	\$ 19,594,573	\$ 18,361,125	\$ 16,857,104	\$ 15,613,245	\$ 15,829,442	\$ 16,564,466	\$ 16,389,707	\$ 16,116,728	\$ 16,802,782
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ (735,713)</u>	<u>\$ (1,938,892)</u>	<u>\$ 354,059</u>	<u>\$ 572,317</u>	<u>\$ 2,077,065</u>	<u>\$ 1,497,516</u>	<u>\$ 85,855</u>	<u>\$ 416,064</u>	<u>\$ 210,790</u>	<u>\$ (1,126,333)</u>
<b>Other Financing Sources (Uses)</b>										
Proceeds From Sale of Capital Assets	\$ 1,322	\$ 17,669	\$ 52,755	\$ 38,492	\$ -	\$ 334,692	\$ 105,652	\$ 5,760	\$ 68,657	\$ 20,840
Proceeds From Loan Issuance	15,000,000	-	-	-	-	-	-	-	-	1,914,366
Proceeds From County Infrastructure Loan	-	-	-	-	-	-	-	-	-	-
Refund of Prior Year's Expenditures	-	-	-	-	-	-	-	-	-	-
Interfund Transfers In	740,203	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
Interfund Transfers Out	<u>(1,217,558)</u>	<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>
<b>Total Other Financing Sources (Uses)</b>	\$ 14,523,967	\$ (291,710)	\$ (653,420)	\$ (426,788)	\$ (484,427)	\$ (113,305)	\$ (5,015,845)	\$ (471,134)	\$ 1,068,657	\$ 1,935,206
Net Change in Fund Balance	\$ 13,788,254	\$ (2,230,602)	\$ (299,361)	\$ 145,529	\$ 1,592,638	\$ 1,384,211	\$ (4,929,990)	\$ (55,070)	\$ 1,279,447	\$ 808,873
Fund Balance at Beginning of Year	<u>16,313,784</u>	<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>
Fund Balance at End of Year	<u>30,102,038</u>	<u>16,313,784</u>	<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>
Debt Service as a Percentage of Non-Capital Expenditures	0.83%	0.00%	0.00%	0.00%	0.00%	2.98%	4.20%	0.96%	10.34%	3.09%

**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>
2021	\$ 3,652,633	\$ 1,104,221	\$ 6,203,822	\$ 675,932	\$ 1,003,584	\$ 1,818,202	\$ 73,486	\$ 14,531,881
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

**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
2021	\$ 2,250,449,174	\$ 71,237,310	\$ 2,179,211,864	\$ 3,930,506,040	0.573	1.49000
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

**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	
2021	1.34000	0.15000	1.49000	4.02200	-	4.02200	27.53690	33.04890
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

**Source:**

Pennsylvania DCED Municipal Statistics

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

Taxpayer	Type of Business	December 31, 2021			December 31, 2012		
		Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation (2)	Taxable Assessed Value (1)	Rank	Percentage of Total Assessed Valuation (3)
Kir Montgomery 049 LLC	Shopping Mall	\$ 28,552,240	1	1.27%	\$ 22,426,090	4	1.07%
1100 Avenel Boulevard LP	Apartment Building	23,668,500	2	1.05%			
Montgomeryville Associates, Inc.	Shopping Mall	23,450,000	3	1.04%	103,676,870	1	4.94%
Gateway D C Properties Inc.	Shopping Mall	23,402,840	4	1.04%	20,196,000	5	0.96%
Water Tower Square Associates	Apartment Building	18,238,200	5	0.81%	19,229,000	6	0.92%
213-36 Montgomery Holdings LP	Grocery Store	12,595,840	6	0.56%	9,956,880	10	0.47%
SBS of Montgomeryville Inc.	Hotel	10,576,000	7	0.47%			
Private Individual	Industrial Building	10,090,220	8	0.45%	24,917,160	3	1.19%
Villages of Neshaminy Falls	Manufactured Home Community	8,851,330	9	0.39%			
Somerville Montgomery LP	Retail/Grocery Store	8,415,000	10	0.37%			
Private Individual	Industrial Building				30,784,370	2	1.47%
Avenel Realty Co Inco	Shopping Mall				18,896,160	7	0.90%
Private Individual	Rental Lots				14,794,330	8	0.71%
Lowe's Home Center	Retail Store				11,751,190	9	0.56%
Total		\$ 167,840,170		7.46%	\$ 276,628,050		13.18%

**Notes:**

(1) Information provided by Montgomery Township Tax Collector

(2) Information provided by Montgomery County, PA Real Estate Assessment Roll. Total Assessed Valuation is \$2,250,449,174

(3) Information obtain from Montgomery Township 2012 Annual Report. Total Assessed Valuation is \$2,098,343,338

**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
2021	\$ 2,996,958	\$ 2,930,515	97.78%	\$ 28,349	\$ 2,958,864	98.73%
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%

**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>
2021	1,195	\$ 1,711,591,933	\$ 2,821,786	1.50000
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

**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, 2021		December 31, 2012	
	Amount of Tax Paid	Rank	Percentage of Total Tax Collected	Percentage of Total Tax Collected
Retail Store	\$ 226,464	1	8.03%	5.13%
Grocery Store	134,313	2	4.76%	
Retail Store	91,500	3	3.24%	2.23%
Retail Store	86,634	4	3.07%	2.08%
Grocery Store	75,065	5	2.66%	
Retail Store	70,779	6	2.51%	1.66%
Construction Services	70,262	7	2.49%	
Auto Sales	60,795	8	2.15%	2.08%
Retail Store	54,812	9	1.94%	1.77%
Auto Sales	54,473	10	1.93%	1.73%
Auto Sales				1.54%
Relocation Services				1.44%
Department Store				1.20%
Retail Store				
Total	\$ 925,097		26.63%	20.86%

**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 and 2021 Berkheimer, Inc. 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				
2021	\$ 15,000,000	\$ -	\$ 7,847,000	\$ -	\$ 22,847,000	1.70%	25,862	883
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

**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)**

Year	Population	Total Assessed Value	Gross Bonded Debt	Debt Service Fund Balance	Net General Bonded Debt	Percentage of General Bonded Debt to Assessed Value	General Bonded Debt per Capital
2021	25,862	\$ 2,250,449,174	\$ 15,000,000	\$ 4,008	14,995,992	0.67%	580
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)

**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, 2021 (Unaudited)**

	<u>Net Debt Outstanding</u>	<u>Debt Applicable to Montgomery</u>	
Direct Debt of the Township and Related Entities			
Montgomery Township	\$ 19,230,462	\$ 19,230,462	
Overlapping Debt			
County of Montgomery	395,085,000	13,155,561	(1)
North Penn School District	<u>76,990,000</u>	<u>22,485,170</u>	(2)
Total Overlapping Debt	\$ 472,075,000	\$ 35,640,731	
Total Direct and Overlapping Debt	<u>\$ 491,305,462</u>	<u>\$ 54,871,193</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, 2021 (Unaudited)**

Borrowing Base Revenues (1):

2019	18,715,184
2020	17,655,681
2021	<u>17,227,666</u>

Total Revenues: \$ 53,598,531

Debt Limit for General Obligation Bonds:

Average Borrowing Base Revenues	\$ 17,866,177
Debt Limit Percent	<u>250.00%</u>
Debt Limit	\$ 44,665,443
Total Amount of Debt Applicable to Debt Limit	<u>15,000,000</u>
Legal Debt Margin	\$ 29,665,443

Debt Limit for General Obligation Bonds and Lease Rental Debt:

Average Borough Base Revenues	\$ 17,866,177
Debt Limit Percent	<u>350.00%</u>
Debt Limit	\$ 62,531,620
Total Amount of Debt Applicable to Debt Limit	<u>15,000,000</u>
Legal Debt Margin	\$ 47,531,620

**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
2021	\$ 44,665,443	\$ 15,000,000	29,665,443	33.58%
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%

**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
2021	\$ 265,000	\$ 283,269	\$ 548,269	\$ 17,963,379	3.05%
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%

**Source:**

Montgomery Township Annual Financial Statements

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

<b>Year</b>	<b>Per Capita Income (1)</b>	<b>Population (1)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate (2)</b>
2021	\$ 52,000	25,862	\$ 1,344,824,000	3.80%
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%

**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, 2021			December 31, 2012		
		Employees	Rank	Percentage of Total Township Employment	Employees	Rank	Percentage of Total Township Employment
Cobham Management Services Inc.	Manufacturing	563	1	3.00%			
FedEx Supply Chain Inc.	Delivery Services	512	2	2.73%			
Wegmans Food Market	Grocery	393	3	2.09%			
Costco Wholesale Corporation	Retail/Grocery	388	4	2.07%	234	7	1.13%
Philadelphia D&M Inc	Construction Services	366	5	1.95%			
Target Corporation	Retail/Grocery	330	6	1.76%	225	8	1.09%
Home Depot	Retail Store	315	7	1.68%			
Giant Foods	Grocery	280	8	1.49%			
Thales DIS USA Inc.	Manufacturing	278	9	1.48%			
McCallion Temps Inc.	Temporary Services	274	10	1.46%	238	6	1.15%
TEVA Pharmaceuticals USA	Pharmaceuticals				752	1	3.63%
Sensor Antaenae Systems (BAE)	Manufacturing				388	2	1.88%
American Pool Management	Manufacturing				305	3	1.47%
Harriet Carter	Catalog Sales				291	4	1.41%
Gemalto	Shopping Mall				255	5	1.23%
Capital Wine & Spirits Company	Manufacturing				213	9	1.03%
Macy's	Department Store				202	10	0.98%
Total		3,699		19.70%	3,103		15.00%

**Notes:**

Total number of individuals employed in the Township in 2021: 18,772

Total number of individuals employed in the Township in 2012: 20,688

**Source:**

2012 Township Occupational Privilege/Local Services Tax Records and 2021 Berkheimer, Inc. Records

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

	<u>2021</u>	<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>
General Government	8.50	9.00	9.00	7.90	7.60	7.00	7.70	7.50	7.50	7.50
Finance and Tax Collection	4.00	4.00	4.00	7.50	7.50	8.00	7.50	6.50	6.50	6.50
Public Safety										
Officers	36.00	36.00	36.00	36.00	35.00	36.00	35.00	36.00	36.00	36.00
Civilians	9.00	9.00	8.00	9.00	9.00	9.00	8.00	9.00	9.00	9.00
Fire Safety										
Officers	7.41	11.00	10.50	6.10	6.40	6.30	6.10	6.80	5.80	5.80
Clerical	0.70	0.70	0.70	0.70	0.70	0.60	0.60	0.50	0.50	0.50
Code Enforcement, Building and Zoning	3.75	3.75	3.87	4.40	5.10	5.50	5.50	5.40	5.00	5.00
Public Works	18.90	17.50	18.50	19.70	19.20	20.10	19.20	21.30	21.30	22.30
Culture and Recreation	<u>5.73</u>	<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>
Totals:	<u>93.99</u>	<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>

**Source:**

Montgomery Township, Montgomery County, Pennsylvania Records

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Part I Crimes	317	253	304	366	409	425	397	465	418	443
Part II Crimes	1,510	1,377	1,418	1,174	773	1,104	1,117	1,085	1,142	1,028
Total Calls for Service	29,899	28,915	32,393	32,537	32,510	30,976	31,980	29,841	28,966	26,250
Fire Safety Responses	595	591	622	646	562	585	615	639	565	588
Code Enforcement and Zoning										
Total Permits	1,405	1,321	1,299	1,388	1,298	1,441	1,388	1,345	1,314	1,349
Land Development Submittals	5	2	7	10	6	7	10	8	9	10
Zoning Hearing Board Applications	24	15	16	21	12	18	11	18	17	15
Rezoning Requests	-	-	-	-	1	1	-	2	1	-
Conditional Use Applications	4	3	2	3	1	1	2	1	2	2
Highway and Streets										
Streets Resurfaced (miles)	5.68	4.30	5.96	4.03	3.38	3.01	2.84	2.71	5.43	5.47

**Source:**

Montgomery Township, Montgomery County, Pennsylvania Records

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
Municipal Building	1	1	1	1	1	1	1	1	1	1
Public Works Building	1	1	1	1	1	1	1	1	1	1
Recreation Center	1	1	1	1	1	1	1	1	-	-
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicle Units	19	19	19	19	19	19	19	19	19	19
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Apparatus	4	4	4	4	4	4	4	5	5	5
Highway and Streets										
Street Miles	74	74	74	74	73	73	73	73	73	73
Traffic Signals	50	50	50	50	50	50	49	48	48	48
Stormwater Dentention Basins	63	63	63	63	63	63	63	63	63	63
Culture and Recreation										
Park Sites	14	14	14	14	14	14	14	14	13	13
Acres	376	376	376	376	376	376	376	376	326	326
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	9	8.5	8.5	8.5	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