



September 8, 2021

Mr. Craig McAnally
Township Manager
Lower Gwynedd Township
1130 North Bethlehem Pike
P.O. Box 625
Spring House, PA 19477-0625

Dear Mr. McAnally:

Attached are electronic copies of our report on the basic financial statements, the management letter, and the board communication letter of Lower Gwynedd Township for the year ended December 31, 2020.

In response to an increasing reliance on virtual communication, we will be providing bound copies of reports by request only. Please respond to this email or contact your engagement Partner if you require bound copies of your report.

We encourage you to share the attached electronic copies as deemed necessary.

We appreciate the opportunity to be of service to you.

Very truly yours,

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

/odl



LOWER GWYNEDD TOWNSHIP
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

LOWER GWYNEDD TOWNSHIP

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Balance Sheet - Governmental Funds	19
Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to Statement of Activities	22
Budgetary Comparison Statement - General Fund	23
Budgetary Comparison Statement - Traffic Impact Fund	24
Budgetary Comparison Statement - Highway Aid Fund	25
Statement of Net Position - Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28
Statements of Fiduciary Net Position - Fiduciary Funds	29
Statements of Changes in Fiduciary Net Position - Fiduciary Funds	30
Notes to Financial Statements	31

LOWER GWYNEDD TOWNSHIP

TABLE OF CONTENTS

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Trend Data on Infrastructure Condition	63
Schedule of Changes in the Township's Net Pension Liability (Asset), Related Ratios, and Investment Returns - Police Pension Plan	64
Schedule of Changes in the Township's Net Pension Liability (Asset), Related Ratios, and Investment Returns - Non-Uniformed Pension Plan	65
Schedule of Changes in the Township's Net OPEB Liability, Related Ratios, and Investment Returns - OPEB Plan	66
Schedule of Employer Contributions - Police Pension Plan	67
Schedule of Employer Contributions - Non-Uniformed Pension Plan	68
SUPPLEMENTARY INFORMATION	
Combining Fund Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	70
Combining Statement of Fiduciary Net Position - Fiduciary Trust Funds	71
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Trust Funds	72
OTHER REPORT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

September 1, 2021

Board of Supervisors
Lower Gwynedd Township
Spring House, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lower Gwynedd Township ("the Township"), Spring House, Pennsylvania, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Board of Supervisors
Lower Gwynedd Township

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lower Gwynedd Township, Spring House, Pennsylvania, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Traffic Impact Fund and Highway Aid Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Notes 1 and 14 to the financial statements, the Township has adopted the requirements of GASB Statement No. 84, "Fiduciary Activities." The statement provides additional guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As a result, the beginning fiduciary activities net position have been restated. Also, a statement of changes in fiduciary net position is presented for its custodial fund. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Lower Gwynedd Township's December 31, 2019 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated August 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16; and trend data on infrastructure

Board of Supervisors
Lower Gwynedd Township

condition; schedules of changes in the Township's net pension liability (asset), related ratios, and investment returns; schedule of changes in the Township's net OPEB liability, related ratios, and investment returns; and schedules of employer contributions on pages 63 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements are the responsibility of management and were derived from and relate 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 combining fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2021, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
DECEMBER 31, 2020**

Our discussion and analysis of Lower Gwynedd Township's ("the Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the Township's financial statements, which begin with the Statement of Net Position.

FINANCIAL HIGHLIGHTS

- The net position of the Township increased by \$3,271,476 to end the year at \$53,933,101. Of this amount, \$13,964,494 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. The Township's unrestricted net position increased by \$1,953,519 from 2019.
- As of December 31, 2020, the fund balance for the General Fund was \$4,842,050 compared to \$4,300,012 at December 31, 2019. The Township has a fund balance policy target range of 25 percent - 35 percent of budgeted expenditures. Any excess balances are transferred to one of the Township's capital project funds in the next fiscal year unless otherwise designated by the Board of Supervisors.
- The combined net pension asset for the Police Pension and Non-Uniformed Pension plans totaled \$1,523,921 at December 31, 2020, compared to \$668,447 at the end of 2019.
- Other postemployment healthcare benefits ("OPEB") net liability amounted to \$234,447 at December 31, 2020, compared to \$284,667 at December 31, 2019.
- During 2020, the Township's remaining debt of \$23,224 was paid off.
- The Township's current debt rating remains at Aaa by Moody's Investors Service.
- The Township's 2020 total real estate tax rate of 1.223 mills has remained the same since 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Township. The components of the report include the Independent Auditor's 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.

The Independent Auditor's 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 the Township's management, provides an 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.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2020**

The basic financial statements include the Statement of Net Position, Statement of Activities, Fund Financial Statements, and the Notes to the Basic Financial Statements. The Statements of Net Position and Activities focus on entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Township.

- The *Statement of Net Position* focuses on resources available for future operations. This statement presents a snapshot view of the Township's assets and deferred outflows of resources, its liabilities and deferred inflows of resources, and the net difference.
- The *Statement of Activities* focuses on gross and net costs of the Township's programs and the extent to which such programs rely upon taxes and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other sources.
- The Fund Financial Statements focus separately on Governmental Funds, Proprietary Funds, and Fiduciary Funds. The Governmental Funds statements follow the more traditional presentation of financial statements. The Township's major Governmental Funds are presented in their own columns, and the remaining funds are combined into a column titled, "Other Governmental Funds." Statements for the Township's Proprietary Funds follow the Governmental Funds and include net position; revenues, expenses, and changes in net position; and cash flows. The Proprietary Funds represent the Township's Enterprise Operating Fund and Sewer Reserve Fund, and can be found in more detail beginning with the Statement of Net Position, Proprietary Fund. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide statements because the Township cannot use these assets to finance its operations.
- The Notes to the Basic Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Township's financial condition.
- Other Required Supplementary Information ("RSI") is additional information consisting of trend data on infrastructure condition; the schedules of changes in the Township's net pension and OPEB liabilities, related ratios, and investment returns; and the schedules of employer pension and OPEB contributions.
- Other Supplementary Information consists of the following:
 - Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Governmental Funds.
 - Combining Trust of Net Position and Combining Statement of Changes in Net Position for Fiduciary Trust Funds.

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. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2020**

worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's net position and changes in it during the year. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. Readers will need to consider other non-financial factors, such as changes in the Township's property tax base and the condition of the Township's assets to assess the overall fiscal health of the Township.

In these statements, the Township is divided into two kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including police, public works, safety and codes, parks and recreation, and administration. Real estate taxes, earned income and business taxes, fees and charges, and grants finance most of these activities.
- **Business-type Activities** – The Township charges a fee to customers to cover all or most of the cost of services it provides. The Township's sewer system is reported here.

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the Township's governmental and business-type activities. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$53,933,101 at the close of 2020, an increase of \$3,271,476 from the previous year.

**Table 1
STATEMENT OF NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets						
Cash and cash equivalents	\$11,594,764	\$ 9,804,351	\$ 5,814,603	\$ 4,870,284	\$17,409,367	\$14,674,635
Other assets	1,342,918	1,046,359	233,754	212,056	1,576,672	1,258,415
Internal balances	(51,989)	87,069	51,989	(87,069)	-	-
Capital assets	33,875,242	33,468,712	2,990,735	3,235,898	36,865,977	36,704,610
Net pension asset	1,523,921	668,447	-	-	1,523,921	668,447
Total Assets	48,284,856	45,074,938	9,091,081	8,231,169	57,375,937	53,306,107
Deferred Outflows of Resources						
	906,889	201,523	-	-	906,889	201,523
Liabilities						
Current liabilities	1,030,078	385,350	338,048	352,811	1,368,126	738,161
Other liabilities	234,447	284,667	-	-	234,447	284,667
Total Liabilities	1,264,525	670,017	338,048	352,811	1,602,573	1,022,828

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2020**

**Table 1
STATEMENT OF NET POSITION**

<i>(cont'd)</i>	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Deferred Inflows of Resources	2,747,152	1,823,177	-	-	2,747,152	1,823,177
Net Position:						
Net investment in capital assets	33,875,242	33,445,488	2,990,735	3,235,898	36,865,977	36,681,386
Restricted	3,102,630	1,969,264	-	-	3,102,630	1,969,264
Unrestricted	8,202,196	7,368,515	5,762,298	4,642,460	13,964,494	12,010,975
TOTAL NET POSITION	\$45,180,068	\$42,783,267	\$ 8,753,033	\$ 7,878,358	\$53,933,101	\$50,661,625

The largest portion of the Township's net position, \$36,865,977, or 68.3 percent, is reflected in its investment in capital assets (e.g., land, buildings, streets, equipment), less any related debt which is still outstanding. The Township uses these capital assets to provide services to residents; consequently, these assets are not available for future spending, and the resources needed to repay this debt must be provided from other sources.

Cash and cash equivalents of \$17,409,367 represent 30.3 percent of the Township's total assets.

Other Assets – Governmental activities include taxes receivable of \$987,496 (generally received within the first 60 days of the next fiscal year) along with accounts receivable of \$342,813, interest receivable of \$542, and prepaid expenses of \$12,067.

Deferred inflows and outflows of resources result from accounting for the Township's defined benefit pension plans per GASB 68 rules and the Township's OPEB plan per GASB Statement No. 75 rules, both of which are further addressed in the notes section of the financial statements.

Long-term Debt – There were no debt obligations as of December 31, 2020 as the Township made the final payment of \$23,224 to Montgomery County for the radio loan in early 2020. The final payment on the Township's 2011 bond issue was made in early 2019. Proceeds of the bond issue were used to finance two major projects; the expansion of the municipal complex and construction of Pen-Ambler Park, which are now completed. Funds from the bond proceeds which were originally budgeted for a new Fire/Ambulance Sub-Station were reallocated for the installation of an emergency generator at the Township building. Due to unexpected difficulties in acquiring land, the construction of the Fire/Ambulance Sub-Station has been postponed.

Assets in the business-type activities column reflect the Township's investment in its sewer system. Cash and cash equivalents represent 64 percent of the Township's total business-type assets, which will allow for future investment in the sewer system. The Township operates and maintains three pumping stations, five metering stations, and 147 miles of sewer lines.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2020**

Governmental Activities

The Township generates governmental revenues from a variety of sources as described in the Statement of Changes in Net Position. Total revenue, excluding interfund transfers, for governmental activities for fiscal 2020 was \$11,334,272 up \$1,000,935 from 2019, primarily due to increases in real estate transfer taxes, earned income tax collections, local service taxes, business privilege taxes, mercantile taxes, and contributions to the Township partially offset by a \$194,430 reduction in investment income.

The Township's governmental activities recognized a net increase of \$2,396,801, and the business-type activities recognized a net increase of \$874,675. The total increase of net position for the Township was \$3,271,476.

Table 2 shows the changes in net position for the years ended December 31, 2020 and 2019.

**Table 2
STATEMENT OF CHANGES IN NET POSITION**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
REVENUES						
Program revenues:						
Charges for services	\$ 1,221,982	\$ 1,128,969	\$ 2,732,484	\$ 2,988,910	\$ 3,954,466	\$4,117,879
Operating and capital grants and contributions	1,036,830	959,283	-	-	1,036,830	959,283
General revenues:						
Property taxes	1,671,221	1,693,397	-	-	1,671,221	1,693,397
Transfer taxes	624,989	440,543	-	-	624,989	440,543
Earned income tax	5,408,875	4,667,100	-	-	5,408,875	4,667,100
Local service tax	388,901	387,083	-	-	388,901	387,083
Business privilege tax	301,106	291,659	-	-	301,106	291,659
Mercantile tax	286,353	168,514	-	-	286,353	168,514
Cable TV franchise fees	281,829	298,125	-	-	281,829	298,125
Investment income	74,865	269,295	29,866	82,834	104,731	352,129
Gain on sale or disposal of assets	14,200	-	-	402	14,200	402
Miscellaneous	23,121	29,369	-	-	23,121	29,369
TOTAL REVENUES	<u>11,334,272</u>	<u>10,333,337</u>	<u>2,762,350</u>	<u>3,072,146</u>	<u>14,096,622</u>	<u>13,405,483</u>
EXPENSES						
General government	1,309,207	1,483,474	-	-	1,309,207	1,483,474
Public safety	4,018,044	4,217,170	-	-	4,018,044	4,217,170
Public works - highways and streets	1,517,764	1,308,424	-	-	1,517,764	1,308,424
Culture and recreation	494,529	437,432	-	-	494,529	437,432
Insurance	97,649	61,140	-	-	97,649	61,140
Workmen's compensation	128,128	89,530	-	-	128,128	89,530

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2020**

**Table 2
STATEMENT OF CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Payments to fire companies	329,465	316,362	-	-	329,465	316,362
Interest on long-term debt	-	(1,200)	-	-	-	(1,200)
Depreciation, unallocated	707,098	677,867	-	-	707,098	677,867
Sewer/stormwater	-	-	2,223,262	2,256,244	2,223,262	2,256,244
TOTAL EXPENSES	<u>8,601,884</u>	<u>8,590,199</u>	<u>2,223,262</u>	<u>2,256,244</u>	<u>10,825,146</u>	<u>10,846,443</u>
Change in net position before interfund transfers	2,732,388	1,743,138	539,088	815,902	3,271,476	2,559,040
Interfund transfers, net	<u>(335,587)</u>	<u>70,081</u>	<u>335,587</u>	<u>(70,081)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	2,396,801	1,813,219	874,675	745,821	3,271,476	2,559,040
NET POSITION, BEGINNING OF YEAR	<u>42,783,267</u>	<u>40,970,048</u>	<u>7,878,358</u>	<u>7,132,537</u>	<u>50,661,525</u>	<u>48,102,585</u>
NET POSITION, END OF YEAR	<u>\$45,180,068</u>	<u>\$42,783,267</u>	<u>\$ 8,753,033</u>	<u>\$ 7,878,358</u>	<u>\$53,933,101</u>	<u>\$50,661,625</u>

The cost of all governmental activities this year was \$8,601,884. The amount that our taxpayers ultimately financed for these activities through Township taxes was \$8,681,445.

As indicated above, public safety programs account for 46.7 percent of the Township's governmental activities. General administration and public works - highways and streets services account for approximately 15.2 percent and 17.6 percent, respectively, of the total governmental expenditures for 2020.

Property taxes, earned income taxes, and other general revenues not restricted or applicable to specific programs provide the major revenue sources for governmental activities. Real estate taxes and real estate transfer taxes make up approximately 14.7 percent and 5.5 percent of total governmental general revenues, respectively. Earned income taxes represent 47.7 percent of the governmental general revenues. Below are charts showing the current and prior years of real estate tax, transfer tax, and earned income tax receipts.

Real Estate Tax

Year	Assessment	Rate of Change	Change in Assessment	Millage	Assessed Change	Increase in Tax Billed	Tax Billed	Tax Collected at Face
2020	1,373,782,090	100.40%	\$ 5,423,690	1.223	\$ 6,633	\$ 6,633	\$ 1,697,165	\$ 1,679,027
2019	1,368,358,400	100.61%	8,334,170	1.223	10,193	10,193	1,690,532	1,676,775

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2020
Real Estate Tax**

Year	Assessment	Rate of Change	Change in Assessment	Millage	Assessed Change	Increase in Tax Billed	Tax Billed	Tax Collected at Face
2018	1,360,024,230	99.23%	(10,551,390)	1.223	(12,904)	(12,970)	1,680,339	1,663,889
2017	1,370,575,620	99.91%	(1,218,610)	1.223	(1,490)	(1,490)	1,693,309	1,677,274
2016	1,371,794,230	100.08%	1,090,770	1.223	1,334	1,325	1,694,799	1,680,444
2015	1,370,703,460	100.59%	8,072,250	1.223	9,872	9,871	1,693,474	1,672,764
2014	1,362,631,210	100.29%	3,975,040	1.223	4,861	4,883	1,683,603	1,667,774
2013	1,358,656,170	100.02%	298,810	1.223	365	368	1,678,720	1,664,184
2012	1,358,357,360	99.46%	(7,357,590)	1.223	(8,998)	136,634	1,678,352	1,658,396
2011	1,365,714,950	101.12%	15,155,000	1.117	16,928	17,215	1,541,718	1,526,595

Real Estate Transfer Tax

2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
\$ 624,989	\$ 440,543	\$ 633,583	\$ 589,458	\$ 496,825	\$ 957,264	\$ 385,405	\$ 411,549	\$ 341,354	\$ 296,300

Earned Income Tax

2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
\$5,408,875	\$4,667,100	\$5,031,337	\$4,569,507	\$4,287,721	\$4,293,239	\$4,194,837	\$4,233,540	\$3,463,874	\$2,865,290

Pension and OPEB

The Township currently has three pension plans which benefit full-time employees; a defined benefit plan for non-uniformed employees hired before 2014, a defined contribution plan for non-uniformed employees hired on or after January 1, 2014, and a defined benefit plan for police officers. The Township also has an OPEB plan for police officers.

In 2015, the Township implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions." The purpose of this statement is to improve the transparency, consistency, and comparability of the pension information reported by state and local governments. By recognizing the impact of any unfunded liability faced by defined benefit pension plans, plan administrators (at the direction of elected officials and participants) will be required to evaluate the cost of providing these benefits.

GASB Statement No. 68 has shifted pension reporting from a funding-based approach, in which the Township reported only its contributions to the plan, to an accounting-based approach. Under this new approach, the Township reports the net pension liability and net pension assets on the statement of net position of the government-wide financial statements. Reporting in the governmental fund statements is not affected by the implementation of these statements. The combined net pension asset for the Police Pension and Non-Uniformed Pension plans totaled \$1,523,921 at December 31, 2020, compared to \$668,447 at the end of 2019. This was primarily due to strong market performance in 2020 and \$50,884 in additional contributions to the plans in excess of the actuarially determined minimum municipal obligations (MMOs).

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2020**

The net pension asset is the difference between the market value of pension fund assets and the actuarial present value of projected benefit payments at the measurement date. Included in the calculation are projected employer and employee contributions as well as the expectation that the assets will grow at the long-term assumed rate of return of 7.5 percent on plan investments.

In 2018, the Township implemented GASB Statement No. 75, which changed the way the Township accounts for and reports on OPEB. The Township currently provides postemployment healthcare benefits for its police officers. As of December 31, 2020, the net OPEB liability was \$234,447, a decrease of \$50,220 from the previous year due to strong market performance and \$25,000 in contributions to the plan. These two GASB statements are intended to more accurately account for future liabilities and enhance transparency through additional note requirements in the financial statements.

Business-type Activities

The Township sewer system was constructed by the Lower Gwynedd Township Municipal Authority at the request of the Township's Board of Supervisors. On December 16, 2015, the Authority's 2003 Bonds were redeemed with the intention to dissolve the Authority, which occurred on April 7, 2016. The Township is now directly responsible for the operation, maintenance, and repair of the sewer system. Fiscal 2017 was the first full year of Township control of the sewer system after the Authority was dissolved. All expenses associated with the sewer system are accounted for in the Sewer Fund. Total revenue from Sewer Fund operations was \$2,762,350, a decrease of \$309,796 from the previous year. The decrease is attributable to lower consumption billings to businesses and schools effected by the COVID-19 pandemic. In 2020, sewer fund revenues exceed expenses and transfers out by \$874,675. Sewer rates for 2020 were based on metered water consumption at \$88.00 for 12,000 gallons and \$5.80 per additional 1,000 gallons per quarter. Sewer rates were last raised 10 percent beginning January 1, 2017. Prior to the 2017 rate increase, rates remained unchanged since July 2010.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Major funds maintained by the Township include the following:

The **General Fund** is the chief operating fund of the Township. As of December 31, 2020, the total fund balance of the General Fund was \$4,842,050, a \$542,038 increase from 2019. All except \$11,777 of the General Fund's fund balance is "unassigned."

The **Open Space Fund** provides funding for acquisition and maintenance of open space. The total fund balance as of December 31, 2020 was \$1,348,152, an increase of \$221,893 from 2019 due primarily to an operating transfer from the general fund exceeding expenditures for open space in the current year.

The **Capital Reserve Fund** provides funding for capital improvements which are not normal operating or maintenance-type expenditures reportable within the General Fund or other governmental funds. The total fund balance as of December 31, 2020 was \$4,086,414, an increase of \$237,849 from 2019 due primarily to net operating transfers into the fund exceeding capital expenditures.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2020**

The **Traffic Impact Fund** accounts for revenues received from transportation impact fees and similar revenues to be used for expenditures related to improvements related to Township roadways. The total fund balance as of December 31, 2020 was \$759,396, an increase of \$170,477 from 2019 due primarily to grant revenues, charges for services and An operating transfer from the general fund exceeding expenditures in the current year.

The **Highway Aid Fund** accounts for expenditures of state grants related to the liquid fuels program. The total fund balance as of December 31, 2020 was \$415,631, an increase of \$88,912 from 2019 due primarily to grant revenues exceeding expenditures in the current year.

Proprietary Funds – The Township's proprietary fund provides the same type of information found in the entity-wide financial statements, but in more detail.

The unrestricted net position of the proprietary funds at the end of the year, as reported on page 26, amounted to \$5,762,298.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget amendments fall into two categories: transfers or supplemental appropriations. Unencumbered funds may also be transferred from one account to another after April 1 of the budget year in accordance with the Pennsylvania Second Class Township Code. Transfers are made between budget line items, and supplemental appropriations are funded either through unencumbered reserves or the receipt of unanticipated revenues.

General Fund revenues and other financing services excluding transfers were \$9,759,072 compared to a budget of \$8,673,197. The difference was primarily due to increases in real estate transfer taxes, earned income tax collections, local service taxes, business privilege taxes, and mercantile taxes, partially offset by a reduction in investment income and development related revenue. General Fund expenditures and other financing uses excluding transfers were \$6,998,554 compared to budget of \$7,484,599. The difference was primarily due to an effort to limit spending to priority items during the COVID-19 pandemic.

The following is a brief summary of approved budget amendments from the original Township budget adopted for fiscal 2020:

Significant General Fund Expense and Other Financing Uses Budget Amendments

- **Transfers:** General Fund transfers (out) to the Capital Reserve Fund (in) exceeded the amount originally budgeted by \$500,000. The additional amount transferred was a result of the Township's fund balance policy requiring fund balances in excess of 35 percent of future anticipated expenses to be transferred to a capital reserve fund unless otherwise designated by the Board of Supervisors. Additionally, General Fund transfers out to the Parks/Recreation Fund, Open Space Fund, and Stormwater Fund of \$100,000, \$300,000, and \$100,000, respectively, were designated by the Board of Supervisors under this policy. Supplemental transfers of \$33,943 and \$16,941 were also designated, representing the excess of State Pension Aid over the budgeted MMOs, to the Police Pension Plan and Non-Uniformed Pension Plan, respectively.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2020**

Capital Assets and Debt Administration

Capital Assets

The Township's investment in capital assets for its governmental and business-type activities as of December 31, 2020 total \$33,875,242 and \$2,990,735, respectively, (net of accumulated depreciation). The Township's investment in capital assets includes land, buildings and improvements, furniture and equipment, automobiles and trucks, land improvements, and infrastructure (see following table). Infrastructure includes roads, bridges, storm sewers, and traffic signals. The business-type activities are the sanitary sewer lines, pumping stations, and equipment.

**CAPITAL ASSETS
(Net of Accumulated Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$11,813,666	\$11,242,736	\$ -	\$ -	\$11,813,666	\$11,242,736
Construction-in-progress	616,202	322,816	-	-	616,202	322,816
Buildings and improvements	3,353,116	3,578,158	-	-	3,353,116	3,578,158
Furniture and equipment	893,512	1,037,801	-	-	893,512	1,037,801
Infrastructure	17,198,746	17,287,201	-	-	17,198,746	17,287,201
Sewer system and equipment	-	-	2,990,735	3,235,898	2,990,735	3,235,898
	<u>\$33,875,242</u>	<u>\$33,468,712</u>	<u>\$ 2,990,735</u>	<u>\$ 3,235,898</u>	<u>\$36,865,977</u>	<u>\$36,704,610</u>

Significant capital asset additions within the governmental and business-type activities included the following purchases and project expenditures:

Governmental Activities:

Open space purchase	\$ 570,930
Traffic signal improvements	136,701
Police vehicle	46,061
Computer system upgrades	20,846
Pedestrian trail improvements	35,278
Spring House intersection improvements	275,867

Business-type Activities:

Scada system upgrade	\$ 31,117
----------------------	-----------

Building and improvements, equipment, and infrastructure of the primary government are depreciated using the straight-line method. However, for road and street infrastructure, the Township elected to use the modified approach. The modified approach allows the Township to record the current costs of

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2020**

preserving eligible infrastructure in lieu of depreciation. The Township streets are maintained at a high standard, and the related maintenance costs are expensed. Only expenditures that increase capacity or efficiency of the infrastructure are capitalized.

A summary of changes in capital assets is presented in Note 3 of the financial statements.

Debt

The Township has the highest possible rating from Moody's, Aaa. The high rating reflects the Township's multi-year trend of ample available reserves that exceed the national median for similarly rated credits, wealth and income levels that are at least two times national medians, modest debt burden, moderately sized and growing tax base outside of Philadelphia, and conservative spending policies.

At year-end for the governmental activities, there was no debt as the last payment on the radio loan from Montgomery County was made in early 2020. There is no debt for the business-type activities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Factors

The Township is located in the southeastern section of Montgomery County and is 15 miles from Philadelphia. The Township is bounded by the Townships of Montgomery, Horsham, Upper Dublin, Whitpain, Upper Gwynedd, and Ambler Borough.

The Township is served by a network of major roads which offers convenient access to the City of Philadelphia. The roads that go through the Township are State Routes 63, 202, and 309. The Township is also served by two SEPTA passenger rail stations within its borders, Penllyn and Gwynedd Valley Stations.

The Township is home to Gwynedd Mercy University; Wissahickon High, Middle, and Elementary Schools; as well as the prestigious Gwynedd Mercy Academy Elementary and High Schools. Wissahickon High School is ranked 11th of all Pennsylvania high schools in the most recent U.S. News and World Report rankings. These schools provide convenient and close access to highly rated public and private educational institutions. Strong local industries and close proximity to major employment centers, and educational institutions play an important role in the Township's economy. The largest employer in the Township is Janssen Pharmaceutical Companies, a subsidiary of Johnson & Johnson with 2,014 employees. Other noted employers in the Township are Wissahickon School District (451), Gwynedd Mercy University (409), Berkadia Mortgage (353), Acts Retirement Life Community (276), Whole Foods (244), and Foulkeways at Gwynedd (221).

Merck & Co. (Pharmaceutical), who ranks #1 in the County as the largest employer, has a manufacturing and research facility located in West Point, Pennsylvania, approximately five miles West of Lower Gwynedd Township, where in excess of 9,000 people are employed on a 400-acre campus.

The former Dow Chemical site on Norristown Road is currently under redevelopment by the MRA Group. MRA has named the new high-tech office and Bio-Manufacturing/Bio-Processing facility "Spring House Innovation Park" and has been successful in attracting new companies to the location. This parcel is approximately 133 acres and is located in the Township near the intersection of Norristown Road and Route 309.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2020**

Ambler Yards has recently (2015) acquired a 25-acre site in the Township located on our border with Ambler Borough. Ambler Yards is near completion of the site and the 14 buildings of the former BASF chemical plant into shared workspaces. Their innovative designs and added amenities have attracted more than 25 companies, employing over 350 people. When fully leased, there will be approximately 30 employers who will bring upwards of 600 people to the shared work environment they provide.

The Township's population has grown steadily over the past 25 years. According to the U.S. Census Bureau, the population in 1980 was 6,902. In 2000, the population was counted at 10,422 with 4,360 dwelling units. In 2010, the Township's population was 11,405 with 4,906 dwelling units. In 2020, the estimated population was 11,531 people. The Montgomery County Planning Commission is projecting that the Township's population will grow to 12,651 by 2045.

The Township continues to attract high-end residential development. According to the Montgomery County Planning Commission, the median sale price for all housing units, new and resale, in the Township for 2020 was \$600,000 which is a 24.2 percent (\$117,000) increase compared to the median sale price in 2019. This ranks Lower Gwynedd third in Montgomery County which has an average median sale price of \$335,000 throughout the County. This is consistent with household income levels, as the median household income in 2019 was \$102,725. The Township has a steady employment base of 7,369 people working in the Township in 2020. These statistics all bode well for the Township's tax base and revenue stream.

Next Year's Budget

The Township uses a conservative approach to budgeting which entails budgeting at the lower end of an acceptable range for revenues. If revenues exceed projection, the excess is transferred to the capital budgets per the Township's fund balance policy. The local economy has thrived over the past few years, and this conservative budgeting approach has resulted in additional cash reserves in the General Fund and Capital Reserve Funds. The reserves will help the Township weather future economic uncertainties and also pay for both anticipated and unanticipated capital expenditures.

Receipts are monitored closely in order to proactively adjust to economic conditions. The Township had a modest real estate tax increase in 2012 from 1.117 mills to 1.223 mills and no increase since then.

The 2021 Budget and Fiscal Plan was approved by the Board of Supervisors in December 2020 with no real estate tax increase. The 2021 General Fund budget expenditures total \$8,592,960, a decrease of 1.2 percent from the 2020 General Fund budget. A property assessed at \$429,000 will pay \$524.67 in Township real estate taxes in 2021.

The 2021 fiscal plan includes the following:

- No tax increases.
- A 3 percent wage increase for non-uniformed personnel and a 3.5 percent increase for police officer wages in accordance with an arbitration award issued on May 22, 2019.

**LOWER GWYNEDD TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
DECEMBER 31, 2020**

- Fifty-two percent of General Fund revenues will be derived from the EIT in 2020. All Pennsylvania municipalities have limited taxing options for taxing sources which are established by the Commonwealth in the various municipal codes. These limited options result in a strong reliance on EIT, which could result in unanticipated shortfalls should there be an economic recession similar to the one experienced nationally in 2008. To lessen the impact of any unforeseen economic downturn, the Township has adopted a fund balance policy which provides for 35 percent of future anticipated expenditures to be reserved as unassigned fund balance.
- A contribution of \$420,930 to the Police Pension Plan and a contribution of \$177,229 to the Non-Uniformed Pension Plan, both from the General Fund, are included in the 2021 budget.
- The 2021 General Fund budget includes a transfer of \$250,000 from the General Fund to the Open Space Fund where the funds will be used for future open space purchases.
- The 2021 General Fund budget includes a transfer of \$500,000 from the General Fund to the Capital Reserve Fund where the funds will be used to maintain and enhance the Township's road and public infrastructure.
- The 2021 General Fund Budget includes a \$25,000 contribution to the OPEB plan.
- The 2021 General Fund Budget includes a transfer of \$250,000 to the Traffic Impact Fund for the Spring House intersection improvements.
- As a result of the emergence of the COVID-19 coronavirus variants, economic uncertainties may arise which could negatively impact the Township's income in 2021. Other financial impacts could occur though such potential impact is unknown at this time. The Township is closely monitoring tax revenues and has deferred non-essential capital projects until the financial impacts become clearer.

In conclusion, the Township's financial position continues to be strong. The 2021 Budget and Fiscal Plan includes the resources to continue to improve services while maintaining a strong balance sheet to meet future needs. The Township continues to adhere to its Fund Balance Policy and has been able to maintain its General Fund balance at the high end of the prescribed range of 25 percent to 35 percent of anticipated expenditures. We view this level of fund balance as necessary to better withstand a future economic slowdown, such as was experienced in 2008. We are cognizant that the current economic expansion the country is experiencing is long in comparison with past expansions and will inevitably end at some time.

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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Finance Director, Lower Gwynedd Township, P.O. Box 625, Spring House, PA 19477-0625. General information relating to Lower Gwynedd Township can be found on its website, <http://www.lowergwynedd.org>.

**LOWER GWYNEDD TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2020
(With Summarized Comparative Data for December 31, 2019)**

	Governmental Activities	Business-type Activities	Total	
			2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 11,594,764	\$ 5,667,152	\$ 17,261,916	\$ 14,498,810
Accounts receivable	342,813	-	342,813	217,434
Taxes receivable	987,496	-	987,496	804,537
Interest receivable	542	-	542	425
Sewer fees receivable	-	233,514	233,514	194,332
Assessments receivable, current	-	-	-	16,384
Internal balances	(51,989)	51,989	-	-
Prepaid expenses	12,067	240	12,307	23,963
Total Current Assets	<u>12,885,693</u>	<u>5,952,895</u>	<u>18,838,588</u>	<u>15,755,885</u>
Noncurrent Assets:				
Restricted cash	-	147,451	147,451	175,825
Assessments receivable	-	-	-	1,340
Capital assets:				
Land	11,813,666	-	11,813,666	11,242,736
Construction-in-progress	616,202	-	616,202	322,816
Buildings and building improvements	9,931,875	-	9,931,875	9,931,875
Furniture and equipment	3,132,938	-	3,132,938	3,114,044
Infrastructure	21,835,739	-	21,835,739	21,671,944
Sewer system and equipment	-	21,824,664	21,824,664	21,793,547
Accumulated depreciation	(13,455,178)	(18,833,929)	(32,289,107)	(31,372,352)
Net pension asset	1,523,921	-	1,523,921	668,447
Total Noncurrent Assets	<u>35,399,163</u>	<u>3,138,186</u>	<u>38,537,349</u>	<u>37,550,222</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows relating to pensions	878,965	-	878,965	201,523
Deferred outflows relating to OPEB	27,924	-	27,924	-
Total Deferred Outflows of Resources	<u>906,889</u>	<u>-</u>	<u>906,889</u>	<u>201,523</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 49,191,745	\$ 9,091,081	\$ 58,282,826	\$ 53,507,630
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable and other current liabilities	\$ 1,022,678	\$ 190,599	\$ 1,213,277	\$ 531,712
Escrow deposits	-	147,449	147,449	175,825
Deferred revenue	7,400	-	7,400	7,400
Note payable	-	-	-	23,224
Total Current Liabilities	<u>1,030,078</u>	<u>338,048</u>	<u>1,368,126</u>	<u>738,161</u>
Noncurrent Liabilities:				
Net OPEB liability	234,447	-	234,447	284,667
Total Noncurrent Liabilities	<u>234,447</u>	<u>-</u>	<u>234,447</u>	<u>284,667</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows relating to pensions	2,602,991	-	2,602,991	1,757,963
Deferred inflows relating to OPEB	144,161	-	144,161	65,214
Total Deferred Inflows of Resources	<u>2,747,152</u>	<u>-</u>	<u>2,747,152</u>	<u>1,823,177</u>
NET POSITION				
Net investment in capital assets	33,875,242	2,990,735	36,865,977	36,681,386
Restricted	3,102,630	-	3,102,630	1,969,264
Unrestricted	8,202,196	5,762,298	13,964,494	12,010,975
Total Net Position	<u>45,180,068</u>	<u>8,753,033</u>	<u>53,933,101</u>	<u>50,661,625</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 49,191,745	\$ 9,091,081	\$ 58,282,826	\$ 53,507,630

The accompanying notes are an integral part of these financial statements.

LOWER GWYNEDD TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Summarized Comparative Data for the Year Ended December 31, 2019)

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES:						
General government	\$ 1,309,207	\$ 160,682	\$ -	\$ (531,119)	\$ -	\$ (925,186)
Public safety	4,018,044	595,083	-	(3,422,961)	-	(3,519,288)
Public works - highways and streets	1,517,764	3,720	754,780	(759,264)	-	(707,719)
Culture and recreation	494,529	5,773	-	(488,756)	-	(327,171)
Insurance	97,649	-	-	(97,649)	-	(61,140)
Workmen's compensation	128,128	-	-	(128,128)	-	(89,530)
Payments to fire companies	329,465	-	121,368	(208,097)	-	(195,246)
Interest on long-term debt	-	-	-	-	-	1,200
Depreciation, unallocated	707,098	-	-	(707,098)	-	(677,867)
TOTAL GOVERNMENTAL ACTIVITIES	8,601,884	1,221,982	1,036,830	(6,343,072)	-	(6,501,947)
BUSINESS-TYPE ACTIVITIES:						
Sewer and stormwater	2,223,262	2,732,484	-	-	509,222	732,666
TOTAL BUSINESS-TYPE ACTIVITIES	2,223,262	2,732,484	-	-	509,222	732,666
TOTAL PRIMARY GOVERNMENT	\$ 10,825,146	\$ 3,954,466	\$ 1,036,830	(6,343,072)	509,222	(5,769,281)
GENERAL REVENUES						
Taxes:						
Property taxes				1,671,221	-	1,693,397
Transfer taxes				624,989	-	440,543
Earned income taxes				5,408,875	-	4,667,100
Local service tax				388,901	-	387,083
Business privilege and mercantile taxes				587,459	-	460,173
Cable TV franchise fees				281,829	-	298,125
Investment income				74,865	29,866	352,129
Interfund transfers				(335,587)	335,587	-
Sale of assets				14,200	-	402
Miscellaneous				23,121	-	29,369
TOTAL GENERAL REVENUES				8,739,873	365,453	8,328,321
CHANGE IN NET POSITION				2,396,801	874,675	2,559,040
NET POSITION, BEGINNING OF YEAR				42,783,267	7,878,358	48,102,585
NET POSITION, END OF YEAR				\$ 45,180,068	\$ 8,753,033	\$ 53,933,101

The accompanying notes are an integral part of these financial statements.

**LOWER GWYNEDD TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2020**
(With Summarized Comparative Data for December 31, 2019)

	General Fund	Open Space Fund	Capital Reserve Fund	Traffic Impact Fund	Highway Aid Fund	Other Governmental Funds	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Cash and cash equivalents	\$ 3,746,831	\$ 1,347,968	\$ 4,359,937	\$ 911,472	\$ 687,471	\$ 541,085	\$ 11,594,764	\$ 9,804,351
Accounts receivable	105,863	-	-	236,950	-	-	342,813	217,434
Taxes receivable, net	982,999	-	-	-	-	4,497	987,496	804,537
Interest receivable	-	-	542	-	-	-	542	425
Prepaid expenditures	11,777	-	-	-	-	290	12,067	23,963
Due from other funds	209,455	483	11,203	-	-	1	221,142	90,174
TOTAL ASSETS	5,056,925	1,348,451	4,371,682	1,148,422	687,471	545,873	13,158,824	10,940,884
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Accounts payable and accrued expenses	207,475	299	285,268	244,009	271,840	13,787	1,022,678	354,726
Due to other funds	-	-	-	145,017	-	128,114	273,131	3,105
Deferred revenues	7,400	-	-	-	-	-	7,400	7,400
TOTAL LIABILITIES	214,875	299	285,268	389,026	271,840	141,901	1,303,209	365,231
FUND BALANCES								
Nonspendable	11,777	-	-	-	-	290	12,067	23,963
Restricted:								
Streets and highways	-	-	-	-	415,631	-	415,631	326,719
Street lighting	-	-	-	-	-	52,250	52,250	44,073
Fire protection	-	-	-	-	-	7,182	7,182	5,824
Fire hydrant	-	-	-	-	-	68,972	68,972	69,859
Recreation	-	-	-	-	-	275,016	275,016	265,416
Traffic impact fees	-	-	-	759,396	-	-	759,396	588,919
Debt service	-	-	-	-	-	262	262	7
Assigned:								
Capital projects	-	1,348,152	4,086,414	-	-	-	5,434,566	4,974,824
Unassigned	4,830,273	-	-	-	-	-	4,830,273	4,276,049
TOTAL FUND BALANCES	4,842,050	1,348,152	4,086,414	759,396	415,631	403,972	11,855,615	10,575,653
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,056,925	\$ 1,348,451	\$ 4,371,682	\$ 1,148,422	\$ 687,471	\$ 545,873	\$ 13,158,824	\$ 10,940,884

The accompanying notes are an integral part of these financial statements.

**LOWER GWYNEDD TOWNSHIP
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
DECEMBER 31, 2020**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 11,855,615
----------------------------------	---------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in the footnotes are included in the statement of net position.	33,875,242
--	------------

Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. In addition, the net pension asset is a not a financial resource and, therefore, is not reported in the funds.

Net pension asset	1,523,921
Net OPEB liability	(234,447)

Deferred inflows and outflows of resources related to the Township's net pension asset and net OPEB liability are based on the differences between actuarially determined actual and expected investment returns, differences between expected and actual experience, and changes in assumptions. Except for the differences between actual and expected investment returns, these amounts will be amortized over the estimated remaining average service life of the employees. Differences between actual and expected investment returns are amortized over a five-year period.

Deferred outflows relating to pensions	878,965
Deferred outflows relating to OPEB	27,924
Deferred inflows relating to pensions	(2,602,991)
Deferred inflows relating to OPEB	<u>(144,161)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 45,180,068</u>
---	----------------------

The accompanying notes are an integral part of these financial statements.

LOWER GWYNEDD TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Summarized Comparative Data for the Year Ended December 31, 2019)

	General Fund	Open Space Fund	Capital Reserve Fund	Traffic Impact Fund	Highway Aid Fund	Other Governmental Funds	Totals
	2020	2020	2020	2020	2020	2020	2020
REVENUES							
Taxes	\$ 8,045,755	-	-	\$ -	\$ -	\$ 635,690	\$ 8,681,445
Licenses and permits	331,213	-	-	-	-	-	331,213
Fines, forfeits, and costs	11,041	-	-	-	-	-	11,041
Interest and rents	281,114	7,236	30,320	4,143	3,244	2,909	328,966
Intergovernmental revenues	422,259	-	-	236,950	377,621	-	1,036,830
Charges for services/fees	648,236	10,237	-	242,210	-	6,773	907,456
Contributions	-	5,320	-	-	-	502	5,822
Miscellaneous revenue	17,299	-	-	-	-	-	17,299
TOTAL REVENUES	9,756,917	22,793	30,320	483,303	380,865	645,874	11,320,072
EXPENDITURES							
Current:							
General government	1,366,009	-	25,528	-	-	-	1,391,537
Public safety	4,533,073	-	58,652	-	-	-	4,591,725
Public works - highways and streets	873,787	-	413,861	412,826	291,953	50,074	2,042,501
Culture and recreation	3,193	600,900	26,530	-	-	467,364	1,097,987
Insurance	87,677	-	-	-	-	9,972	97,649
Workmen's Compensation	95,913	-	-	-	-	32,215	128,128
Payments to fire companies	-	-	-	-	-	329,465	329,465
Debt service	20,240	-	-	-	-	2,984	23,224
TOTAL EXPENDITURES	6,979,892	600,900	524,571	412,826	291,953	892,074	9,702,216
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,777,025	(578,107)	(494,251)	70,477	88,912	(246,200)	1,617,856
OTHER FINANCING SOURCES (USES)							
Refunds of prior year expenditures	(18,662)	-	-	-	-	-	(18,662)
Interfund transfers in	2,155	800,000	1,000,000	100,000	-	285,000	2,211,520
Interfund transfers out	46,520	-	(282,100)	-	-	(7)	(2,547,107)
Proceeds from sale of assets	(2,265,000)	-	14,200	-	-	-	14,200
TOTAL OTHER FINANCING SOURCES (USES)	(2,234,987)	800,000	732,100	100,000	-	284,993	(337,894)
NET CHANGE IN FUND BALANCES	542,038	221,893	237,849	170,477	88,912	18,793	1,279,962
FUND BALANCES, BEGINNING OF YEAR	4,300,012	1,126,259	3,848,565	588,919	326,719	385,179	10,575,653
FUND BALANCES, END OF YEAR	\$ 4,842,050	\$ 1,348,152	\$ 4,086,414	\$ 759,396	\$ 415,631	\$ 403,972	\$ 11,855,615

The accompanying notes are an integral part of these financial statements.

**LOWER GWYNEDD TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,279,962

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlays	\$ 1,113,628	
Depreciation expense	<u>(707,098)</u>	406,530

Governmental funds report repayment of debt principal as an expenditure. In contrast, the statement of net position treats such repayments as a reduction in long-term liabilities. 23,224

OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the Township's actuarial determined contribution, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (803)

Pension expense in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the Township's actuarial determined contribution, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 687,888

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,396,801

The accompanying notes are an integral part of these financial statements.

**LOWER GWYNEDD TOWNSHIP
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original	Final	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 6,877,461	\$ 6,877,461	\$ 8,045,755	\$ 1,168,294
Licenses and permits	346,660	346,660	331,213	(15,447)
Fines, forfeits, and costs	20,000	20,000	11,041	(8,959)
Interest and rents	352,620	352,620	281,114	(71,506)
Intergovernmental revenues	422,251	422,251	422,259	8
Charges for services/fees	653,205	653,205	648,236	(4,969)
Miscellaneous revenue	1,000	1,000	17,299	16,299
TOTAL REVENUES	<u>8,673,197</u>	<u>8,673,197</u>	<u>9,756,917</u>	<u>1,083,720</u>
EXPENDITURES				
General government	1,592,900	1,609,841	1,366,009	243,832
Public safety	4,623,319	4,657,262	4,533,073	124,189
Public works - highways and streets	1,013,932	1,013,932	873,787	140,145
Conservation	-	-	3,193	(3,193)
Insurance	87,677	87,677	87,677	-
Workmen's Compensation	95,641	95,641	95,913	(272)
Debt service	20,246	20,246	20,240	6
TOTAL EXPENDITURES	<u>7,433,715</u>	<u>7,484,599</u>	<u>6,979,892</u>	<u>504,707</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,239,482</u>	<u>1,188,598</u>	<u>2,777,025</u>	<u>1,588,427</u>
OTHER FINANCING SOURCES (USES)				
Refunds of prior year revenues	-	-	(18,662)	(18,662)
Refunds of prior year expenditures	-	-	2,155	2,155
Interfund transfers in	46,513	46,513	46,520	(7)
Interfund transfers out	(1,265,000)	(2,265,000)	(2,265,000)	-
TOTAL OTHER FINANCING USES	<u>(1,218,487)</u>	<u>(2,218,487)</u>	<u>(2,234,987)</u>	<u>(16,514)</u>
NET CHANGE IN FUND BALANCE	20,995	(1,029,889)	542,038	1,571,913
FUND BALANCE, BEGINNING OF YEAR	<u>4,300,012</u>	<u>4,300,012</u>	<u>4,300,012</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 4,321,007</u>	<u>\$ 3,270,123</u>	<u>\$ 4,842,050</u>	<u>\$ 1,571,913</u>

The accompanying notes are an integral part of these financial statements.

**LOWER GWYNEDD TOWNSHIP
BUDGETARY COMPARISON STATEMENT - TRAFFIC IMPACT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original	Final	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Interest and rents	\$ 16,000	\$ 16,000	\$ 4,143	\$ (11,857)
Intergovernmental revenues	1,027,470	1,027,470	236,950	(790,520)
Charges for services/fees	115,850	115,850	242,210	126,360
TOTAL REVENUES	1,159,320	1,159,320	483,303	(676,017)
EXPENDITURES				
General government	59,500	59,500	-	59,500
Public works - highways and streets	1,503,354	1,503,354	412,826	1,090,528
TOTAL EXPENDITURES	1,562,854	1,562,854	412,826	1,150,028
EXCESS OF REVENUES OVER EXPENDITURES				
OTHER FINANCING SOURCES				
Interfund transfers in	100,000	100,000	-	100,000
TOTAL OTHER FINANCING SOURCES	100,000	100,000	-	100,000
NET CHANGE IN FUND BALANCE	(303,534)	(303,534)	70,477	574,011
FUND BALANCE, BEGINNING OF YEAR	588,919	588,919	588,919	-
FUND BALANCE, END OF YEAR	\$ 285,385	\$ 285,385	\$ 659,396	\$ 574,011

The accompanying notes are an integral part of these financial statements.

**LOWER GWYNEDD TOWNSHIP
BUDGETARY COMPARISON STATEMENT - HIGHWAY AID FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original	Final	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Interest and rents	\$ 10,000	\$ 10,000	\$ 3,244	\$ (6,756)
Intergovernmental revenues	370,000	370,000	377,621	7,621
Charges for services/fees	3,720	3,720	-	-
TOTAL REVENUES	<u>383,720</u>	<u>383,720</u>	<u>380,865</u>	<u>865</u>
EXPENDITURES				
Public works - highways and streets	460,710	460,710	291,953	168,757
TOTAL EXPENDITURES	<u>460,710</u>	<u>460,710</u>	<u>291,953</u>	<u>168,757</u>
NET CHANGE IN FUND BALANCE	<u>(76,990)</u>	<u>(76,990)</u>	<u>88,912</u>	<u>169,622</u>
FUND BALANCE, BEGINNING OF YEAR	<u>326,719</u>	<u>326,719</u>	<u>326,719</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 249,729</u>	<u>\$ 249,729</u>	<u>\$ 415,631</u>	<u>\$ 169,622</u>

The accompanying notes are an integral part of these financial statements.

LOWER GWYNEDD TOWNSHIP
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2020
(With Summarized Comparative Data for December 31, 2019)

	Sewer	Sewer	Stormwater	Eliminations	Totals	
	Enterprise Fund	Reserve Fund	Fund		2020	2019
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 2,753,179	\$ 2,538,119	\$ 375,854	\$ -	\$ 5,667,152	\$ 4,694,459
Sewer fees receivable	233,514	-	-	-	233,514	194,332
Assessments receivable, current portion	-	-	-	-	-	16,384
Due from other funds	75,489	127,653	-	(127,653)	75,489	-
Prepaid expenses	240	-	-	-	240	-
Total Current Assets	<u>3,062,422</u>	<u>2,665,772</u>	<u>375,854</u>	<u>(127,653)</u>	<u>5,976,395</u>	<u>4,905,175</u>
Restricted Assets:						
Cash	147,451	-	-	-	147,451	175,825
Total Restricted Assets	<u>147,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,451</u>	<u>175,825</u>
Noncurrent Assets:						
Assessments receivable	-	-	-	-	-	1,340
Sewer infrastructure and equipment	21,824,664	-	-	-	21,824,664	21,793,547
Less: Accumulated depreciation	(18,833,929)	-	-	-	(18,833,929)	(18,557,649)
Total Noncurrent Assets	<u>2,990,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,990,735</u>	<u>3,237,238</u>
TOTAL ASSETS	<u>\$ 6,200,608</u>	<u>\$ 2,665,772</u>	<u>\$ 375,854</u>	<u>\$ (127,653)</u>	<u>\$ 9,114,581</u>	<u>\$ 8,318,238</u>
LIABILITIES AND NET POSITION						
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued expenses	\$ 149,282	\$ 40,657	\$ 660	\$ -	\$ 190,599	\$ 176,986
Escrow deposits	147,449	-	-	-	147,449	175,825
Due to other funds	127,653	-	23,500	(127,653)	23,500	87,069
Total Current Liabilities	<u>424,384</u>	<u>40,657</u>	<u>24,160</u>	<u>(127,653)</u>	<u>361,548</u>	<u>439,880</u>
NET POSITION						
Investment in capital assets	2,990,735	-	-	-	2,990,735	3,235,898
Unrestricted	2,785,489	2,625,115	351,694	-	5,762,298	4,642,460
Total Net Position	<u>5,776,224</u>	<u>2,625,115</u>	<u>351,694</u>	<u>-</u>	<u>8,753,033</u>	<u>7,878,358</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 6,200,608</u>	<u>\$ 2,665,772</u>	<u>\$ 375,854</u>	<u>\$ (127,653)</u>	<u>\$ 9,114,581</u>	<u>\$ 8,318,238</u>

The accompanying notes are an integral part of these financial statements.

LOWER GWYNEDD TOWNSHIP
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Summarized Comparative Data for the Year Ended December 31, 2019)

	Sewer Enterprise Fund	Sewer Reserve Fund	Stormwater Fund	Total	Eliminations	Totals
						2020
						2019
OPERATING REVENUES						
Charges for services	\$ 2,706,813	\$ -	\$ 15,760	\$ 2,722,573	\$ -	\$ 2,975,305
Other operating revenues	5,111	-	4,800	9,911	-	13,605
TOTAL OPERATING REVENUES	<u>2,711,924</u>	<u>-</u>	<u>20,560</u>	<u>2,732,484</u>	<u>-</u>	<u>2,988,910</u>
OPERATING EXPENSES						
Professional fees	18,363	-	-	18,363	-	23,152
Engineering fees	27,542	-	50,967	78,509	-	78,509
Rent	118,694	-	-	118,694	-	116,367
General operating expenses	463,105	-	-	463,105	-	509,041
Insurance	150,590	-	-	150,590	-	132,098
Workmen's Compensation	8,751	-	-	8,751	-	6,151
Depreciation	276,280	-	-	276,280	-	310,241
Maintenance expense	170,779	17,940	-	188,719	-	250,417
Treatment expenses	920,251	-	-	920,251	-	886,145
TOTAL OPERATING EXPENSES	<u>2,154,355</u>	<u>17,940</u>	<u>50,967</u>	<u>2,223,262</u>	<u>-</u>	<u>2,236,238</u>
OPERATING INCOME (LOSS)	<u>557,569</u>	<u>(17,940)</u>	<u>(30,407)</u>	<u>509,222</u>	<u>-</u>	<u>752,672</u>
NONOPERATING REVENUES						
Refund of prior year revenues	-	-	-	-	-	(20,006)
Interest and investment income	16,323	13,542	1	29,866	-	82,834
Sale of assets	-	-	-	-	-	402
TOTAL NONOPERATING REVENUES	<u>16,323</u>	<u>13,542</u>	<u>1</u>	<u>29,866</u>	<u>-</u>	<u>63,230</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>573,892</u>	<u>(4,398)</u>	<u>(30,406)</u>	<u>539,088</u>	<u>-</u>	<u>815,902</u>
Transfers in	-	600,000	382,100	982,100	(600,000)	-
Transfers out	(646,513)	-	-	(646,513)	600,000	(70,081)
CHANGE IN NET POSITION	<u>(72,621)</u>	<u>595,602</u>	<u>351,694</u>	<u>874,675</u>	<u>-</u>	<u>745,821</u>
NET POSITION, BEGINNING OF YEAR	<u>5,848,845</u>	<u>2,029,513</u>	<u>-</u>	<u>7,878,358</u>	<u>-</u>	<u>7,132,537</u>
NET POSITION, END OF YEAR	<u>\$ 5,776,224</u>	<u>\$ 2,625,115</u>	<u>\$ 351,694</u>	<u>\$ 8,753,033</u>	<u>\$ -</u>	<u>\$ 7,878,358</u>

The accompanying notes are an integral part of these financial statements.

LOWER GWYNEDD TOWNSHIP
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Summarized Comparative Data for the Year Ended December 31, 2019)

	Sewer Enterprise Fund	Sewer Reserve Fund	Stormwater Fund	Total	Eliminations	Totals
	2020	2020	2020	2020	2020	2020
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from users	\$ 2,614,977	\$ -	\$ 15,760	\$ 2,630,737	\$ -	\$ 2,630,737
Other cash receipts	-	-	4,800	4,800	-	4,800
Payments to and on behalf of employees	(435,618)	-	-	(435,618)	-	(435,618)
Payments to vendors and others	(1,523,384)	(11,369)	(26,807)	(1,561,560)	-	(1,561,560)
Receipts (return) of escrow deposits (net)	(28,376)	-	-	(28,376)	-	(28,376)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>627,599</u>	<u>(11,369)</u>	<u>(6,247)</u>	<u>609,983</u>	-	<u>609,983</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating transfers to other funds	(646,513)	-	-	(646,513)	600,000	(70,081)
Operating transfers from other funds	-	600,000	382,100	982,100	(600,000)	382,100
Refund of prior year revenues	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	402
NET CASH (USED) PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(646,513)</u>	<u>600,000</u>	<u>382,100</u>	<u>335,587</u>	-	<u>(89,685)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of capital assets	(31,117)	-	-	(31,117)	-	(96,536)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(31,117)</u>	<u>-</u>	<u>-</u>	<u>(31,117)</u>	<u>-</u>	<u>(96,536)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income	16,323	13,542	1	29,866	-	85,013
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>16,323</u>	<u>13,542</u>	<u>1</u>	<u>29,866</u>	<u>-</u>	<u>85,013</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(33,708)	602,173	375,854	944,319	-	640,090
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,934,338	1,935,946	-	4,870,284	-	4,230,194
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,900,630</u>	<u>\$ 2,538,119</u>	<u>\$ 375,854</u>	<u>\$ 5,814,603</u>	<u>\$ -</u>	<u>\$ 4,870,284</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 557,569	\$ (17,940)	\$ (30,407)	\$ 509,222	\$ -	\$ 752,672
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:						
Depreciation expense	276,280	-	-	276,280	-	310,241
(Increase) decrease in assets:						
Sewer fees receivable	(39,182)	-	-	(39,182)	-	(19,231)
Assessments receivable	17,724	-	-	17,724	-	11,751
Due from other funds	(75,489)	(31,117)	-	(106,606)	-	(96,536)
Prepaid expenses	(240)	-	-	(240)	-	8,975
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	(24,735)	37,688	660	13,613	-	(341,247)
Due to other funds	(55,952)	-	23,500	(32,452)	-	136,443
Escrow deposits	(28,376)	-	-	(28,376)	-	(21,770)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 627,599</u>	<u>\$ (11,369)</u>	<u>\$ (6,247)</u>	<u>\$ 609,983</u>	<u>\$ -</u>	<u>\$ 741,298</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION:						
Cash and cash equivalents	\$ 2,753,179	\$ 2,538,119	\$ 375,854	\$ 5,667,152	\$ -	\$ 4,694,459
Cash - restricted	147,451	-	-	147,451	-	175,825
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 2,900,630</u>	<u>\$ 2,538,119</u>	<u>\$ 375,854</u>	<u>\$ 5,814,603</u>	<u>\$ -</u>	<u>\$ 4,870,284</u>

The accompanying notes are an integral part of these financial statements.

LOWER GWYNEDD TOWNSHIP
STATEMENTS OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2020

	Custodial Fund		Trust Funds	
	Escrow Fund			
	2020	2019	2020	2019
ASSETS				
Cash and cash equivalents	\$ 990,966	\$ 975,884	\$ 589,960	\$ 584,986
Investments	-	-	25,387,092	21,845,995
Accounts receivable	-	-	4,565	568
TOTAL ASSETS	<u>\$ 990,966</u>	<u>\$ 975,884</u>	<u>\$ 25,981,617</u>	<u>\$ 22,431,549</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 7,137	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>7,137</u>	<u>-</u>
NET POSITION				
Restricted for developers	990,966	975,884	-	-
Held in trust for pension benefits	-	-	25,013,298	21,616,545
Held in trust for other postemployment benefits	-	-	961,182	815,004
TOTAL NET POSITION	<u>990,966</u>	<u>975,884</u>	<u>25,974,480</u>	<u>22,431,549</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 990,966</u>	<u>\$ 975,884</u>	<u>\$ 25,981,617</u>	<u>\$ 22,431,549</u>

The accompanying notes are an integral part of these financial statements.

LOWER GWYNEDD TOWNSHIP
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Custodial Fund		Trust Funds	
	Escrow Fund			
	2020	2019	2020	2019
ADDITIONS				
Contributions:				
Employer contribution	\$ -	\$ -	\$ 773,841	\$ 1,587,983
Employee contribution	-	-	117,104	121,645
Developer contribution	271,522	149,493	-	-
Total Contributions	<u>271,522</u>	<u>149,493</u>	<u>890,945</u>	<u>1,709,628</u>
Investment Income:				
Net realized/unrealized gain on investments	-	-	3,111,613	3,299,259
Interest and dividends, net of expenses	-	-	365,108	522,037
Net Investment Income	<u>-</u>	<u>-</u>	<u>3,476,721</u>	<u>3,821,296</u>
TOTAL ADDITIONS	<u>271,522</u>	<u>149,493</u>	<u>4,367,666</u>	<u>5,530,924</u>
DEDUCTIONS				
Return of developer contributions	256,440	1,570,072	-	-
Benefits paid	<u>-</u>	<u>-</u>	<u>824,735</u>	<u>753,748</u>
TOTAL DEDUCTIONS	<u>256,440</u>	<u>1,570,072</u>	<u>824,735</u>	<u>753,748</u>
CHANGE IN FIDUCIARY NET POSITION	15,082	(1,420,579)	3,542,931	4,777,176
NET POSITION, BEGINNING OF YEAR, RESTATED	<u>975,884</u>	<u>2,396,463</u>	<u>22,431,549</u>	<u>17,654,373</u>
NET POSITION, END OF YEAR	<u>\$ 990,966</u>	<u>\$ 975,884</u>	<u>\$ 25,974,480</u>	<u>\$ 22,431,549</u>

The accompanying notes are an integral part of these financial statements.

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Lower Gwynedd Township ("the Township") operates as a second class township under the laws of the Commonwealth of Pennsylvania. The Township provides the following services: general township administration, public safety, maintenance and repairs of highways and streets, health, culture and recreation, and public improvements.

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to government units.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Township is considered to be an independent reporting entity and has no component units.

Basis of Presentation and Accounting

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. 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

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

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

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

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

The Township reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

Open Space Fund (Capital Project Fund) – The Open Space Fund is used to account for financial resources to be used for the acquisition of open space.

Capital Reserve Fund (Capital Project Fund) – The Capital Reserve Fund is used to account for financial resources to be used for the acquisition or construction of major capital assets (other than those financed by the Open Space Fund and Proprietary Funds).

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Traffic Impact Fund (Special Revenue Fund) – The Traffic Impact Fund accounts for revenues received from transportation impact fees and similar revenues. Expenditures consist of improvements to the Township's roadways either by major capital installations or minor repairs.

Highway Aid Fund (Special Revenue Fund) – The Highway Aid Fund accounts for revenues received from the Municipal Liquid Fuels Program. Expenditures consist of projects to support construction, reconstruction, maintenance and repair of public roads or streets.

The Township reports the following major proprietary funds:

Sewer Enterprise Fund – The Sewer Enterprise Fund is used to account for activities that are financed and operated in a manner similar to private business, with the intent that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered, primarily through user charges.

Sewer Reserve Fund – The Sewer Reserve Fund is used for the accumulation of resources for capital expenditures to the sewer system.

Stormwater Fund – The Stormwater Fund is used to account for activities that are financed and operated in a manner similar to private business, with the intent that costs of providing goods or services on a continuing basis be financed or recovered, primarily through user charges.

Additionally, the Township reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for proceeds of specific revenue sources (other than trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Township's nonmajor Special Revenue Funds include the Street Lighting Fund, Fire Protection Fund, Fire Hydrant Fund, and Recreation Fund.

Debt Service Fund (Sinking Fund) – The Debt Service Fund is used to account for the accumulation of resources and the payment of interest and principal on all general obligation debt other than proprietary fund debt.

The Township reports the following major fiduciary funds:

Pension Trust Funds – Pension Trust Funds are used to account for assets held by the Township in a trustee capacity and include the Police Pension Fund, Non-Uniformed Employees' Pension Fund, Other Postemployment Benefits, and Defined Contribution Plan.

Custodial Fund – the Custodial Fund accounts for deposits received and held in escrow from developers and other entities to be used for legal, administrative, and other fees.

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fund Financial Statements – Fund financial statements report detailed information about the Township. The focus of governmental and proprietary 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities; and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

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

Fiduciary funds are reported using the economic resources measurement focus.

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.

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Budgets and Budgetary Accounting

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

1. During November, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year.
2. During November, the Township makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them.
3. Prior to December 31, the Township holds a public hearing to obtain taxpayer comments, after which the budget is legally adopted through passage of an ordinance.
4. All budget revisions require the approval of the Township Board of Supervisors.
5. Formal budgetary integration is employed as a management control device during the year.
6. Budgets are adopted on the modified accrual basis of accounting. All appropriations lapse at year end.

Cash and Cash Equivalents

Bank accounts, certificates of deposit, and investments in the Pennsylvania Local Government Investment Trust are all highly liquid investments and are considered to be cash and cash equivalents.

Taxes Receivable

Taxes receivable of the General Fund reflect amounts receivable for real estate taxes, mercantile taxes, business privilege taxes, real estate transfer taxes, and earned income taxes.

Investments

Investments consist of mutual funds (pensions) and are recorded at fair value.

In establishing the fair value of investments, the Township uses the following hierarchy. The lowest level of valuation available is used for all investments.

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Interfund Transactions

As a result of its operations, the Township has a variety of transactions between funds. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2020, appropriate interfund receivables or payables have been established.

Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been provided since management considers all accounts to be collectible. The Township is permitted to lien the customer's property if the customer does not remit payment for property taxes and sewer user fees.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities 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 (amount not rounded) or purchased with debt proceeds and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Buildings and building improvements	5 - 30 years
Furniture and equipment	5 - 30 years
Sewer system and equipment	5 - 25 years
Infrastructure	5 - 40 years

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Infrastructure

The Township has adopted the modified approach for valuing its infrastructure. The Township completes an annual assessment of conditions and maintains all infrastructure at an overall good or better condition level. As a result, costs have been estimated for the entire infrastructure system. If the yearly assessment maintains this overall condition level, no depreciation will be recorded. Annual maintenance costs for the roads will be expensed.

Use of Estimates in the Preparation of Financial Statements

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.

Real Estate Property Tax

Real estate property taxes attach as an enforceable lien on property on January 1. Taxes are billed March 1 and payable under the following terms: a two percent discount March 1 through April 30; face amount May 1 through June 30; and a 10 percent penalty after June 30. The Township employs an elected Tax Collector to collect the property tax levied. The Tax Collector remits Township taxes at least monthly and is paid a salary.

Because of the economic effects of the COVID-19 pandemic on the Township's residents, the Board of Commissioners extended the normal property tax calendar as follows for the 2020 tax year only: the two percent discount was available from March 1 through May 31; face amount was due between June 1 and July 31; and a 10 percent penalty was assessed from August 1 through December 31.

Compensated Absences

Township policy applicable to vacation and sick pay for employees is as follows:

Vacation Pay – Vacation should be used within the current year. Five days may be carried over to the following year.

Sick Pay – Full-time, non-uniformed employees are granted one sick day per month. Unused sick leave for non-uniformed employees may be accumulated up to 100 days. Uniformed employees are granted 1¼ days per month. Unused sick leave for uniformed employees may be accumulated up to 130 days. Any employee who terminates or retires shall receive no compensation for accumulated sick leave.

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the financial statements will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time. Certain changes to the net pension asset and net OPEB liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide and proprietary fund statements of net position.

Fund Balance

Fund balances of the governmental funds are classified, as applicable, as follows:

- ***Nonspendable Fund Balance*** – amounts that are not in spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.
- ***Restricted Fund Balance*** – amounts constrained to specific purposes by their providers (such as granters, 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 has delegated the authority to assign fund balance to the Township Manager.
- ***Unassigned Fund Balance*** – amounts available for any purpose. Positive amounts are reported only in the General Fund.

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 has a fund balance policy target range of 25 percent - 35 percent of budgeted expenditures. In the event the General Fund unassigned fund balance shall exceed the maximum target range of 35 percent, the Township Manager will present a plan for consideration by the Board of Supervisors to take actions and necessary steps to reduce the unassigned fund balance to within the target range of 25 - 35 percent.

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.

Net Position

Net position is classified as follows:

- **Net Investment In Capital Assets** – the Township's investment in capital assets plus any unspent funding from debt borrowings, reduced by accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.
- **Restricted** – amounts limited by external parties or legislation.
- **Unrestricted** – amounts available for consumption or not restricted in any manner.

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.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Summarized comparative information should be read in conjunction with the Township's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Implementation of GASB Statement

During the year ended December 31, 2020, the Township implemented GASB Statement No. 84, "Fiduciary Activities." The purpose of this statement is to establish criteria for identifying and reporting fiduciary activities in order to enhance the consistency and comparability, ultimately increasing the value of the information reported within the financial statements. The implementation of GASB Statement No. 84 resulted in a prior period adjustment to the Custodial Fund. See Note 14 for more information.

NOTE 2 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 is required by statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States of America, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit excluding the pension funds. As of December 31, 2020, \$1,249,000 was insured by the Federal Depository Insurance Corporation. The remaining \$17,957,414 of the Township's bank balance of \$19,206,414 was exposed to custodial credit risk as follows:

Governmental funds	\$ 11,012,439
Proprietary funds	5,614,048
Fiduciary funds	<u>1,330,927</u>
	<u>\$ 17,957,414</u>

Investments

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 – The Second Class Township Code authorizes the Township to invest in obligations of the U.S. Treasury, short-term obligations of the U.S. Government or its agencies or instrumentalities, obligations of the United States of America, the Commonwealth of

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 2 DEPOSITS AND INVESTMENTS (cont'd)

Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision and insured certificates of deposit.

Investments authorized for pension plans include any investment purchased or retained in the exercise of that degree of judgment and care which men of prudence exercise in the management of their own affairs.

The fair value of assets measured on a recurring basis at December 31, 2020 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>
Equity mutual funds	\$ 17,379,284	\$ 17,379,284
Fixed income mutual funds	7,541,014	7,541,014
Joint venture mutual funds	<u>466,794</u>	<u>466,794</u>
Total Investments	<u>\$ 25,387,092</u>	<u>\$ 25,387,092</u>

At December 31, 2020, there were no investments in any one organization that represented five percent or more of total investments other than mutual funds, which do not require disclosure of concentration.

NOTE 3 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balance 01/01/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/20</u>
<u>Governmental Activities</u>				
General capital assets not being depreciated:				
Land	\$ 11,242,736	\$ 570,930	\$ -	\$ 11,813,666
Infrastructure	13,287,675	-	-	13,287,675
Construction-in-progress	<u>322,816</u>	<u>320,480</u>	<u>(27,094)</u>	<u>616,202</u>
Total general capital assets not being depreciated	<u>24,853,227</u>	<u>891,410</u>	<u>(27,094)</u>	<u>25,717,543</u>
General capital assets being depreciated:				
Infrastructure	8,384,269	163,795	-	8,548,064
Buildings and building improvements	9,931,875	-	-	9,931,875
Furniture and equipment	<u>3,114,044</u>	<u>85,517</u>	<u>(66,623)</u>	<u>3,132,938</u>
Total general capital assets being depreciated	<u>21,430,188</u>	<u>249,312</u>	<u>(66,623)</u>	<u>21,612,877</u>

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS (cont'd)

	Balance 01/01/20	Additions	Deletions	Balance 12/31/20
Accumulated depreciation:				
Infrastructure	(4,384,743)	(252,250)	-	(4,636,993)
Buildings and building improvements	(6,353,718)	(225,041)	-	(6,578,759)
Furniture and equipment	(2,076,242)	(229,807)	66,623	(2,239,426)
Total accumulated depreciation	<u>(12,814,703)</u>	<u>(707,098)</u>	<u>66,623</u>	<u>(13,455,178)</u>
Total general capital assets being depreciated, net	<u>8,615,485</u>	<u>(457,786)</u>	<u>-</u>	<u>8,157,699</u>
 Governmental Activities, Net	 <u>\$ 33,468,712</u>	 <u>\$ 433,624</u>	 <u>\$ (27,094)</u>	 <u>\$ 33,875,242</u>
 <u>Business-type Activities</u>				
Sewer system and equipment	\$ 21,793,547	\$ 31,117	\$ -	\$ 21,824,664
Accumulated depreciation	<u>(18,557,649)</u>	<u>(276,280)</u>	<u>-</u>	<u>(18,833,929)</u>
 Business-type Activities Capital Assets, Net	 <u>\$ 3,235,898</u>	 <u>\$ (245,163)</u>	 <u>\$ -</u>	 <u>\$ 2,990,735</u>

Depreciation expense was charged to the following activities:

Governmental Activities:	
Unallocated depreciation	<u>\$ 707,098</u>
 Business-type Activities:	
Sewer	<u>\$ 276,280</u>

NOTE 4 DEBT

Promissory Note

A Promissory Note with Montgomery County, Pennsylvania commenced during 2016. The amount authorized was \$116,142 and is to be paid by the Township over a period of five years. In return, the Township will receive a county-wide police radio system. The note was interest free with annual payments from January 2016 through January 2020. As of December 31, 2020, the balance has been repaid.

The following is a summary of transactions affecting long-term obligations for the year ended December 31, 2020:

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 4 DEBT (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Note payable	\$ 23,224	\$ -	\$ 23,224	\$ -	\$ -
Net OPEB liability	284,667	-	50,220	234,447	-
TOTAL	\$ 307,891	\$ -	\$ 73,444	\$ 234,447	\$ -

NOTE 5 LEASED PROPERTY

In February 1989, the Township entered into a five-year, noncancelable agreement for the lease of office space, with an option to renew. The renewal option has been exercised every five years, with the lease now terminating in April 2024. For the year ended December 31, 2020, lease payments received by the Township were \$135,407.

A schedule of future lease payments in accordance with the agreement are as follows:

Year Ending December 31,

2021	\$ 139,128
2022	143,302
2023	147,601
2024	49,683
Total	\$ 479,714

NOTE 6 INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances were as follows:

	Due from Other Funds	Due to Other Funds
Governmental Funds:		
General Fund	\$ 209,455	\$ -
Capital Reserve Fund	11,203	-
Open Space Fund	483	-
Traffic Impact Fund	-	145,017
Nonmajor Governmental Funds	1	128,114
Proprietary Funds:		
Sewer Enterprise Fund	75,489	127,653
Sewer Reserve Fund	127,653	-
Stormwater Fund	-	23,500
	\$ 424,284	\$ 424,284

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 6 INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS (cont'd)

Interfund transfers were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 46,520	\$2,265,000
Open Space Fund	800,000	-
Capital Reserve Fund	1,000,000	282,100
Traffic Impact Fund	100,000	-
Nonmajor Governmental Funds	265,000	7
Proprietary Funds:		
Sewer Enterprise Fund	-	646,513
Sewer Reserve Fund	600,000	-
Stormwater Fund	382,100	-
	<u>\$3,193,620</u>	<u>\$3,193,620</u>

Interfund receivables/payables represent temporary borrowings between funds to support various fund activities. The most significant interfund transfers represent funds moved from the Sewer Enterprise Fund to the Sewer Reserve Fund for future capital projects, and funds moved from the General Fund to other funds for capital projects.

NOTE 7 RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township participates in the Delaware Valley Insurance Trust ("the Trust"). The Township entered into a participation agreement with certain surrounding townships in Montgomery and Bucks Counties, Pennsylvania, to form the Delaware Valley Insurance Trust. The Trust has created a self-insurance pool to offer coverage to eligible townships. The Township is participating in the Trust insurance coverage.

On April 1, 2006, the Township entered into an agreement to participate in the Delaware Valley Health Insurance Trust. The Delaware Valley Health Insurance Trust is a regional risk sharing pool providing health insurance benefits to employees and dependents of participating municipalities.

For the pool coverage, there is a total risk and cost sharing for all participants. Liabilities in excess of assets of the Trust may be assessed to participating members. Specific excess insurance is provided to protect against catastrophic losses.

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 7 RISK MANAGEMENT (cont'd)

Premiums are paid by the General Fund and reimbursed from the other funds for their share. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 8 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. Financial information of the Township's Police Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due as required by Act 205. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan Description

Plan Administration – The Township administers the Police Pension Plan as 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 plan is vested in the Investment Advisory Committee, which consists of up to eleven members – four Township residents appointed by the Township, two members of the Board of Supervisors, the Township Manager, the Assistant Township Manager, the Finance Director, one non-uniformed employee, and one sworn police officer. The Investment Advisory Committee is responsible for advising, reviewing, monitoring, and making recommendations to the Board of Supervisors of the Township as to the administrative, operation, and investment of the plan.

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

Retirees and beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not receiving benefits	-
Active plan members	<u>16</u>
 Total covered employees	 <u>31</u>

Benefits Provided – The plan provides retirement benefits as well as death and disability benefits. The normal retirement benefit is 50 percent of the member's monthly average compensation, plus \$400 per year for each full year of complete service after 25 years,

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

limited to a total increment of three years or \$1,200 per year. Average monthly salary is computed over the last 36 months of member's continuous employment including base salary plus longevity pay, overtime, night differential, and disability insurance benefits paid from the Township. If a member dies (not in the line of duty) prior to eligibility for pension benefits, then his designated beneficiary shall be entitled to a refund of his accumulated member contributions with interest. If the member dies and is survived by a spouse or dependent children, after having become eligible to receive a pension benefit, then a monthly pension benefit equal to 50 percent of the normal retirement benefit the member was receiving or would have been receiving is payable to the surviving spouse for life.

If there is no surviving spouse or the spouse dies, then it is payable to dependent children until age 18 or, if in college, until age 23. The surviving family of a police officer who is killed in the line of duty shall receive the benefits provided for by the Commonwealth of Pennsylvania, subject to the terms of Act 51 of 2009.

A member who suffers a total disability arising from a line of duty service-connected illness or injury that precludes him from performing his duties as a police officer shall receive a benefit equal to 50 percent of his salary at the time of disability less Social Security disability benefits.

Each member will be eligible for retirement on the day after the member completes 25 years of service and attains age 50 (age 55 for any employee hired on or after January 1, 2013). Each member shall be eligible for early retirement upon the completion of 20 years of service. This benefit will be reduced for early commencement. If a member leaves the employ of the Township or ceases to be a member by reason of transfer, resignation, discharge, or by reason of disability, he shall be vested in his benefit after 12 years of full-time service. His vested benefit payable at his normal retirement date is equal to 50 percent of his monthly average compensation multiplied by his service at termination divided by the service he would have had if he worked until his normal retirement date. In lieu of this benefit, he may elect to receive a refund of his contributions plus interest credited at the rate of five percent per annum, if any. Upon the termination of a member not entitled to vested benefits, he shall receive a refund of his contributions plus interest credited at the rate of five percent per annum, if any.

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

Contributions – Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation ("MMO"), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses, and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions and a credit equal to 10 percent of the excess (if any) of

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds to the Township, which the Township must use for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

As a condition of participation, participants are required to make contributions to the plan. The amount of the contribution is equal to five percent of the participant's pay.

The MMO obligation for the Police Pension Plan was \$477,270 for 2020. Contributions of \$511,213 were made to the Police Pension Plan for the year ended December 31, 2020, comprised of \$342,575 in Township contributions and \$168,638 in Commonwealth contributions.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the General Fund to increase plan earnings.

Investments

Investment Policy – The plan's policy in regard to the allocation of invested assets is established and may be amended by a motion of the Board of Supervisors. It is the policy of the Investment Advisory Committee to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Committee's adopted asset allocation policy as of December 31, 2020:

	Target Allocation
Domestic equity	45%
International equity	24%
Fixed income	29%
Cash	2%
	100%

Rate of Return – For the year ended December 31, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 15.55 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2020 are summarized in the following table:

	Long-term Expected Rate of Return
Domestic equity	5.0%
International equity	4.95%
Fixed income	3.63%
Cash	1.0%

Discount Rate – The discount rate is based on the long-term expected rate of return on plan investments that are expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania Law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100 percent funded status.

Net Pension Asset of the Township

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

Total pension liability	\$ 17,274,175
Fiduciary net position	(18,095,843)
Net pension asset	\$ (821,668)
Plan fiduciary net position as a percentage of the total pension liability	104.76%

The net pension asset was measured as of December 31, 2020, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. The Township's total pension liability used to calculate the net pension

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

asset is determined by the actuarial valuation. The changes in the net pension asset are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2019	\$ 15,356,902	\$ 15,639,716	\$ (282,814)
Changes for the year:			
Service cost	499,396	-	499,396
Interest	1,057,626	-	1,057,626
Changes in assumptions	923,072	-	923,072
Differences between expected and actual experience	24,845	-	24,845
Contributions - employer	-	511,213	(511,213)
Contributions - employee	-	117,104	(117,104)
Net investment income	-	2,415,476	(2,415,476)
Benefit payments	(587,666)	(587,666)	-
Net Changes	<u>1,917,273</u>	<u>2,456,127</u>	<u>(538,854)</u>
Balance at December 31, 2020	<u>\$ 17,274,175</u>	<u>\$ 18,095,843</u>	<u>\$ (821,668)</u>

The beginning fiduciary net position, benefit payment, and net investment income amounts above do not include investments held or benefits paid for deferred retirement option plans.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate – The following presents the net pension asset of the Township, calculated using the discount rate of 7.0 percent, as well as what the Township's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

	1% Decrease 6.00%	Current Rate Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset)	\$ 1,366,307	\$ (821,668)	\$ (2,631,384)

Pension Expense and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2020, the Township recognized pension income of \$11,890. As of year end, the Township reported deferred outflows and inflows related to the plan as follows:

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected expected experience	\$ 15,434	\$ 294,009
Changes of assumptions	617,932	-
Difference between actual and projected investment returns	-	1,661,833
Totals	\$ 633,366	\$1,955,842

The deferred amounts related to pension will be recognized in pension expense as follows:

Year Ended December 31,	
2021	\$ (328,272)
2022	(119,616)
2023	(608,309)
2024	(266,279)
	\$(1,322,476)

Actuarial Assumptions – The total pension liability as of December 31, 2020 was projected from the actuarial valuation as of January 1, 2019, using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Methods and Significant Assumptions

Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Remaining amortization period	11 years
Asset valuation method	Adjusted market value
Actuarial assumptions:	
Investment rate of return	7.50%
Discount rate	7.00%
Projected salary increases	5.50%
Inflation	3.00%
Cost of living adjustments	3.00%
Mortality	UP-1994 Table with projection scale AA for males and females

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

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 8 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

Deferred Retirement Option Program

An active member who has met the eligibility requirements for normal retirement may elect to participate in the Deferred Retirement Option Program ("DROP") for a period of not more than 48 months. The member's monthly pension shall be calculated as of their date of participation in the program and shall be distributed in a lump sum at retirement. As of December 31, 2020, there were no members participating in the DROP.

NOTE 9 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED EMPLOYEES' PENSION PLAN

Summary of Significant Accounting Policies

Non-Uniformed Employees' 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. Financial information of the Township's Non-Uniformed Employees' Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due as required by Act 205. Benefits and refunds are recognized when due and payable in accordance with the terms of the

Plan Description

Plan Administration – The Township administers the Non-Uniformed Employees' Pension Plan as a single employer defined benefit pension plan that provides pensions for all regular, full-time non-uniformed employees. 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 plan is vested in the Investment Advisory Committee, which consists of up to eleven members - four Township residents appointed by the Township, two members of the Board of Supervisors, the Township Manager, the Assistant Township Manager, the Finance Director, one non-uniformed employee, and one sworn police officer. The Investment Advisory Committee is responsible for advising, reviewing, monitoring, and making recommendations to the Board of Supervisors of the Township as to the administrative, operation, and investment of the plan.

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

Retirees and beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not receiving benefits	8
Active plan members	<u>12</u>
Total covered employees	<u>31</u>

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED EMPLOYEES' PENSION PLAN (cont'd)

Benefits Provided – The plan provides retirement benefits. The normal retirement benefit is 50 percent of the member's monthly average compensation, reduced for service less than 25 years. For members retiring early, the accrued benefit is reduced by half of one percent for each month the member's early retirement benefit precedes his normal retirement date. Monthly average salary is computed over the last 36 months of the member's continuous employment. Average monthly salary shall include all earnings reported to the IRS on Form W-2. If a vested member dies prior to age 60, then the plan will pay a survivor benefit equal to the present value of 50 percent of the actuarially reduced retirement benefit that would have been payable to the member under the Qualified Joint & Survivor Annuity. This survivor benefit is payable to the surviving spouse, and if no surviving spouse, then the benefit is divided equally among the surviving children. If a vested member dies on or after age 60 and is survived by a spouse or dependent children, then the amount of the monthly benefit shall be equal to 50 percent of the retirement benefit the member would have been receiving under the Qualified Joint & Survivor Annuity had he been retired when he died. This survivor benefit is payable to the surviving spouse and if no surviving spouse, then the benefit is payable to the dependent children until age 18.

The benefit provisions of the plan are established by Township ordinances.

Contributions – Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation ("MMO"), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses, and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10 percent of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds to the Township, which the Township must use for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan. Contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. Member contributions were not required during 2020.

The MMO obligation for the Non-Uniformed Pension Plan was \$186,052 for 2020. Contributions of \$202,993 were made to the Non-Uniformed Pension Plan for the year ended December 31, 2020, comprised of \$143,096 in Township contributions and \$60,897 in Commonwealth contributions.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the General Fund to increase plan earnings.

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED EMPLOYEES' PENSION PLAN (cont'd)

Investments

Investment Policy – The plan's policy in regard to the allocation of invested assets is established and may be amended by a motion of the Board of Supervisors. It is the policy of the Investment Advisory Committee to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Committee's adopted asset allocation policy as of December 31, 2020:

	Target Allocation
Domestic equity	45%
International equity	24%
Fixed income	29%
Cash	2%
	100%

Rate of Return – For the year ended December 31, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 15.68 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2020 (see the plan's investment policy) are summarized in the following table:

	Long-term Expected Rate of Return
Domestic equity	5.0%
International equity	4.95%
Fixed income	3.63%
Cash	1.0%

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED EMPLOYEES' PENSION PLAN (cont'd)

Discount Rate – The discount rate is based on the long-term expected rate of return on plan investments that are expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania Law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100 percent funded status.

Net Pension Asset of the Township

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

Total pension liability	\$ 6,039,222
Fiduciary net position	<u>(6,741,475)</u>
Net pension asset	<u>\$ (702,253)</u>
Plan fiduciary net position as a percentage of the total pension asset	111.63%

The net pension asset was measured as of December 31, 2020, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. The Township's total pension liability used to calculate the net pension asset is determined by the actuarial valuation. The changes in the net pension asset are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Asset</u>
Balance at December 31, 2019	<u>\$ 5,471,075</u>	<u>\$ 5,856,708</u>	<u>\$ (385,633)</u>
Changes for the year:			
Service cost	115,034	-	115,034
Interest	374,928	-	374,928
Changes in assumptions	293,367	-	293,367
Differences between expected and actual experience	14,750	-	14,750
Contributions - employer	-	202,993	(202,993)
Net investment loss	-	911,706	(911,706)
Benefit payments	<u>(229,932)</u>	<u>(229,932)</u>	-
Net Changes	<u>568,147</u>	<u>884,767</u>	<u>(316,620)</u>
Balance at December 31, 2020	<u>\$ 6,039,222</u>	<u>\$ 6,741,475</u>	<u>\$ (702,253)</u>

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED EMPLOYEES' PENSION PLAN (cont'd)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate – The following presents the net pension asset of the Township, calculated using the discount rate of 7.0 percent, as well as what the Township's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

	1% Decrease 6.00%	Current Rate Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset)	\$ 14,959	\$ (702,253)	\$ (1,310,250)

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions – For the year ended December 31, 2020, the Township recognized pension expense of \$38,208. As of year end, the Township reported deferred outflows and inflows related to the plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 9,076	\$ 10,458
Changes of assumptions	236,523	-
Difference between actual and projected investment returns	-	636,691
Totals	\$ 245,599	\$ 647,149

The deferred amounts related to pension will be recognized in pension expense as follows:

Year Ended December 31,

2021	\$ (34,641)
2022	(33,368)
2023	(232,630)
2024	(100,911)
	\$ (401,550)

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED EMPLOYEES’ PENSION PLAN (cont’d)

Actuarial Assumptions – The total pension liability as of December 31, 2020 was projected from the actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Methods and Significant Assumptions

Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Remaining amortization period	3 years
Asset valuation method	Adjusted market value
Actuarial assumptions:	
Investment rate of return	7.50%
Discount rate	7.00%
Projected salary increases	5.00%
Inflation	3.00%
Cost of living adjustments	3.00%
Mortality	UP-1994 Table with projection scale AA for males and females

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

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

The Township provides medical and prescription drug benefits to eligible retired employees, spouses, and dependents through a single employer defined benefit plan. Under GASB Statement No. 75, retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan. A plan report is available in the Township office.

Funding Policy

The Township negotiates the contribution percentage between the Township and employees through contracts and its personnel policy. The required contribution rates of the employer and the members vary depending on the applicable agreement. The Township currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. Administrative costs, which may include, but are not limited to, investment

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

management fees and actuarial services are charged to the General Fund to increase Trust earnings. For fiscal year 2020, the Township paid \$7,137 to plan members eligible for receiving benefits.

Participants

As of December 31, 2020, the Plan had 23 participants (18 active, 5 retired).

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of December 31, 2020. The total OPEB liability as of December 31, 2020 was determined by rolling forward the system's total OPEB liability as of the January 1, 2019 actuarial valuation to the December 31, 2020 measurement date using the actuarial assumptions noted below.

Discount Rate

Since the future contributions are estimated to be sufficient to fund the future benefits, the discount rate of 7.00 percent is based on the expected return on plan assets per the investment policy.

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, salary increases are considered to be 5.5 percent annually.

Withdrawal

Participants are assumed to terminate employment for reasons other than death, disability, or retirement in accordance with annual rates varying by age. The following table illustrates the assumed number of such terminations per year.

<u>Age</u>	<u>Rate</u>
25	5.35%
30	4.93%
35	4.61%
40	4.04%
45	3.57%
50	2.17%
55	1.38%

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Mortality

- UP-1994 Mortality Table
- Margin for mortality improvements: Scale AA, fully generational

Disability

No disability was assumed.

Retirement

One hundred percent at fully eligible, with four-year DROP period.

Percent of Eligible Retirees Electing Coverage in Plan

It is assumed that 100 percent of future eligible retirees will have coverage elsewhere and receive a stipend from the Township. It is further assumed that the future retirees will utilize 80 percent of the reimbursement. It is assumed that no one will opt in or opt out of coverage once initial retirement election is made. Eligible retirees are as follows: hired before January 2013, age 50 with 25 years of service; hired on or after January 2013, age 55 with 25 years of service.

Percent Married at Retirement

Seventy-five percent of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age

Wives are assumed to be three years younger than their husbands.

Per Capita Claims Cost

Future eligible retirees are assumed to have coverage elsewhere; we did not determine the per capita healthcare costs.

Healthcare Cost Trend Rate

The healthcare cost trend rate was 2.30 percent in 2019, 6.75 percent in 2020, 6.50 percent in 2021, 6.25 percent in 2022, 6.00 percent in 2023, and down to 4.50 by 2029.

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Actuarial Value of Assets

The actuarial value of assets is 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.

Net OPEB Liability of the Township

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

Total OPEB liability	\$ 1,202,766
Fiduciary net position	(968,319)
Net OPEB liability	<u>\$ 234,447</u>
Plan fiduciary net position as a percentage of the total OPEB liability	80.51%

The Township's total OPEB liability used to calculate the net OPEB liability is determined by the actuarial valuation. The changes in the net OPEB liability are as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at December 31, 2019	\$ 1,099,671	\$ 815,004	\$ 284,667
Changes for the year:			
Service cost	18,462	-	18,462
Interest	86,596	-	86,596
Changes in assumptions	(1,963)	-	(1,963)
Contributions - employer	-	25,000	(25,000)
Net investment gain	-	128,315	(128,315)
Benefit payments	(7,137)	(7,137)	-
Net Changes	<u>95,958</u>	<u>146,178</u>	<u>(50,220)</u>
Balance at December 31, 2020	<u>\$ 1,195,629</u>	<u>\$ 961,182</u>	<u>\$ 234,447</u>

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease 6.00%	Current Rate Discount Rate 7.00%	1% Increase 8.00%
Net OPEB liability	\$ 359,245	\$ 234,447	\$ 136,520

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	1% Decrease	Current Rate Healthcare Trend Rate	1% Increase
Net OPEB liability	\$ 116,094	\$ 234,447	\$ 368,454

The amount of OPEB expense for the single employer plan recognized by the Township was \$25,803 for the year ended December 31, 2020. At December 31, 2020, the Township reported deferred outflows and inflows of resources relating to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 27,924	\$ 104,847
Changes of assumptions	-	8,060
Difference between actual and projected investment returns	-	31,254
Totals	\$ 27,924	\$ 144,161

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Deferred outflows of resources due to the change in assumptions will be recognized in OPEB expense as follows:

Year Ending June 30,

2021	\$ (22,784)
2022	(22,784)
2023	(36,746)
2024	(20,957)
2025	(6,587)
Thereafter	<u>(6,379)</u>
	<u>\$ (116,237)</u>

NOTE 11 NET PENSION ASSETS, AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

The Township's aggregate net pension assets, and deferred inflows and outflows of resources are as follows:

	Net Pension Asset	Deferred Outflows of Resources	Deferred Inflows of Resources
Police (See Note 8)	\$ 821,668	\$ 633,366	\$ 1,955,842
Non-Uniformed (See Note 9)	<u>702,253</u>	<u>245,599</u>	<u>647,149</u>
Total	<u>\$ 1,523,921</u>	<u>\$ 878,965</u>	<u>\$ 2,602,991</u>

NOTE 12 DEFINED CONTRIBUTION PLAN

The Township provides pension benefits for all permanent employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after six months from the date of employment. The Township has 26 employees enrolled in the pension plan. The Township shall contribute on behalf of each participant the following percentage: after five months - four percent; after three years - six percent; after six years - eight percent; and after ten years - ten percent. The Township's Board of Supervisors is responsible for establishing plan benefits, contributions, and other provisions, and for approving all plan amendments. The Township's contributions for each employee, and interest allocated to the employee's account, are fully vested after five years of continuous service. Township contributions for, and interest forfeited by, employees who leave

LOWER GWYNEDD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

NOTE 12 DEFINED CONTRIBUTION PLAN (cont'd)

employment before five years of service are used to reduce the Township's current period contribution requirement. The Township's contributions for the year ended December 31, 2020 amounted to \$34,635.

NOTE 13 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund incurred expenditures in excess of appropriations in the following amounts for the year ended December 31, 2020:

Conservation	\$	3,193
Workmen's Compensation	\$	272

The excess expenditures were funded by greater than anticipated revenue.

NOTE 14 CHANGE IN ACCOUNTING PRINCIPLE

In accordance with the adoption of GASB Statement No. 84, as discussed in Note 1, the Township has restated its January 1, 2019 net position in its fiduciary activities to record the custodial funds' net position at December 31, 2019. The net result of this change is an increase of \$2,396,463 in net position of its custodial fund.

NOTE 15 UNCERTAINTIES

As a result of the spread of the COVID-19 coronavirus as of December 31, 2020, economic uncertainties have arisen which may negatively impact the Township's future operations. Other financial impact could occur though such potential impact is unknown at this time.

NOTE 16 SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through September 1, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LOWER GWYNEDD TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION

TREND DATA ON INFRASTRUCTURE CONDITION

The Township has elected to use the modified approach to account for maintenance of its street system. The Township annually inspects its streets and roads, and the Township Road Master uses an internal system based on the PASER Pavement Evaluation Program. The Road Master evaluates individual streets and roads based on a numbering system of one through ten, where a rating of ten represents a new or revitalized condition, and a rating of one represents a worn/exhausted condition. These condition ratings also reflect the life expectancy before milling and overlay work is needed. The assessment of condition is made by visual test designed to reveal any condition that would reduce highway-user benefits below the required level of service. The Township's policy is to maintain the street condition at a level of five or better. The following reports the average condition as of December 31, 2020 and for the two preceding periods:

Year	Average Condition
2018	6.488
2019	6.544
2020	6.976

The budgeted expenditures and amounts actually expended for maintenance and preservation for the past five years are as follows:

Year	Budget	Actual
2015	\$ 858,500	\$ 825,164
2016	781,890	755,616
2017	700,000	696,306
2018	566,255	572,910
2019	479,615	366,794
2020	624,594	607,990

**LOWER GWYNEDD TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY (ASSET),
RELATED RATIOS, AND INVESTMENT RETURNS - POLICE PENSION PLAN**

	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
Service cost	\$ 499,396	\$ 425,522	\$ 414,155	\$ 392,563	\$ 350,814	\$ 331,689	\$ 314,398
Interest on total pension liability	1,057,626	1,059,256	1,034,221	969,430	924,958	874,124	826,356
Changes in assumptions	923,072	109,015	-	-	-	-	-
Differences between expected and actual experience	24,845	(720,111)	-	(171,384)	-	(14,569)	-
Benefit payments, excluding DROP benefits	(587,666)	(502,568)	(497,964)	(509,059)	(510,965)	(514,424)	(493,278)
Net change in total pension liability	1,917,273	371,114	950,412	681,550	764,807	676,820	647,476
Total pension liability, beginning	15,356,902	14,985,788	14,035,376	13,353,826	12,589,019	11,912,199	11,264,723
Total pension liability, ending (a)	\$ 17,274,175	\$ 15,356,902	\$ 14,985,788	\$ 14,035,376	\$ 13,353,826	\$ 12,589,019	\$ 11,912,199
FIDUCIARY NET POSITION							
Employer contributions	\$ 511,213	\$ 1,106,711	\$ 769,672	\$ 806,378	\$ 764,786	\$ 761,497	\$ 786,937
Member contributions	117,104	121,645	108,160	104,613	99,622	92,219	83,418
Investment income (loss), net of investment expenses	2,415,476	2,656,624	(686,023)	1,912,527	716,596	4,056	462,698
Benefit payments, excluding DROP benefits	(587,666)	(502,568)	(497,964)	(509,059)	(510,965)	(514,424)	(705,817)
Net change in fiduciary net position	2,456,127	3,382,412	(306,155)	2,314,459	1,070,039	343,348	627,236
Fiduciary net position, beginning	15,639,716	12,257,304	12,563,459	10,249,000	9,178,961	8,635,613	8,208,377
Fiduciary net position, ending (b)	\$ 18,095,843	\$ 15,639,716	\$ 12,257,304	\$ 12,563,459	\$ 10,249,000	\$ 9,178,961	\$ 8,835,613
Net pension liability (asset) [(a) - (b)]	\$ (621,668)	\$ (282,814)	\$ 2,728,484	\$ 1,471,917	\$ 3,104,826	\$ 3,410,058	\$ 3,076,586
Plan fiduciary net position as a percentage of the total pension liability	104.76%	101.84%	81.79%	89.51%	76.75%	72.91%	74.17%
Covered payroll	\$ 2,184,338	\$ 2,449,651	\$ 2,170,474	\$ 2,069,024	\$ 2,008,638	\$ 1,844,364	\$ 1,668,327
Net pension liability (asset) as a percentage of covered payroll	-37.62%	-11.54%	125.71%	70.46%	154.58%	184.89%	184.41%
Annual money-weighted return, net of investment expenses	15.55%	21.09%	-5.40%	18.31%	7.55%	0.04%	5.58%

Notes on Pension Investments
The beginning fiduciary net position, benefit payment, and net investment income amounts above do not include investments held or benefits paid for deferred retirement option plans.

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

**LOWER GWYNEDD TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET PENSION LIABILITY (ASSET),
RELATED RATIOS, AND INVESTMENT RETURNS - NON-UNIFORMED PENSION PLAN**

	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
Service cost	\$ 115,034	\$ 96,099	\$ 101,256	\$ 96,435	\$ 145,646	\$ 145,184	\$ 138,271
Interest on total pension liability	374,928	383,255	355,733	338,964	324,467	296,908	273,329
Changes of assumptions	293,367	175,118	-	-	-	-	-
Differences between expected and actual experience	14,750	(31,323)	-	(89,588)	-	66,752	-
Benefit payments	(229,932)	(240,690)	(224,829)	(202,217)	(171,621)	(110,499)	(83,931)
Net change in total pension liability	568,147	384,459	232,160	143,594	298,492	398,345	327,669
Total pension liability, beginning	5,471,075	5,086,616	4,854,456	4,710,862	4,412,370	4,014,025	3,686,356
Total pension liability, ending (a)	\$ 6,039,222	\$ 5,471,075	\$ 5,086,616	\$ 4,854,456	\$ 4,710,862	\$ 4,412,370	\$ 4,014,025
FIDUCIARY NET POSITION							
Employer contributions	\$ 202,993	\$ 237,625	\$ 178,934	\$ 177,765	\$ 207,493	\$ 260,654	\$ 307,060
Investment income (loss), net of investment expenses	911,706	1,021,166	(257,996)	797,736	308,276	3,298	198,111
Benefit payments, excluding DROP benefits	(229,932)	(240,690)	(224,829)	(202,217)	(171,621)	(110,499)	(83,931)
Net change in fiduciary net position	884,767	1,018,101	(303,891)	773,284	344,148	153,453	421,240
Fiduciary net position, beginning	5,856,708	4,836,607	5,142,498	4,369,214	4,025,066	3,871,613	3,450,373
Fiduciary net position, ending (b)	\$ 6,741,475	\$ 5,856,708	\$ 4,838,607	\$ 5,142,498	\$ 4,369,214	\$ 4,025,066	\$ 3,871,613
Net pension liability (asset) [(a) - (b)]	\$ (702,253)	\$ (385,633)	\$ 248,009	\$ (288,042)	\$ 341,648	\$ 387,304	\$ 142,412
Plan fiduciary net position as a percentage of the total pension liability (asset)	111.63%	107.05%	95.12%	105.93%	92.75%	91.22%	96.45%
Covered payroll	\$ 928,617	\$ 977,952	\$ 978,917	\$ 958,383	\$ 1,004,002	\$ 1,395,263	\$ 1,389,910
Net pension liability (asset) as a percentage of covered payroll	-75.62%	-39.43%	25.34%	-30.05%	34.03%	27.76%	10.25%
Annual money-weighted return, net of investment expenses	15.68%	21.10%	-5.05%	18.27%	7.54%	0.08%	5.56%

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

**LOWER GWYNEDD TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY, INVESTMENT
RETURNS, AND RELATED RATIOS - OPEB PLAN**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>TOTAL OPEB LIABILITY</u>			
Service cost	\$ 18,462	\$ 23,846	\$ 28,734
Interest cost	86,596	69,397	77,847
Changes in assumptions	(1,963)	(93,945)	-
Differences between expected and actual experience	-	(41,794)	-
Benefits paid	<u>(7,137)</u>	<u>(10,490)</u>	<u>(10,558)</u>
 NET CHANGE IN TOTAL OPEB LIABILITY	 95,958	 (52,986)	 96,023
 TOTAL OPEB LIABILITY, BEGINNING OF YEAR	 <u>1,099,671</u>	 <u>1,152,657</u>	 <u>1,056,634</u>
 TOTAL OPEB LIABILITY, END OF YEAR	 <u>\$ 1,195,629</u>	 <u>\$ 1,099,671</u>	 <u>\$ 1,152,657</u>
 <u>PLAN FIDUCIARY NET POSITION</u>			
Investment gain	\$ 128,315	\$ 121,732	\$ (32,934)
Employer contributions	25,000	225,000	25,000
Benefits paid	<u>(7,137)</u>	<u>(10,490)</u>	<u>(10,558)</u>
 NET CHANGE IN FIDUCIARY NET POSITION	 146,178	 336,242	 (18,492)
 PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	 <u>815,004</u>	 <u>478,762</u>	 <u>497,254</u>
 PLAN FIDUCIARY NET POSITION, END OF YEAR	 <u>\$ 961,182</u>	 <u>\$ 815,004</u>	 <u>\$ 478,762</u>
 TOWNSHIP'S NET OPEB LIABILITY	 <u>\$ 234,447</u>	 <u>\$ 284,667</u>	 <u>\$ 673,895</u>
 Plan fiduciary net position as a percentage of total OPEB liability	 80.39%	 74.11%	 41.54%
 Covered employee payroll	 \$ 2,470,594	 \$ 2,449,851	 \$ 2,170,474
 Township's net pension liability as a percentage of covered payroll	 48.39%	 44.89%	 53.11%

Notes to Schedule

Cummulative Information: The requirement is to show information for 10 years; however, until a full 10-year trend is compiled, the Plan shall present information for the years for which information is available.

**LOWER GWYNEDD TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 477,270	\$ 561,743	\$ 741,647	\$ 787,378	\$ 764,786	\$ 711,497	\$ 563,368
Contributions in relation to the actuarially determined contribution	511,213	1,106,711	769,672	806,378	764,786	761,497	786,937
Contribution excess	<u>\$ (33,943)</u>	<u>\$ (544,968)</u>	<u>\$ (28,025)</u>	<u>\$ (19,000)</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ (223,569)</u>
Covered employee payroll	\$ 2,184,338	\$ 2,449,851	\$ 2,170,474	\$ 2,089,024	\$ 2,008,538	\$ 1,844,364	\$ 1,668,327
Contribution as a percentage of covered employee payroll	23.40%	45.17%	35.46%	38.60%	38.08%	41.29%	47.17%

Actuarial Methods and Significant Assumptions

Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Remaining amortization period	10 years
Asset valuation method	Adjusted market value
Actuarial Assumptions:	
Investment rate of return	7.50%
Discount rate	7.50%
Projected salary increases	5.50%
Inflation	3.00%
Cost of living adjustments	3.00%
Mortality	UP-1994 Table with projection scale AA

**LOWER GWYNEDD TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF EMPLOYER CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 186,052	\$ 170,137	\$ 163,365	\$ 173,265	\$ 207,493	\$ 210,654	\$ 186,797
Contributions in relation to the actuarially determined contribution	202,993	237,625	178,934	177,765	207,493	260,654	307,060
Contribution excess	<u>\$ (16,941)</u>	<u>\$ (67,488)</u>	<u>\$ (15,569)</u>	<u>\$ (4,500)</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ (120,263)</u>
Covered employee payroll	\$ 928,617	\$ 977,952	\$ 978,917	\$ 958,383	\$ 1,004,002	\$ 1,395,263	\$ 1,389,910
Contribution as a percentage of covered employee payroll	21.86%	24.30%	18.28%	18.55%	20.67%	18.68%	22.09%

Actuarial Methods and Significant Assumptions

Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Remaining amortization period	3 years
Asset valuation method	Adjusted market value
Actuarial Assumptions:	
Investment rate of return	7.50%
Discount rate	7.50%
Projected salary increases	5.00%
Inflation	3.00%
Cost of living adjustments	3.00%
Mortality	UP-1994 Table with projection scale AA

SUPPLEMENTARY INFORMATION

LOWER GWYNEDD TOWNSHIP
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Street Lighting Fund	Fire Protection Fund	Fire Hydrant Fund	Recreation Fund	Debt Service Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash and cash equivalents	\$ 54,207	\$ 35,043	\$ 77,350	\$ 374,337	\$ 148	\$ 541,085
Taxes receivable, net	167	1,356	279	2,582	113	4,497
Due from other funds	-	-	-	-	1	1
Prepaid expenses	-	-	-	290	-	290
TOTAL ASSETS	\$ 54,374	\$ 36,399	\$ 77,629	\$ 377,209	\$ 262	\$ 545,873
LIABILITIES AND FUND BALANCE						
LIABILITIES:						
Accounts payable	\$ 738	-	-	\$ 13,049	-	\$ 13,787
Due to other funds	1,386	29,217	8,657	88,854	-	128,114
TOTAL LIABILITIES	2,124	29,217	8,657	101,903	-	141,901
TOTAL LIABILITIES	2,124	29,217	8,657	101,903	-	141,901
FUND BALANCES:						
Nonspendable	-	-	-	290	-	290
Restricted:						
Street lighting	52,250	-	-	-	-	52,250
Fire protection	-	7,182	-	-	-	7,182
Fire hydrant	-	-	68,972	-	-	68,972
Recreation	-	-	-	275,016	-	275,016
Debt service	-	-	-	-	262	262
TOTAL FUND BALANCES	52,250	7,182	68,972	275,306	262	403,972
TOTAL LIABILITIES AND FUND BALANCES	\$ 54,374	\$ 36,399	\$ 77,629	\$ 377,209	\$ 262	\$ 545,873

LOWER GWYNEDD TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Street Lighting Fund	Fire Protection Fund	Fire Hydrant Fund	Recreation Fund	Debt Service Fund	Total
REVENUES						
Taxes	\$ 16,521	\$ 196,096	\$ 40,170	\$ 382,641	\$ 262	\$ 635,690
Interest and rents	280	333	393	1,903	-	2,909
Charges for services	-	-	-	6,773	-	6,773
Contributions	-	-	-	502	-	502
TOTAL REVENUES	<u>16,801</u>	<u>196,429</u>	<u>40,563</u>	<u>391,819</u>	<u>262</u>	<u>645,874</u>
EXPENDITURES						
Public works - highways and streets	8,624	-	41,450	-	-	50,074
Culture and recreation	-	-	-	467,364	-	467,364
Insurance	-	3,034	-	6,938	-	9,972
Workmen's Compensation	-	24,588	-	7,627	-	32,215
Payments to fire companies	-	329,465	-	-	-	329,465
Debt service	-	2,984	-	-	-	2,984
TOTAL EXPENDITURES	<u>8,624</u>	<u>360,071</u>	<u>41,450</u>	<u>481,929</u>	<u>-</u>	<u>892,074</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,177</u>	<u>(163,642)</u>	<u>(887)</u>	<u>(90,110)</u>	<u>262</u>	<u>(246,200)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	165,000	-	100,000	-	265,000
Transfers out	-	-	-	-	(7)	(7)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>165,000</u>	<u>-</u>	<u>100,000</u>	<u>(7)</u>	<u>264,993</u>
NET CHANGE IN FUND BALANCES	<u>8,177</u>	<u>1,358</u>	<u>(887)</u>	<u>9,890</u>	<u>255</u>	<u>18,793</u>
FUND BALANCES, BEGINNING OF YEAR	<u>44,073</u>	<u>5,824</u>	<u>69,859</u>	<u>265,416</u>	<u>7</u>	<u>385,179</u>
FUND BALANCES, END OF YEAR	<u>\$ 52,250</u>	<u>\$ 7,182</u>	<u>\$ 68,972</u>	<u>\$ 275,306</u>	<u>\$ 262</u>	<u>\$ 403,972</u>

**LOWER GWYNEDD TOWNSHIP
COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2020**

	Non-Uniformed Pension Fund	Police Pension Fund	Other Post- Employment Benefits	Defined Contribution Plan	Total
ASSETS					
Cash and cash equivalents	\$ 153,345	\$ 429,938	\$ 6,677	-	\$ 589,960
Investments	6,588,127	17,662,684	961,642	174,639	25,387,092
Accounts receivable	3	3,221	-	1,341	4,565
TOTAL ASSETS	<u>\$ 6,741,475</u>	<u>\$ 18,095,843</u>	<u>\$ 968,319</u>	<u>\$ 175,980</u>	<u>\$ 25,981,617</u>
LIABILITIES AND NET POSITION					
LIABILITIES					
Accounts payable	\$ -	-	\$ 7,137	-	\$ 7,137
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>7,137</u>	<u>-</u>	<u>7,137</u>
NET POSITION					
Restricted for pension benefits	6,741,475	18,095,843	-	175,980	25,013,298
Restricted for other postemployment benefits	-	-	961,182	-	961,182
TOTAL NET POSITION	<u>6,741,475</u>	<u>18,095,843</u>	<u>961,182</u>	<u>175,980</u>	<u>25,974,480</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 6,741,475</u>	<u>\$ 18,095,843</u>	<u>\$ 968,319</u>	<u>\$ 175,980</u>	<u>\$ 25,981,617</u>

**LOWER GWYNEDD TOWNSHIP
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Non-Uniformed Pension Fund	Police Pension Fund	Other Post- Employment Benefits	Defined Contribution Plan	Total
ADDITIONS					
Contributions:					
Employer contribution	\$ 202,993	\$ 511,213	\$ 25,000	\$ 34,635	\$ 773,841
Employee contribution	-	117,104	-	-	117,104
Total Contributions	<u>202,993</u>	<u>628,317</u>	<u>25,000</u>	<u>34,635</u>	<u>890,945</u>
Investment Income:					
Net realized/unrealized gain on investments	816,368	2,159,833	114,188	21,224	3,111,613
Interest and dividends, net of expenses	95,338	255,643	14,127	-	365,108
Net Investment Income	<u>911,706</u>	<u>2,415,476</u>	<u>128,315</u>	<u>21,224</u>	<u>3,476,721</u>
TOTAL ADDITIONS	<u>1,114,699</u>	<u>3,043,793</u>	<u>153,315</u>	<u>55,859</u>	<u>4,367,666</u>
DEDUCTIONS					
Benefits paid	229,932	587,666	7,137	-	824,735
TOTAL DEDUCTIONS	<u>229,932</u>	<u>587,666</u>	<u>7,137</u>	<u>-</u>	<u>824,735</u>
CHANGE IN NET POSITION	884,767	2,456,127	146,178	55,859	3,542,931
NET POSITION, BEGINNING OF YEAR	<u>5,856,708</u>	<u>15,639,716</u>	<u>815,004</u>	<u>120,121</u>	<u>22,431,549</u>
NET POSITION, END OF YEAR	<u>\$ 6,741,475</u>	<u>\$ 18,095,843</u>	<u>\$ 961,182</u>	<u>\$ 175,980</u>	<u>\$ 25,974,480</u>

OTHER REPORT



INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

September 1, 2021

Board of Supervisors
Lower Gwynedd Township
Spring House, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Lower Gwynedd Township ("the Township"), Spring House, Pennsylvania, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated September 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and

Board of Supervisors
Lower Gwynedd Township

corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP



September 1, 2021

Board of Supervisors
Lower Gwynedd Township
Spring House, Pennsylvania

In planning and performing our audit of the financial statements of Lower Gwynedd Township ("the Township") as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified a certain matter involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 1, 2021 on the financial statements of the Township. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comment is summarized as follows:

STATUS OF PRIOR YEAR RECOMMENDATIONS

ACCOUNTING PROCEDURES MANUAL

During our prior year audit, we noted that while the Township has prepared a few documents detailing the procedures and processes for performing various accounting functions, the Township does not have a comprehensive manual that outlines all the Township's accounting policies, internal control procedures, and detailed instructions on how to perform all the accounting functions of the finance department in one document.

Recommendation

We recommended that management prepare a comprehensive accounting policy manual that outlines the finance department's responsibilities and policies of the Township in sufficient detail so that a cross-trained employee would be able to perform these duties, if required.

Status

During our current year audit, we noted that a comprehensive accounting manual was being prepared and was still in draft format. We will review the status of the manual during our next engagement.

CURRENT YEAR RECOMMENDATIONS

None.

The accompanying comments and recommendations are intended solely for the information and use of the Board of Supervisors, management, and others within Lower Gwynedd Township, and should not be used by anyone other than these specified parties.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP



September 1, 2021

Board of Supervisors
Lower Gwynedd Township
Spring House, Pennsylvania

We have audited the financial statements of Lower Gwynedd Township ("the Township") as of and for the year ended December 31, 2020, and have issued our report thereon dated September 1, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 15, 2021, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Township solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope we previously communicated to you. However, audit completion was later than originally communicated to you due to delays in receiving certain information from management, most notably capital asset records and the management's discussion and analysis. We had previously communicated to you the audit would be finished in June 2021.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Township is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the Township changed its method of accounting for fiduciary activities by adopting Governmental Accounting Standards Board ("GASB") Statement No. 84, "Fiduciary Activities." Accordingly, net position as of January 1, 2019 in the fiduciary activities have been restated. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were the fair value of investments, net pension asset and the related deferred inflows and outflows of resources, other postemployment benefits, and accumulated depreciation and related depreciation expense.

- Management's estimate of the fair value of investments is based on the latest reported sales price at current exchange rates on a national exchange.
- Management's estimate of the net pension asset and the related deferred inflows and outflows of resources are based on actuarial assumptions.
- Management's estimate of the net other postemployment benefits liability and the related deferred inflows and outflows of resources are based on actuarial assumptions.
- Management's estimate of the accumulated depreciation and related depreciation expense is based on the estimated useful lives of property and equipment.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered During the Audit

We encountered delays receiving certain information from management. As a result, audit completion was delayed. Refer to the Planned Scope and Timing of the Audit section of this letter.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule summarizes uncorrected financial statement misstatements whose effect in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. No such misstatements were detected as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Township's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated September 1, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Township, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Township's auditor.

Board of Supervisors
Lower Gwynedd Township
page 4

This information is intended solely for the use of members of the Board of Supervisors and management of Lower Gwynedd Township and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

Client: 31791 - Lower Gwynedd Township
 Engagement: 31971 - Lower Gwynedd Township
 Period Ending: 12/31/2020
 Trial Balance: 3500.01 - Government Fund Trial Balance
 Workpaper: 3700.03 - Waived (Proposed) Entries Report
 Fund Level: All
 Index: All

Account	Description	W/P Ref	Debit	Credit
Fund: 01	General Fund			
Proposed Journal Entries JE # 501		7100.30		
To accrue the fourth quarter Comcast and Verizon franchise fees.				
01145000	ACCOUNTS RECEIVABLE		68,479.21	
01321800	CABLE TV FRANCHISE		4,076.86	
01279000	FUND BALANCE			72,556.07
Total			<u>72,556.07</u>	<u>72,556.07</u>
Fund: 01	Proposed Journal Entries		<u>72,556.07</u>	<u>72,556.07</u>
Fund: 01	Total All Journal Entries		<u>72,556.07</u>	<u>72,556.07</u>
All Funds	All Journal Entries		<u>72,556.07</u>	<u>72,556.07</u>



September 8, 2021

Mr. Craig McAnally
Township Manager
Lower Gwynedd Township
1130 North Bethlehem Pike
P.O. Box 625
Spring House, PA 19477-0625

Dear Mr. McAnally:

Attached are electronic copies of the Annual Audit and Financial Report and the Summary Financial Statement of Lower Gwynedd Township, Montgomery County for the year ended December 31, 2020.

We have also provided one hard copy of the Annual Audit and Financial Report which should be filed with the following agency:

- County Courthouse - Montgomery County

A self-addressed envelope has been provided for use in the above filing.

In addition, we have electronically filed your Annual Audit and Financial Report with the Department of Community and Economic Development. The electronic copy of the report should be posted on your website.

You are required to publish the Summary Financial Statement in a newspaper of general circulation in accordance with the applicable Township code.

In response to an increasing reliance on virtual communication, we will be providing bound copies of reports by request only. Please respond to this email or contact your engagement Partner if you require bound copies of your report.

We encourage you to share the attached electronic copies as deemed necessary.

Very truly yours,

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

/odl

Enclosures

LOWER GWYNEDD TOWNSHIP

**ANNUAL AUDIT
AND
FINANCIAL REPORT**

DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

September 1, 2021

To the Board of Supervisors
Lower Gwynedd Township
Spring House, Pennsylvania

Report on the Financial Statements

We have audited the accompanying annual audit and financial report ("financial statements") of Lower Gwynedd Township, Spring House, Pennsylvania, as of and for the year ended December 31, 2020, which comprise the balance sheet for each fund type as of December 31, 2020, and the related statement of revenues and expenditures for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Department of Community and Economic Development ("DCED") of the Commonwealth of Pennsylvania to demonstrate compliance with DCED's regulatory basis of accounting and budget laws. Management is also responsible 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

To the Board of Supervisors
Lower Gwynedd Township

error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the balance sheet of each of the fund types of Lower Gwynedd Township, Spring House, Pennsylvania, as of December 31, 2020, and the revenues it earned and the expenditures it incurred for the year then ended, in accordance with the financial reporting provisions of the DCED as described below.

Basis of Accounting

We draw attention to the basis of accounting, which is referenced in the second paragraph of this report. The financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by the DCED to demonstrate compliance with DCED's regulatory basis of accounting and budget laws, which practices differ from accounting principles generally accepted in the United States of America. As permitted by the DCED, Lower Gwynedd Township, Spring House, Pennsylvania, prepares its financial statements on the modified accrual basis of accounting. Under this basis, revenues primarily are recorded when measurable and available. Expenditures are recorded when the liability is incurred. Proprietary fund types utilize the accrual basis of accounting. Additionally, in accordance with the prescribed accounting practices permitted by the DCED, the Township does not include footnote disclosures. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. Our opinion is not modified with respect to this matter.

Purpose of This Report

The purpose of this report is solely for the information and use of management, the Board of Supervisors, others within Lower Gwynedd Township, Spring House, Pennsylvania, and for filing with the Department of Community and Economic Development and the County Courthouse. Accordingly, this communication is not suitable for any other purpose.

BARBACANE, THORNTON & COMPANY LLP

LOWER GWYNEDD TOWNSHIP
Summary Financial Statement
For the Year Ended December 31, 2020

INDEPENDENT AUDITOR'S REPORT ON
SUMMARY FINANCIAL STATEMENT

September 1, 2021

To the Board of Supervisors
Lower Gwynedd Township
Spring House, Pennsylvania

The accompanying summary financial statement of Lower Gwynedd Township, Spring House, Pennsylvania, as of and for the year ended December 31, 2020, which comprises the summary of assets, liabilities, fund equity, revenues, expenditures, and changes in fund equity, is derived from the annual audit and financial report of Lower Gwynedd Township, Spring House, Pennsylvania, as of and for the year ended December 31, 2020. We expressed an unmodified audit opinion on the annual audit and financial report in our report dated September 1, 2021. The audited financial statements, and the summary financial statement derived therefrom, do not reflect the effects of events, if any, which occurred subsequent to the date of our report on the audited financial statements.

The summary financial statement does not contain all the information required for a complete presentation under the accounting practices of the Department of Community and Economic Development ("DCED") of the Commonwealth of Pennsylvania. Reading the summary financial statement, therefore, is not a substitute for reading the audited annual audit and financial report of Lower Gwynedd Township, Spring House, Pennsylvania.

Management's Responsibility for the Summary Financial Statement

Management is responsible for the preparation of the summary financial statement in conformity with the accounting practices of the DCED.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statement is consistent, in all material respects, with the audited annual audit and financial report based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial

To the Board of Supervisors
Lower Gwynedd Township

statement with the related information in the audited annual audit and financial report from which the summary financial statement has been derived, and evaluating whether the summary financial statement is prepared in accordance with the basis described in the second paragraph of this report. We did not perform any audit procedures regarding the audited financial statements after the date of our report on those financial statements.

Opinion

In our opinion, the summary financial statement of Lower Gwynedd Township, Spring House, Pennsylvania, as of and for the year ended December 31, 2020 referred to above is consistent, in all material respects, with the audited annual audit and financial report from which it has been derived, in accordance with the basis described in the second paragraph of this report.

BARBACANE, THORNTON & COMPANY LLP



LOWER GWYNEDD TOWNSHIP

**ANNUAL AUDIT
AND
FINANCIAL REPORT**

DECEMBER 31, 2020



Department of Community & Economic Development
Governor's Center for Local Government Services
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
ph: 888-223-6837 | fax: 717-783-1402

2020 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

City of: _____ County: _____

Borough of: _____ County: _____

Township of: Lower Gwynedd County: Montgomery

Municipality of: _____ County: _____



INDEPENDENT AUDITOR'S REPORT

September 1, 2021

To the Board of Supervisors
Lower Gwynedd Township
Spring House, Pennsylvania

Report on the Financial Statements

We have audited the accompanying annual audit and financial report ("financial statements") of Lower Gwynedd Township, Spring House, Pennsylvania, as of and for the year ended December 31, 2020, which comprise the balance sheet for each fund type as of December 31, 2020, and the related statement of revenues and expenditures for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Department of Community and Economic Development ("DCED") of the Commonwealth of Pennsylvania to demonstrate compliance with DCED's regulatory basis of accounting and budget laws. Management is also responsible 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

To the Board of Supervisors
Lower Gwynedd Township

error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the balance sheet of each of the fund types of Lower Gwynedd Township, Spring House, Pennsylvania, as of December 31, 2020, and the revenues it earned and the expenditures it incurred for the year then ended, in accordance with the financial reporting provisions of the DCED as described below.

Basis of Accounting

We draw attention to the basis of accounting, which is referenced in the second paragraph of this report. The financial statements are prepared on the basis of the financial reporting provisions prescribed or permitted by the DCED to demonstrate compliance with DCED's regulatory basis of accounting and budget laws, which practices differ from accounting principles generally accepted in the United States of America. As permitted by the DCED, Lower Gwynedd Township, Spring House, Pennsylvania, prepares its financial statements on the modified accrual basis of accounting. Under this basis, revenues primarily are recorded when measurable and available. Expenditures are recorded when the liability is incurred. Proprietary fund types utilize the accrual basis of accounting. Additionally, in accordance with the prescribed accounting practices permitted by the DCED, the Township does not include footnote disclosures. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. Our opinion is not modified with respect to this matter.

Purpose of This Report

The purpose of this report is solely for the information and use of management, the Board of Supervisors, others within Lower Gwynedd Township, Spring House, Pennsylvania, and for filing with the Department of Community and Economic Development and the County Courthouse. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

THIS PAGE INTENTIONALLY LEFT BLANK.

Balance Sheet					
December 31, 2020					
		Governmental Funds			
Assets and Other Debits		<i>General Fund</i>	<i>Special Revenue (Including State Liquid Fuels)</i>	<i>Capital Projects</i>	<i>Debt Service</i>
100-120	Cash and Investments	3,746,831	2,139,880	5,707,905	148
140-144	Tax Receivable	982,999	4,384	-	113
121-129					
145-149	Accounts Receivable (excluding taxes)	105,863	236,950	542	-
130	Due From Other Funds	209,455	-	11,686	1
131-139					
150-159	Other Current Assets	11,777	290	-	-
160-169	Fixed Assets	-	-	-	-
180-189	Other Debits	-	-	-	-
Total Assets and Other Debits		\$ 5,056,925	\$ 2,381,504	\$ 5,720,133	\$ 262

Liabilities and Other Credits					
210-229	Payroll Taxes and Other Payroll Withholdings	97,430	8,977	-	-
200-209					
231-239	All Other Current Liabilities	110,045	520,659	285,567	-
230	Due To Other Funds	-	273,131	-	-
260-269	Long-Term Liabilities	-	-	-	-
240-259	Current Portion of Long-Term Debt and Other Credits	7,400	-	-	-
Total Liabilities and Other Credits		\$ 214,875	\$ 802,767	\$ 285,567	\$ -

Fund and Account Group Equity					
281-284	Contributed Capital	-	-	-	-
290	Investment in General Fixed Assets	-	-	-	-
270-289	Fund Balance / Retained Earnings on 12/31	4,842,050	1,578,737	5,434,566	262
291-299	Other Equity	-	-	-	-
Total Fund and Account Group Equity		\$ 4,842,050	\$ 1,578,737	\$ 5,434,566	\$ 262

Total Assets and Other Debits minus Total Liabilities and Other Credits must Equal the Total Fund and Account Group Equity.

		Proprietary Funds		Fiduciary Fund	Account Groups		Total
		Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Memorandum Only
100-120	Cash and Investments	5,805,431	-	26,968,018	-	-	44,368,213
140-144	Tax Receivable	-	-	-	-	-	987,496
121-129	Accounts Receivable (excluding taxes)	233,514	-	4,565	-	-	581,434
145-149							
130	Due From Other Funds	75,489	-	-	-	-	296,631
131-139	Other Current Assets	9,412	-	-	-	-	21,479
150-159							
160-169	Fixed Assets	2,990,735	-	-	33,875,242	-	36,865,977
180-189	Other Debits	-	-	-	-	-	-
Total Assets and Other Debits		\$ 9,114,581	\$ -	\$ 26,972,583	\$ 33,875,242	\$ -	\$ 83,121,230

Liabilities and Other Credits									
210-229	Payroll Taxes and Other Payroll Withholdings	4,047	-	-	-	-	-	-	110,454
200-209	All Other Current Liabilities	334,001	-	998,103	-	-	-	-	2,248,375
231-239									
230	Due To Other Funds	23,500	-	-	-	-	-	-	296,631
260-269	Long-Term Liabilities	-	-	-	-	-	-	-	-
240-259	Current Portion of Long-Term Debt and Other Credits	-	-	-	-	-	-	-	7,400
Total Liabilities and Other Credits		\$ 361,548	\$ -	\$ 998,103	\$ -	\$ -	\$ -	\$ -	\$ 2,662,860

Fund and Account Group Equity									
281-284	Contributed Capital	-	-	-	-	-	-	-	-
290	Investment in General Fixed Assets	-	-	-	33,875,242	-	-	-	33,875,242
270-289	Fund Balance / Retained Earnings on 12/31	8,753,033	-	25,974,480	-	-	-	-	46,583,128
291-299	Other Equity	-	-	-	-	-	-	-	-
Total Fund and Account Group Equity		\$ 8,753,033	\$ -	\$ 25,974,480	\$ 33,875,242	\$ -	\$ -	\$ -	\$ 80,458,370

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY	\$ 83,121,230
--	----------------------

Total Assets and Other Debits minus Total Liabilities and Other Credits must Equal the Total Fund and Account Group Equity.

Statement of Revenues and Expenditures					
December 31, 2020					
REVENUES		GOVERNMENTAL FUNDS			
		<i>General Fund</i>	<i>Special Revenue (Including State Liquid Fuels)</i>	<i>Capital Projects</i>	<i>Debt Service</i>
Taxes					
301.00	Real Estate Taxes	1,035,531	635,428	-	262
305.00	Occupation Taxes (levied under municipal code)	-	-	-	-
308.00	Residence Taxes (levied by cities of the third class)	-	-	-	-
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)	-	-	-	-
310.00	Per Capita Taxes	-	-	-	-
310.10	Real Estate Transfer Taxes	624,989	-	-	-
310.20	Earned Income Taxes/Wage Taxes	5,408,875	-	-	-
310.30	Business Gross Receipts Taxes	587,459	-	-	-
310.40	Occupation Taxes (levied under Act 511)	-	-	-	-
310.50	Local Services Tax**	388,901	-	-	-
310.60	Amusement/Admission Taxes	-	-	-	-
310.70	Mechanical Device Taxes	-	-	-	-
310.90	Other Local Tax Enabling Act/Act 511 Taxes (Please List)	-	-	-	-
Total Taxes		\$ 8,045,755	\$ 635,428	\$ -	\$ 262

Licenses and Permits					
320-322	All Other Licenses and Permits	49,384	-	-	-
321.80	Cable Television Franchise Fees	281,829	-	-	-
Total Licenses and Permits		\$ 331,213	\$ -	\$ -	\$ -

Fines and Forfeits					
330-332	Fines and Forfeits	11,041	-	-	-
Total Fines and Forfeits		\$ 11,041	\$ -	\$ -	\$ -

Interest, Rents, and Royalties					
341.00	Interest Earnings	27,013	10,296	37,556	-
342.00	Rents and Royalties	254,101	-	10,237	-
Total Interest, Rents, and Royalties		\$ 281,114	\$ 10,296	\$ 47,793	\$ -

** This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise	Internal Service	Trust and Agency	Memorandum Only
Taxes					
301.00	Real Estate Taxes	-	-	-	1,671,221
305.00	Occupation Taxes (levied under municipal code)	-	-	-	-
308.00	Residence Taxes (levied by cities of the third class)	-	-	-	-
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)	-	-	-	-
310.00	Per Capita Taxes	-	-	-	-
310.10	Real Estate Transfer Taxes	-	-	-	624,989
310.20	Earned Income Taxes/Wage Taxes	-	-	-	5,408,875
310.30	Business Gross Receipts Taxes	-	-	-	587,459
310.40	Occupation Taxes (levied under Act 511)	-	-	-	-
310.50	Local Services Tax**	-	-	-	388,901
310.60	Amusement/Admission Taxes	-	-	-	-
310.70	Mechanical Device Taxes	-	-	-	-
310.90	Other Local Tax Enabling Act/Act 511 Taxes (Please List)	-	-	-	-
Total Taxes		\$ -	\$ -	\$ -	\$ 8,681,445

Licenses and Permits		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
320-322	All Other Licenses and Permits	-	-	-	49,384
321.80	Cable Television Franchise Fees	-	-	-	281,829
Total Licenses and Permits		\$ -	\$ -	\$ -	\$ 331,213

Fines and Forfeits		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
330-332	Fines and Forfeits	-	-	-	11,041
Total Fines and Forfeits		\$ -	\$ -	\$ -	\$ 11,041

Interest, Rents, and Royalties		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
341.00	Interest Earnings	29,866	-	3,476,721	3,581,452
342.00	Rents and Royalties	-	-	-	264,338
Total Interest, Rents, and Royalties		\$ 29,866	\$ -	\$ 3,476,721	\$ 3,845,790

** This tax was known as the Occupational Privilege Tax (OPT) prior to 2005 and the Emergency and Municipal Services Tax prior to 2008.

INTERGOVERNMENTAL REVENUES		GOVERNMENTAL FUNDS			
Federal		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
351.03	Highways and Streets	-	-	-	-
351.09	Community Development	-	-	-	-
351.00	All Other Federal Capital and Operating Grants	11,780	-	-	-
352.01	National Forest	-	-	-	-
352.00	All Other Federal Shared Revenue and Entitlements	-	-	-	-
353.00	Federal Payments in Lieu of Taxes	-	-	-	-
Total Federal		\$ 11,780	\$ -	\$ -	\$ -

State		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
354.03	Highway and Streets	-	-	-	-
354.09	Community Development	-	-	-	-
354.15	Recycling/Act 101	-	-	-	-
354.00	All Other State Capital and Operating Grants	-	236,950	-	-
355.01	Public Utility Realty Tax (PURTA)	7,492	-	-	-
355.02- 355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback	-	377,621	-	-
355.04	Alcoholic Beverage Licenses	1,200	-	-	-
355.05	General Municipal Pension System State Aid	280,419	-	-	-
355.07	Foreign Fire Insurance Tax Distribution	121,368	-	-	-
355.08	Local Share Assessment/Gaming Proceeds	-	-	-	-
355.09	Marcellus Shale Impact Fee Distribution**	-	-	-	-
355.00	All Other State Shared Revenues and Entitlements	-	-	-	-
356.00	State Payments in Lieu of Taxes	-	-	-	-
Total State		\$ 410,479	\$ 614,571	\$ -	\$ -

Local Governmental Units		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
357.03	Highways and Streets	-	-	-	-
357.00	All Other Local Governmental Units Capital and Operating Grants	-	-	-	-
358.00	Local Governmental Unit Shared Payments for Contracted Intergovernmental Services	-	-	-	-
359.00	Local Governmental Units, Authorities Payments, and Payments in Lieu of Taxes	-	-	-	-
Total Local Government Units		\$ -	\$ -	\$ -	\$ -

DCED-CLGS-30 (12/2020)
 2020 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

INTERGOVERNMENTAL REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
Federal		Enterprise	Internal Service	Trust and Agency	Memorandum Only
351.03	Highways and Streets	-	-	-	-
351.09	Community Development	-	-	-	-
351.00	All Other Federal Capital and Operating Grants	-	-	-	11,780
352.01	National Forest	-	-	-	-
352.00	All Other Federal Shared Revenue and Entitlements	-	-	-	-
353.00	Federal Payments in Lieu of Taxes	-	-	-	-
Total Federal		\$ -	\$ -	\$ -	\$ 11,780

State					
354.03	Highway and Streets	-	-	-	-
354.09	Community Development	-	-	-	-
354.15	Recycling/Act 101	-	-	-	-
354.00	All Other State Capital and Operating Grants	-	-	-	236,950
355.01	Public Utility Realty Tax (PURTA)	-	-	-	7,492
355.02- 355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback	-	-	-	377,621
355.04	Alcoholic Beverage Licenses	-	-	-	1,200
355.05	General Municipal Pension System State Aid	-	-	-	280,419
355.07	Foreign Fire Insurance Tax Distribution	-	-	-	121,368
355.08	Local Share Assessment/Gaming Proceeds	-	-	-	-
355.09	Marcellus Shale Impact Fee Distribution**	-	-	-	-
355.00	All Other State Shared Revenues and Entitlements	-	-	-	-
356.00	State Payments in Lieu of Taxes	-	-	-	-
Total State		\$ -	\$ -	\$ -	\$ 1,025,050

Local Governmental Units					
357.03	Highways and Streets	-	-	-	-
357.00	All Other Local Governmental Units Capital and Operating Grants	-	-	-	-
358.00	Local Governmental Unit Shared Payments for Contracted Intergovernmental Services	-	-	-	-
359.00	Local Governmental Units, Authorities Payments, and Payments in Lieu of Taxes	-	-	-	-
Total Local Governmental Units		\$ -	\$ -	\$ -	\$ -

TOTAL INTERGOVERNMENTAL REVENUES	\$ 1,036,830
---	---------------------

REVENUES		GOVERNMENTAL FUNDS			
Charges for Service		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
361.00	General Government	60,474	243,210	-	-
362.00	Public Safety	584,042	-	-	-
363.20	Parking	-	-	-	-
363.00	All Other Charges for Highway and Streets Services	3,720	-	-	-
364.10	Wastewater/Sewage Charges	-	-	-	-
364.30	Solid Waste Collection and Disposal Charge (trash)	-	-	-	-
364.60	Host Municipality Benefit Fee for Solid Waste Facility	-	-	-	-
364.00	All Other Charges for Sanitation Services	-	-	-	-
365.00	Health	-	-	-	-
366.00	Human Services	-	-	-	-
367.00	Culture and Recreation	-	5,773	-	-
368.00	Airports	-	-	-	-
369.00	Bars	-	-	-	-
370.00	Cemeteries	-	-	-	-
372.00	Electric System	-	-	-	-
373.00	Gas System	-	-	-	-
374.00	Housing System	-	-	-	-
375.00	Markets	-	-	-	-
377.00	Transit Systems	-	-	-	-
378.00	Water System	-	-	-	-
379.00	All Other Charges for Service	-	-	-	-
Total Charges for Service		\$ 648,236	\$ 248,983	\$ -	\$ -

Unclassified Operating Revenues					
383.00	Assessments	-	-	-	-
386.00	Escheats (sale of personal property)	-	-	-	-
387.00	Contributions and Donations from Private Sectors	16,328	502	5,320	-
388.00	Fiduciary Fund Pension Contributions				
389.00	All Other Unclassified Operating Revenues***	971	-	-	-
Total Unclassified Operating Revenues		\$ 17,299	\$ 502	\$ 5,320	\$ -

Other Financing Sources					
391.00	Proceeds of General Fixed Asset Disposition	-	-	14,200	-
392.00	Interfund Operating Transfers**	46,520	365,000	1,800,000	-
393.00	Proceeds of General Long-Term Debt	-	-	-	-
394.00	Proceeds of Short-Term Debt	-	-	-	-
395.00	Refunds of Prior Year Expenditures	2,155	-	-	-
Total Other Financing Sources		\$ 48,675	\$ 365,000	\$ 1,814,200	\$ -

TOTAL REVENUES	\$ 9,805,592	\$ 1,874,780	\$ 1,867,313	\$ 262
-----------------------	---------------------	---------------------	---------------------	---------------

**The total of line 392.00 must match the total of line 492.00

*** This amount cannot be greater than 1% of "TOTAL REVENUES" in each of the funds.

2020 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT | STATEMENT OF REVENUES AND EXPENDITURES

REVENUES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
Charges for Service		Enterprise	Internal Service	Trust and Agency	Memorandum Only
361.00	General Government	-	-	-	303,684
362.00	Public Safety	-	-	-	584,042
363.20	Parking	-	-	-	-
363.00	All Other Charges for Highway and Streets Services	-	-	-	3,720
364.10	Wastewater/Sewage Charges	2,711,078	-	-	2,711,078
364.30	Solid Waste Collection and Disposal Charge (trash)	-	-	-	-
364.60	Host Municipality Benefit Fee for Solid Waste Facility	-	-	-	-
364.00	All Other Charges for Sanitation Services	-	-	-	-
365.00	Health	-	-	-	-
366.00	Human Services	-	-	-	-
367.00	Culture and Recreation	-	-	-	5,773
368.00	Airports	-	-	-	-
369.00	Bars	-	-	-	-
370.00	Cemeteries	-	-	-	-
372.00	Electric System	-	-	-	-
373.00	Gas System	-	-	-	-
374.00	Housing System	-	-	-	-
375.00	Markets	-	-	-	-
377.00	Transit Systems	-	-	-	-
378.00	Water System	-	-	-	-
379.00	All Other Charges for Service	15,761	-	-	15,761
Total Charges for Service		\$ 2,726,839	\$ -	\$ -	\$ 3,624,058

Unclassified Operating Revenues					
383.00	Assessments	845	-	-	845
386.00	Escheats (sale of personal property)	-	-	-	-
387.00	Contributions and Donations from Private Sectors	4,800	-	-	26,950
388.00	Fiduciary Fund Pension Contributions			890,945	890,945
389.00	All Other Unclassified Operating Revenues***	-	-	-	971
Total Unclassified Operating Revenues		\$ 5,645	\$ -	\$ 890,945	\$ 919,711

Other Financing Sources					
391.00	Proceeds of General Fixed Asset Disposition	-	-	-	14,200
392.00	Interfund Operating Transfers**	382,100	-	-	2,593,620
393.00	Proceeds of General Long-Term Debt	-	-	-	-
394.00	Proceeds of Short-Term Debt	-	-	-	-
395.00	Refunds of Prior Year Expenditures	-	-	-	2,155
Total Other Financing Sources		\$ 382,100	\$ -	\$ -	\$ 2,609,975

TOTAL REVENUES		\$ 3,144,450	\$ -	\$ 4,367,666	\$ 21,060,063
-----------------------	--	---------------------	-------------	---------------------	----------------------

**The total of line 392.00 must match the total of line 492.00

*** This amount cannot be greater the 1% of "TOTAL REVENUES" in each of the funds.

EXPENDITURES		GOVERNMENTAL FUNDS			
General Government		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
400.00	Legislative (Governing) Body	141,035	-	-	-
401.00	Executive (Manager or Mayor)	401,885	-	6,554	-
402.00	Auditing Services/Financial Administration	247,087	258	-	-
403.00	Tax Collection	104,312	-	-	-
404.00	Solicitor/Legal Services	82,997	-	-	-
405.00	Secretary/Clerk	-	-	-	-
406.00	Other General Government Administration	-	-	-	-
407.00	IT - Networking Services - Data Processing	-	-	14,374	-
408.00	Engineering Services	53,176	-	75,686	-
409.00	General Government Buildings and Plant	186,016	-	4,600	-
Total General Government		\$ 1,216,508	\$ 258	\$ 101,214	\$ -

Public Safety					
410.00	Police	3,341,525	-	58,652	-
411.00	Fire	121,368	370,916	-	-
412.00	Ambulance/Rescue	18,896	-	-	-
413.00	UCC and Code Enforcement	16,109	-	-	-
414.00	Planning and Zoning	498,962	-	-	-
415.00	Emergency Management and Communications	-	-	-	-
416.00	Militia and Armories	-	-	-	-
417.00	Examination of Licensed Occupations	-	-	-	-
418.00	Public Scales (weights and measures)	-	-	-	-
419.00	Other Public Safety	-	-	-	-
Total Public Safety		\$ 3,996,860	\$ 370,916	\$ 58,652	\$ -

Health and Human Services					
420.00- 425.00	Health and Human Services	-	-	-	-

Public Works - Sanitation					
426.00	Recycling Collection and Disposal	-	-	-	-
427.00	Solid Waste Collection and Disposal (trash)	-	-	-	-
428.00	Weed Control	-	-	-	-
429.00	Wastewater/Sewage Collection and Treatment	1,297	-	-	-
Total Public Works - Sanitation		\$ 1,297	\$ -	\$ -	\$ -

EXPENDITURES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
General Government		Enterprise	Internal Service	Trust and Agency	Memorandum Only
400.00	Legislative (Governing) Body	-	-	-	141,035
401.00	Executive (Manager or Mayor)	-	-	-	408,439
402.00	Auditing Services/Financial Administration	16,120	-	-	263,465
403.00	Tax Collection	-	-	-	104,312
404.00	Solicitor/Legal Services	2,243	-	-	85,240
405.00	Secretary/Clerk	-	-	-	-
406.00	Other General Government Administration	-	-	-	-
407.00	IT - Networking Services - Data Processing	-	-	-	14,374
408.00	Engineering Services	27,542	-	-	156,404
409.00	General Government Buildings and Plant	118,694	-	-	309,310
Total General Government		\$ 164,599	\$ -	\$ -	\$ 1,482,579

Public Safety					
410.00	Police	-	-	-	3,400,177
411.00	Fire	-	-	-	492,284
412.00	Ambulance/Rescue	-	-	-	18,896
413.00	UCC and Code Enforcement	-	-	-	16,109
414.00	Planning and Zoning	-	-	-	498,962
415.00	Emergency Management and Communications	-	-	-	-
416.00	Militia and Armories	-	-	-	-
417.00	Examination of Licensed Occupations	-	-	-	-
418.00	Public Scales (weights and measures)	-	-	-	-
419.00	Other Public Safety	-	-	-	-
Total Public Safety		\$ -	\$ -	\$ -	\$ 4,426,428

Health and Human Services					
420.00-425.00	Health and Human Services	-	-	-	-

Public Works - Sanitation					
426.00	Recycling Collection and Disposal	-	-	-	-
427.00	Solid Waste Collection and Disposal (trash)	-	-	-	-
428.00	Weed Control	-	-	-	-
429.00	Wastewater/Sewage Collection and Treatment	1,834,731	-	-	1,836,028
Total Public Works - Sanitation		\$ 1,834,731	\$ -	\$ -	\$ 1,836,028

EXPENDITURES		GOVERNMENTAL FUNDS			
		<i>General Fund</i>	<i>Special Revenue (Including State Liquid Fuels)</i>	<i>Capital Projects</i>	<i>Debt Service</i>
Public Works - Highways and Streets					
430.00	General Services - Administration	626,850	-	-	-
431.00	Cleaning of Streets and Gutters	3,840	-	-	-
432.00	Winter Maintenance - Snow Removal	14,246	20,211	-	-
433.00	Traffic Control Devices	26,613	275,867	-	-
434.00	Street Lighting	1,874	8,624	-	-
435.00	Sidewalks and Crosswalks	-	-	-	-
436.00	Storm Sewers and Drains	17,295	-	-	-
437.00	Repairs of Tools and Machinery	74,634	4,921	-	-
438.00	Maintenance and Repairs of Roads and Bridges	5,641	-	11,723	-
439.00	Highway Construction and Rebuilding Projects	-	408,541	340,884	-
Total Public Works - Highways and Streets		\$ 770,993	\$ 718,164	\$ 352,607	\$ -

Public Works - Other Services					
440.00	Airports	-	-	-	-
441.00	Cemeteries	-	-	-	-
442.00	Electric System	-	-	-	-
443.00	Gas System	-	-	-	-
444.00	Markets	-	-	-	-
445.00	Parking	-	-	-	-
446.00	Storm Water and Flood Control	-	-	-	-
447.00	Transit System	-	-	-	-
448.00	Water System	-	-	-	-
449.00	Water Transport and Terminals	-	-	-	-
Total Public Works - Other Services		\$ -	\$ -	\$ -	\$ -

Culture and Recreation					
451.00	Culture - Recreation Administration	-	110,283	-	-
452.00	Participant Recreation	-	-	-	-
453.00	Spectator Recreation	-	1,482	-	-
454.00	Parks	-	314,033	612,998	-
455.00	Shade Trees	-	-	-	-
456.00	Libraries	-	-	-	-
457.00	Civil and Military Celebrations	-	-	-	-
458.00	Senior Citizens' Centers	-	-	-	-
459.00	All Other Culture and Recreation	-	972	-	-
Total Culture and Recreation		\$ -	\$ 426,770	\$ 612,998	\$ -

Community Development					
461.00	Conservation of Natural Resources	3,193	-	-	-
462.00	Community Development and Housing	-	-	-	-
463.00	Economic Development	-	-	-	-
464.00	Economic Opportunity	-	-	-	-
465.00-		-	-	-	-
469.00	All Other Community Development	-	-	-	-
Total Community Development		\$ 3,193	\$ -	\$ -	\$ -

EXPENDITURES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust and Agency</i>	<i>Memorandum Only</i>
Public Works - Highways and Streets					
430.00	General Services - Administration	-	-	-	626,850
431.00	Cleaning of Streets and Gutters	-	-	-	3,840
432.00	Winter Maintenance - Snow Removal	-	-	-	34,457
433.00	Traffic Control Devices	-	-	-	302,480
434.00	Street Lighting	-	-	-	10,498
435.00	Sidewalks and Crosswalks	-	-	-	-
436.00	Storm Sewers and Drains	-	-	-	17,295
437.00	Repairs of Tools and Machinery	-	-	-	79,555
438.00	Maintenance and Repairs of Roads and Bridges	-	-	-	17,364
439.00	Highway Construction and Rebuilding Projects	17,940	-	-	767,365
Total Public Works - Highways and Streets		\$ 17,940	\$ -	\$ -	\$ 1,859,704

Public Works - Other Services					
440.00	Airports	-	-	-	-
441.00	Cemeteries	-	-	-	-
442.00	Electric System	-	-	-	-
443.00	Gas System	-	-	-	-
444.00	Markets	-	-	-	-
445.00	Parking	-	-	-	-
446.00	Storm Water and Flood Control	50,967	-	-	50,967
447.00	Transit System	-	-	-	-
448.00	Water System	-	-	-	-
449.00	Water Transport and Terminals	-	-	-	-
Total Public Works - Other Services		\$ 50,967	\$ -	\$ -	\$ 50,967

Culture and Recreation					
451.00	Culture - Recreation Administration	-	-	-	110,283
452.00	Participant Recreation	-	-	-	-
453.00	Spectator Recreation	-	-	-	1,482
454.00	Parks	-	-	-	927,031
455.00	Shade Trees	-	-	-	-
456.00	Libraries	-	-	-	-
457.00	Civil and Military Celebrations	-	-	-	-
458.00	Senior Citizens' Centers	-	-	-	-
459.00	All Other Culture and Recreation	-	-	-	972
Total Culture and Recreation		\$ -	\$ -	\$ -	\$ 1,039,768

Community Development					
461.00	Conservation of Natural Resources	-	-	-	3,193
462.00	Community Development and Housing	-	-	-	-
463.00	Economic Development	-	-	-	-
464.00	Economic Opportunity	-	-	-	-
465.00-469.00	All Other Community Development	-	-	-	-
Total Community Development		\$ -	\$ -	\$ -	\$ 3,193

EXPENDITURES		GOVERNMENTAL FUNDS			
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
Debt Service					
471.00	Debt Principal (short-term and long-term)	20,240	2,983	-	-
472.00	Debt Interest (short-term and long-term)	-	-	-	-
475.00	Fiscal Agent Fees	-	-	-	-
Total Debt Service		\$ 20,240	\$ 2,983	\$ -	\$ -

Employer Paid Benefits and Withholding Items					
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	-	-	-	-
482.00	Judgments and Losses	-	-	-	-
483.00	Pension/Retirement Fund Contributions	714,206	14,319	-	-
484.00	Worker Compensation Insurance	95,913	32,215	-	-
487.00	Group Insurance and Other Benefits	73,005	21,256	-	-
Total Employer Paid Benefits and Withholding Items		\$ 883,124	\$ 67,790	\$ -	\$ -

Insurance					
486.00	Insurance, Casualty, and Surety	87,677	9,972	-	-

Unclassified Operating Expenditures					
488.00	Fiduciary Fund Benefits and Refunds Paid				
489.00	All Other Unclassified Expenditures***	-	-	-	-
Total Unclassified Operating Expenditures		\$ -	\$ -	\$ -	\$ -

Other Financing Uses					
491.00	Refund of Prior Year Revenues	18,662	-	-	-
492.00	Interfund Operating Transfers**	2,265,000	-	282,100	7
493.00	All Other Financing Uses	-	-	-	-
Total Other Financing Uses		\$ 2,283,662	\$ -	\$ 282,100	\$ 7

TOTAL EXPENDITURES	\$ 9,263,554	\$ 1,596,853	\$ 1,407,571	\$ 7
---------------------------	---------------------	---------------------	---------------------	-------------

EXCESS / (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 542,038	\$ 277,927	\$ 459,742	\$ 255
---	-------------------	-------------------	-------------------	---------------

** The total of line 492.00 must match the total of line 392.00

*** This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

EXPENDITURES		PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
		Enterprise	Internal Service	Trust and Agency	Memorandum Only
471.00	Debt Principal (short-term and long-term)	-	-	-	23,223
472.00	Debt Interest (short-term and long-term)	-	-	-	-
475.00	Fiscal Agent Fees	-	-	-	-
Total Debt Service		\$ -	\$ -	\$ -	\$ 23,223

Employer Paid Benefits and Withholding Items					
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	-	-	-	-
482.00	Judgments and Losses	-	-	-	-
483.00	Pension/Retirement Fund Contributions	-	-	-	728,525
484.00	Worker Compensation Insurance	8,752	-	-	136,880
487.00	Group Insurance and Other Benefits	114,723	-	-	208,984
Total Employer Paid Benefits and Withholding Items		\$ 123,475	\$ -	\$ -	\$ 1,074,389

Insurance					
486.00	Insurance, Casualty, and Surety	31,550	-	-	129,199

Unclassified Operating Expenditures					
488.00	Fiduciary Fund Benefits and Refunds Paid			824,735	824,735
489.00	All Other Unclassified Expenditures***	-	-	-	-
Total Unclassified Operating Expenditures		\$ -	\$ -	\$ 824,735	\$ 824,735

Other Financing Uses					
491.00	Refund of Prior Year Revenues	-	-	-	18,662
492.00	Interfund Operating Transfers**	46,513	-	-	2,593,620
493.00	All Other Financing Uses	-	-	-	-
Total Other Financing Uses		\$ 46,513	\$ -	\$ -	\$ 2,612,282

TOTAL EXPENDITURES	\$ 2,269,775	\$ -	\$ 824,735	\$ 15,362,495
---------------------------	---------------------	-------------	-------------------	----------------------

EXCESS / (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 874,675	\$ -	\$ 3,542,931	\$ 5,697,568
---	-------------------	-------------	---------------------	---------------------

** The total of line 492.00 must match the total of line 392.00

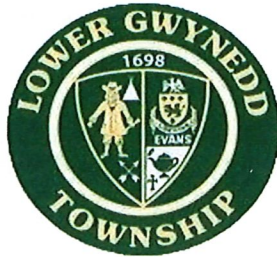
*** This amount cannot be greater than 1% of "TOTAL EXPENDITURES" in each of the funds.

STATEMENT OF CAPITAL EXPENDITURES			
CATEGORY:	Capital Purchases	Capital Construction	Total
Community Development			-
Electric			-
Fire			-
Gas System			-
General Government	20,846		20,846
Health			-
Housing			-
Libraries			-
Mass Transit			-
Parks	584,843	14,432	599,275
Police	50,758		50,758
Recreation			-
Sewer	31,117		31,117
Solid Waste			-
Streets/Highways		442,749	442,749
Water			-
Other (Please Specify)			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-
			-

TOTAL CAPITAL EXPENDITURES*	\$ 1,144,745
------------------------------------	---------------------

* Capital expenditures are generally considered to be those which result in additions to the value of fixed assets (land, buildings and other structures, machinery and equipment.)

EMPLOYEE COMPENSATION	
Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)**	\$ 4,051,470
** Use income from box 16 of the W-3 Statement	



LOWER GWYNEDD TOWNSHIP

SUMMMARY FINANCIAL STATEMENT

FOR THE YEAR ENDED
DECEMBER 31, 2020



INDEPENDENT AUDITOR'S REPORT ON
SUMMARY FINANCIAL STATEMENT

September 1, 2021

To the Board of Supervisors
Lower Gwynedd Township
Spring House, Pennsylvania

The accompanying summary financial statement of Lower Gwynedd Township, Spring House, Pennsylvania, as of and for the year ended December 31, 2020, which comprises the summary of assets, liabilities, fund equity, revenues, expenditures, and changes in fund equity, is derived from the annual audit and financial report of Lower Gwynedd Township, Spring House, Pennsylvania, as of and for the year ended December 31, 2020. We expressed an unmodified audit opinion on the annual audit and financial report in our report dated September 1, 2021. The audited financial statements, and the summary financial statement derived therefrom, do not reflect the effects of events, if any, which occurred subsequent to the date of our report on the audited financial statements.

The summary financial statement does not contain all the information required for a complete presentation under the accounting practices of the Department of Community and Economic Development ("DCED") of the Commonwealth of Pennsylvania. Reading the summary financial statement, therefore, is not a substitute for reading the audited annual audit and financial report of Lower Gwynedd Township, Spring House, Pennsylvania.

Management's Responsibility for the Summary Financial Statement

Management is responsible for the preparation of the summary financial statement in conformity with the accounting practices of the DCED.

Auditor's Responsibility

Our responsibility is to express an opinion about whether the summary financial statement is consistent, in all material respects, with the audited annual audit and financial report based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial

To the Board of Supervisors
Lower Gwynedd Township

statement with the related information in the audited annual audit and financial report from which the summary financial statement has been derived, and evaluating whether the summary financial statement is prepared in accordance with the basis described in the second paragraph of this report. We did not perform any audit procedures regarding the audited financial statements after the date of our report on those financial statements.

Opinion

In our opinion, the summary financial statement of Lower Gwynedd Township, Spring House, Pennsylvania, as of and for the year ended December 31, 2020 referred to above is consistent, in all material respects, with the audited annual audit and financial report from which it has been derived, in accordance with the basis described in the second paragraph of this report.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

LOWER GWYNEDD TOWNSHIP
Montgomery County, Pennsylvania
Summary Financial Statement
For the Year Ended December 31, 2020

This presentation is published in accordance with Section 904 of the Township Code. A complete copy of the audit report for the year ended December 31, 2020 is on file and available for inspection at the Township office.

TOTAL ASSETS	\$ 83,121,230
TOTAL LIABILITIES	<u>2,662,860</u>
TOTAL FUND EQUITY	<u><u>\$ 80,458,370</u></u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 21,060,063
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>15,362,495</u>
CHANGE IN FUND EQUITY	<u><u>\$ 5,697,568</u></u>