

**NETHER PROVIDENCE TOWNSHIP
DELAWARE COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Fiscal Year Ended December 31, 2021

NETHER PROVIDENCE TOWNSHIP
DELAWARE COUNTY, PENNSYLVANIA

For the Fiscal Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

Township Commissioners
Nether Providence Township, Pennsylvania

Opinions

We have audited the accompanying modified accrual basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Nether Providence Township, Pennsylvania (Township), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified accrual basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2021, and the respective changes in modified accrual basis financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with the modified accrual basis of accounting described in Note A.

Basis for Opinions

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual basis of accounting described in Note A, and for determining that the modified accrual basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Management has omitted the Management Discussion and Analysis that supplements the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary 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 and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
September 16, 2022

NETHER PROVIDENCE TOWNSHIP

STATEMENT OF NET POSITION – MODIFIED ACCRUAL BASIS

December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 5,487,284	\$ 595,014	\$ 6,082,298
Receivables	1,271,448	125,166	1,396,614
Prepaid expenses	76,396	-	76,396
Total Assets	\$ 6,835,128	\$ 720,180	\$ 7,555,308
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	\$ 253,795	\$ 1,163,622	\$ 1,417,417
Interfund balances	2,396,742	(2,396,742)	-
Total Liabilities	2,650,537	(1,233,120)	1,417,417
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred revenue - property taxes	63,960	-	63,960
Deferred revenue - intergovernmental revenues	694,093	-	694,093
Total Deferred Inflows of Resources	758,053	-	758,053
<u>NET POSITION</u>			
Restricted:			
General government	147	-	147
Streets and highways	110,888	-	110,888
Community enhancement	674,724	-	674,724
Unrestricted	2,640,779	1,953,300	4,594,079
Total Net Position	3,426,538	1,953,300	5,379,838
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 6,835,128	\$ 720,180	\$ 7,555,308

The notes to the financial statements are an integral part of this statement.

NETHER PROVIDENCE TOWNSHIP

STATEMENT OF ACTIVITIES - MODIFIED ACCRUAL BASIS

For the Year Ended December 31, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 837,325	\$ 58,020	\$ 244,255	\$ 499,428	\$ (35,622)	\$ -	\$ (35,622)
Public safety	4,023,506	475,827	122,164	225	(3,425,290)	-	(3,425,290)
Health and human services	2,795	-	-	-	(2,795)	-	(2,795)
Public works	1,796,679	369,915	12,378	422,885	(991,501)	-	(991,501)
Parks and recreation	212,363	47,855	-	-	(164,508)	-	(164,508)
Community enhancement	637,272	-	-	1,316,034	678,762	-	678,762
Miscellaneous	1,166,860	-	-	-	(1,166,860)	-	(1,166,860)
Debt service	515,206	-	-	-	(515,206)	-	(515,206)
Total Governmental Activities	<u>9,192,006</u>	<u>951,617</u>	<u>378,797</u>	<u>2,238,572</u>	<u>(5,623,020)</u>	<u>-</u>	<u>(5,623,020)</u>
Business - Type Activities							
Sewer	2,890,194	3,469,990	-	-	-	579,796	579,796
Total Business - Type Activities	<u>2,890,194</u>	<u>3,469,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>579,796</u>	<u>579,796</u>
Total Primary Government	<u>\$ 12,082,200</u>	<u>\$ 4,421,607</u>	<u>\$ 378,797</u>	<u>\$ 2,238,572</u>	<u>\$ (5,623,020)</u>	<u>\$ 579,796</u>	<u>\$ (5,043,224)</u>
General Revenues							
Taxes							
Real estate taxes					5,116,208	-	5,116,208
Real estate transfer tax					616,662	-	616,662
Other taxes					184,772	-	184,772
Franchise fees					278,116	-	278,116
Interest and rents					13,779	77	13,856
Miscellaneous revenues					394,392	-	394,392
Transfers					839,867	(839,867)	-
Total General Revenues and Transfers					<u>7,443,796</u>	<u>(839,790)</u>	<u>6,604,006</u>
Change in Net Position					1,820,776	(259,994)	1,560,782
Net Position - Beginning (Restated)					1,605,762	2,213,294	3,819,056
Net Position - Ending					<u>\$ 3,426,538</u>	<u>\$ 1,953,300</u>	<u>\$ 5,379,838</u>

The notes to the financial statements are an integral part of this statement.

NETHER PROVIDENCE TOWNSHIP

BALANCE SHEET -
GOVERNMENTAL FUNDS

December 31, 2021

	General	American Rescue Plan Act	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,755,276	\$ 697,318	\$ 1,034,690	\$ 5,487,284
Receivables	297,818	-	973,630	1,271,448
Prepaid items	76,396	-	-	76,396
Due from other funds	991,378	-	4,162	995,540
Total Assets	\$ 5,120,868	\$ 697,318	\$ 2,012,482	\$ 7,830,668
<u>LIABILITIES</u>				
Accounts payable	\$ 229,814	\$ 3,078	\$ 20,903	\$ 253,795
Due to other funds	2,487,287	-	904,995	3,392,282
Total Liabilities	2,717,101	3,078	925,898	3,646,077
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue - property taxes	63,960	-	-	63,960
Unavailable revenue - intergovernmental revenues	-	694,093	-	694,093
Total Deferred Inflows of Resources	63,960	694,093	-	758,053
<u>FUND BALANCES</u>				
Nonspendable:				
Prepaid items	76,396	-	-	76,396
Restricted:				
General government	-	147	-	147
Streets and highways	-	-	110,888	110,888
Community enhancement	-	-	674,724	674,724
Assigned to capital projects	-	-	333,922	333,922
Unassigned	2,263,411	-	(32,950)	2,230,461
Total Fund Balances	2,339,807	147	1,086,584	3,426,538
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,120,868	\$ 697,318	\$ 2,012,482	\$ 7,830,668

The notes to the financial statements are an integral part of this statement.

NETHER PROVIDENCE TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2021

	<u>General</u>	<u>American Rescue Plan Act</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes:				
Property	\$ 5,116,208	\$ -	\$ -	\$ 5,116,208
Real estate transfer	616,662	-	-	616,662
Other	184,772	-	-	184,772
Fees, licenses and permits	283,801	-	-	283,801
Fines and forfeitures	17,176	-	39,367	56,543
Investment income and rent	13,314	147	318	13,779
Intergovernmental revenues	389,655	27,078	1,573,354	1,990,087
Charges for services	889,389	-	-	889,389
Other	374,699	-	646,975	1,021,674
Total Revenues	<u>7,885,676</u>	<u>27,225</u>	<u>2,260,014</u>	<u>10,172,915</u>
Expenditures				
Current:				
General government	833,357	-	3,968	837,325
Public safety	3,416,868	27,078	579,560	4,023,506
Health and human services	2,795	-	-	2,795
Public works	1,389,362	-	407,317	1,796,679
Culture and recreation	206,545	-	5,818	212,363
Community enhancement	13,682	-	623,590	637,272
Employee benefits and insurance	1,166,860	-	-	1,166,860
Debt service:				
Principal	440,790	-	-	440,790
Interest	74,416	-	-	74,416
Total Expenditures	<u>7,544,675</u>	<u>27,078</u>	<u>1,620,253</u>	<u>9,192,006</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>341,001</u>	<u>147</u>	<u>639,761</u>	<u>980,909</u>
Other Financing Sources (Uses)				
Transfers in	866,867	-	111,300	978,167
Transfers out	(138,300)	-	-	(138,300)
Total Other Financing Sources (Uses)	<u>728,567</u>	<u>-</u>	<u>111,300</u>	<u>839,867</u>
Net Change in Fund Balance	1,069,568	147	751,061	1,820,776
Fund Balance - Beginning (Restated)	<u>1,270,239</u>	<u>-</u>	<u>335,523</u>	<u>1,605,762</u>
Fund Balance - Ending	<u>\$ 2,339,807</u>	<u>\$ 147</u>	<u>\$ 1,086,584</u>	<u>\$ 3,426,538</u>

The notes to the financial statements are an integral part of this statement.

NETHER PROVIDENCE TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended December 31, 2021

	GENERAL FUND			
	Budgeted Amounts		ACTUAL	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Real estate taxes	\$ 4,946,561	\$ 4,946,561	\$ 5,116,208	\$ 169,647
Real estate transfer	430,000	430,000	616,662	186,662
Other	167,500	167,500	184,772	17,272
Fees, licenses and permits	307,000	307,000	283,801	(23,199)
Fines and forfeitures	30,000	30,000	17,176	(12,824)
Investment income and rent	23,800	23,800	13,314	(10,486)
Intergovernmental revenues	375,021	375,021	389,655	14,634
Charges for services	711,937	711,937	889,389	177,452
Other	90,907	90,907	374,699	283,792
Total Revenues	7,082,726	7,082,726	7,885,676	802,950
Expenditures				
Current:				
General government	829,021	829,021	833,357	(4,336)
Public safety	3,312,444	3,312,444	3,416,868	(104,424)
Health and human services	2,500	2,500	2,795	(295)
Public works	1,404,944	1,404,944	1,389,362	15,582
Culture and recreation	209,613	209,613	206,545	3,068
Community enhancement	89,686	89,686	13,682	76,004
Employee benefits and insurance	1,093,090	1,093,090	1,166,860	(73,770)
Debt service	562,604	562,604	515,206	47,398
Total Expenditures	7,503,902	7,503,902	7,544,675	(40,773)
Excess (Deficiency) of Revenues Over Expenditures	(421,176)	(421,176)	341,001	762,177
Other Financing Sources (Uses)				
Transfers in	432,298	432,298	866,867	434,569
Transfers out	(138,300)	(138,300)	(138,300)	-
Total Other Financing Sources (Uses)	293,998	293,998	728,567	434,569
Net Change in Fund Balance	(127,178)	(127,178)	1,069,568	1,196,746
Fund Balance - Beginning			1,270,239	1,270,239
Fund Balance - Ending			\$ 2,339,807	\$ 2,466,985

The notes to the financial statements are an integral part of this statement.

NETHER PROVIDENCE TOWNSHIP

STATEMENT OF NET POSITION
PROPRIETARY FUNDS – MODIFIED ACCRUAL BASIS

December 31, 2021

	<u>Sewer Fund</u>	<u>Sewer Capital</u>	<u>Total Proprietary Funds</u>
<u>ASSETS</u>			
Current Assets			
Cash	\$ 455,294	\$ 139,720	\$ 595,014
Accounts receivable	125,166	-	125,166
Due from other funds	<u>2,475,137</u>	<u>645,617</u>	<u>3,120,754</u>
Total Assets	<u>\$ 3,055,597</u>	<u>\$ 785,337</u>	<u>\$ 3,840,934</u>
 <u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 1,163,622	\$ -	\$ 1,163,622
Due to other funds	<u>645,617</u>	<u>78,395</u>	<u>724,012</u>
Total Current Liabilities	<u>1,809,239</u>	<u>78,395</u>	<u>1,887,634</u>
 <u>NET POSITION</u>			
Unrestricted	<u>1,246,358</u>	<u>706,942</u>	<u>1,953,300</u>
Total Net Position	<u>1,246,358</u>	<u>706,942</u>	<u>1,953,300</u>
 Total Liabilities and Net Position	 <u>\$ 3,055,597</u>	 <u>\$ 785,337</u>	 <u>\$ 3,840,934</u>

The notes to the financial statements are an integral part of this statement.

NETHER PROVIDENCE TOWNSHIP

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - MODIFIED ACCRUAL BASIS

For the Year Ended December 31, 2021

	<u>Sewer Fund</u>	<u>Sewer Capital</u>	<u>Total Proprietary Funds</u>
Operating Revenues			
Charges for services	\$ 3,469,990	\$ -	\$ 3,469,990
Total Operating Revenues	<u>3,469,990</u>	<u>-</u>	<u>3,469,990</u>
Operating Expenses			
Solid waste collection and disposal	<u>2,840,360</u>	<u>24,770</u>	<u>2,865,130</u>
Total Operating Expenses	<u>2,840,360</u>	<u>24,770</u>	<u>2,865,130</u>
Operating Income (Loss)	<u>629,630</u>	<u>(24,770)</u>	<u>604,860</u>
Nonoperating Revenues (Expense)			
Interest income	26	51	77
Interest expense	(1,854)	-	(1,854)
Principal debt	<u>(23,210)</u>	<u>-</u>	<u>(23,210)</u>
Total Nonoperating Revenues (Expense)	<u>(25,038)</u>	<u>51</u>	<u>(24,987)</u>
Income (Loss) before Transfers	604,592	(24,719)	579,873
Transfers in	-	27,000	27,000
Transfers out	<u>(866,867)</u>	<u>-</u>	<u>(866,867)</u>
Total Transfers	<u>(866,867)</u>	<u>27,000</u>	<u>(839,867)</u>
Changes in Net Position	(262,275)	2,281	(259,994)
Total Net Position - Beginning (Restated)	<u>1,508,633</u>	<u>704,661</u>	<u>2,213,294</u>
Total Net Position - Ending	<u>\$ 1,246,358</u>	<u>\$ 706,942</u>	<u>\$ 1,953,300</u>

The notes to the financial statements are an integral part of this statement.

NETHER PROVIDENCE TOWNSHIP

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS – MODIFIED ACCRUAL BASIS

For the Year Ended December 31, 2021

	Proprietary Fund Types		
	Sewer Fund	Sewer Capital Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 3,483,421	\$ -	\$ 3,483,421
Cash paid to suppliers	(3,602,999)	(26,909)	(3,629,908)
Net cash provided by (used in) operating activities	(119,578)	(26,909)	(146,487)
Cash flows from noncapital financing activities			
Transfers (to)/from other funds	(866,867)	27,000	(839,867)
Net cash provided by (used in) noncapital financing activities	(866,867)	27,000	(839,867)
Cash flows from investing activities			
Earnings on investments	26	51	77
Interest expense	(1,854)	-	(1,854)
Principal paid on debt	(23,210)	-	(23,210)
Net cash provided by (used in) investing activities	(25,038)	51	(24,987)
Net increase (decrease) in cash and cash equivalents	(1,011,483)	142	(1,011,341)
Beginning cash and cash equivalents	1,466,777	139,578	1,606,355
Ending cash and cash equivalents	\$ 455,294	\$ 139,720	\$ 595,014

**Reconciliation of Net Operating Income (Loss)
to Net Cash Provided (Used) by Operating Activities**

Net operating income (loss)	\$ 629,630	\$ (24,770)	\$ 604,860
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities			
Changes in assets and liabilities			
(Increase) decrease in receivables	13,431	-	13,431
(Increase) decrease in due from other funds	(1,497,455)	(78,095)	(1,575,550)
Increase (decrease) in payables	89,199	(2,439)	86,760
Increase (decrease) in due to other funds	645,617	78,395	724,012
Net adjustments	(749,208)	(2,139)	(751,347)
Cash provided (used) by operating activities	\$ (119,578)	\$ (26,909)	\$ (146,487)

The notes to the financial statements are an integral part of this statement.

NETHER PROVIDENCE TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – MODIFIED ACCRUAL BASIS

December 31, 2021

	Pension <u>Trust Funds</u>	Custodial Funds <u>Escrows</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 726,589	\$ 98,620
Contributions receivables	30,278	
Investments, at fair value:		
Exchange traded	<u>16,766,963</u>	<u>-</u>
Total Assets	<u>\$ 17,523,830</u>	<u>\$ 98,620</u>
 <u>LIABILITIES</u>		
Accounts payable	<u>\$ 59,288</u>	<u>\$ 519</u>
Total Liabilities	<u>59,288</u>	<u>519</u>
 <u>NET POSITION</u>		
Net Position - Restricted for:		
Pension benefits	17,464,542	-
Developers and others	<u>-</u>	<u>98,101</u>
Total Net Position	<u>\$ 17,464,542</u>	<u>\$ 98,101</u>

The notes to the financial statements are an integral part of this statement.

NETHER PROVIDENCE TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – MODIFIED ACCRUAL BASIS

For the Year Ended December 31, 2021

	<u>Pension</u> <u>Trust Funds</u>	<u>Custodial Funds</u> <u>Escrows</u>
Additions		
Contributions		
Employee contributions	\$ 117,696	\$ -
Employer contributions	576,047	-
State aid	211,080	-
Escrow receipts	-	3,700
Total Contributions	904,823	3,700
Investment Income		
Net appreciation (depreciation) in fair value of investments	1,357,681	-
Interest and dividend income	357,657	30
Total Investment Earnings	1,715,338	30
Less investment expense	(63,957)	-
Net Investment Income	1,651,381	30
Total Additions	2,556,204	3,730
Deductions		
Benefits	546,025	-
Administrative expenses	9,804	-
Escrow disbursements	-	4,076
Total Deductions	555,829	4,076
Change in Net Position	2,000,375	(346)
Net Position - Restricted:		
Beginning of Year (Restated)	15,464,167	98,447
End of Year	\$ 17,464,542	\$ 98,101

The notes to the financial statements are an integral part of this statement.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

A. Summary of Significant Accounting Policies

The Township of Nether Providence (the “Township”), located in Delaware County, Pennsylvania, is classified as a “Township” under the laws of the Commonwealth of Pennsylvania. The major services provided by the Township include public safety, roads, parks and recreation and general administration. The financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township’s accounting policies are described below. These policies should be recognized by the reader as integral to the preparation and use of the accompanying basic financial statements.

Reporting Entity

The Township is financially accountable for legally separate organizations if it appoints a voting majority of the organization’s board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. The Township also may be financially accountable if an organization is fiscally dependent on the Township regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Based on the aforementioned criteria, there were no entities which were considered for inclusion in the reporting entity.

Basis of Presentation

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Township as a whole. These statements distinguish between activities that are governmental and those that are considered business-type. These statements exclude fiduciary activities, such as Pension and Custodial Funds.

The government-wide financial statements are prepared using the modified accrual basis of accounting and the current financial resources measurement focus. This is the same approach used in the preparation of the Governmental Funds financial statements, as described below.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

A. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (continued)

The government-wide statement of activities presents a comparison between expenses and program revenues for each different identifiable activity of the business-type activities of the Township and for each governmental program. Expenses are those that are specifically associated with a service or program and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Township.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the Governmental Funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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. The two major Governmental Funds are each presented in a single column on the Governmental Funds financial statements. Fiduciary Funds financial statements are presented by fund type.

The Township reports the following major Governmental Funds:

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

The *American Rescue Plan Act Fund* is used to account for receipts of grant revenue that are legally restricted to specific expenditures.

The Township reports the following major proprietary funds:

The *Sewer Fund* accounts for the financial resources to provide sewer services to the Township residents.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

A. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (continued)

The *Sewer Capital Fund* accounts for the financial resources to be used for planned capital improvements.

Other Fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects Funds are used to account for financial resources to be used for planned capital expenditure.

Trust Funds are used to account for assets held by the Township in a trustee capacity or as agent. A trust fund is used when the period of custody is lengthy, and the governmental unit invests or otherwise manages the resources during that period. The Township maintains a Pension Trust Fund for the Police Pension Plan and Non-Uniformed Pension Plan. Pension Trust Funds use the economic resources measurement focus in essentially the same manner as Proprietary Funds.

Custodial Funds are used to account for escrows held by the Township in a custodial capacity.

Governmental Funds - All Governmental Funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Major Governmental Funds of the Township include the General Fund and the Capital Reserve Fund. All other Governmental Funds are grouped together and presented in a separate column as Total Nonmajor Funds. The Highway Aid Fund is reported as nonmajor.

Revenue Recognition - In applying the “susceptible to accrual concept” under the modified accrual basis, 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 property and earned income tax revenue to be available if collected within 60 days of the end of the fiscal period.

Revenues for state and federally funded projects are recognized at the time all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Township must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

A. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (continued)

Property tax receivables collected after 60 days from year-end, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property and earned income tax receivables are recorded and deferred until they become available.

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition - The measurement focus of Governmental Funds accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Further, certain Governmental Funds liabilities and expenditures, such as compensated absences, are recognized to the extent the liabilities mature (come due for payment) each period. Allocations of costs, such as depreciation and amortization, are not recognized in the Governmental Funds.

Proprietary Funds - Proprietary Funds are accounted for using the modified accrual basis of accounting. These funds account for operations financed primarily by user charges. The current resource focus concerns determining costs as a means of maintaining capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred within 60 days after year end. Allocations of certain costs, such as depreciation, are recorded in the Proprietary Funds. The Township's only Proprietary Funds are the Sewer and Sewer Capital Funds.

These 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' principal ongoing operations. The principal operating revenues of the Township's Proprietary Funds are user fees. Operating expenses for the Township's Proprietary Funds include sewer disposal, salaries, recycling, supplies and administrative costs and depreciation. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds - Trust Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. These include Pension Funds. The Pension Funds account for the activities of the Police Pension Fund. Pension Funds are accounted for in essentially the same manner as Proprietary Funds since the measurement of the economic resources is critical.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

A. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting - The Township follows these procedures in establishing the budgetary data reflected in the financial statements. The Township Manager submits to the Township Commissioners a proposed operating budget for the fiscal year commencing the following:

1. Through November, the operating budget is prepared, including proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments after two weeks' notice is given in some newspaper(s) having a general circulation within the Township.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance.
4. The budget ordinance becomes effective January 1, and provides spending authority for the operating of the Township governments.
5. Transfers and appropriations between functions require approval of the Township Commissioners.
6. At year-end, as permitted by Township Code, a budget variance resolution is passed which may transfer unexpended appropriations of one department to another department with over expended appropriations. In addition, excess revenues may be appropriated to cover exhausted funds.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Proprietary Funds, which are budgeted together as the General Fund budget. This budgeting method results in a non-GAAP presentation.

Budgetary control is maintained at the fund and department level. As permitted by the Township Code, Township Commissioners passed a budget variance resolution which authorized the transfer of unexpended appropriations of one department to another department with over expended appropriations. In addition, excess revenues and available fund balance were also appropriated to cover exhausted funds. In addition, excess revenues and available fund balance were also appropriated to cover exhausted funds. The result is that there are no budgetary violations.

Excess of expenditures over appropriations - For the year ended December 31, 2021, expenditures exceeded budget in the General Fund in the categories of general government, public safety, health and human services, and employee benefits and insurance in the amounts of \$4,336, \$104,424, \$295 and \$73,770, respectively. The excess expenditures were funded by greater than anticipated revenues and fund balance.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

A. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (continued)

Deficit fund balance - For the year ended December 31, 2021, the Drug Forfeiture Assets Fund and FEMA/PEMA Fund had deficit fund balances of (\$22,999) and (\$9,951), respectively. The deficit balances will be funded by future revenues and transfers.

Cash and Cash Equivalents - The Township considers all highly liquid investments with maturities of 90 days or less from the date of purchase to be cash equivalents. All investments of the Township are stated at fair value.

Receivables and Payables - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as “internal balances.”

At December 31, 2021, all trade receivables were deemed to be fully collectible. The property tax receivable allowance is insignificant and therefore is not included in outstanding property taxes at December 31, 2021.

Real Estate Tax, Sewer and Recycling Assessments - Real estate taxes, sewer, and recycling assessments attach as an enforceable lien on property as of January 1, are levied on approximately February 1, and are payable under the following terms: 2% discount first 60 days, face amount next 60 days and a 10% penalty after 120 days. The elected Township Tax Collector, in accordance with state law governing Townships, collects and remits real estate tax and sewer receipts to the Township. A lien is attached on property in January of the following year for unpaid real estate taxes and assessments.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets - Capital assets and accumulated depreciation have not been valued.

Compensated Absences - Full-time permanent employees are granted vacation benefits in varying amounts depending on tenure with the Township. All full-time permanent employees are also entitled to sick leave benefits. Vacation benefits earned may be carried over from year to year. Vacation benefits carried over will be paid out at the time of separation or retirement.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

A. Summary of Significant Accounting Policies (Continued)

Long-Term Obligations - Long-term debt and other long-term obligations are not reported as liabilities under the modified accrual basis of accounting. In the financial statements, funds would recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Any premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has the following items that qualify for reporting in these categories:

1. *Change in assumptions* - A net difference results when actuarial assumptions are changed. This amount is deferred and amortized over a five-year period. Under modified accrual, this amount is excluded from the financial statements.
2. *Differences between expected and actual experience on plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized in the period that the amounts become available. Under modified accrual, this amount is excluded from the financial statements.
3. *Net difference between projected and actual earnings on plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five-year period. Under modified accrual, this amount is excluded from the financial statements.
4. *Unavailable and deferred revenue - property taxes and intergovernmental revenues* are reported as unavailable or deferred revenues. These amounts are deferred and recognized in the period that the amounts become available.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

A. Summary of Significant Accounting Policies (Continued)

Net Position - In the government-wide financial statements, net position is classified in the following categories:

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

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

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

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 needed.

Fund Balance - Governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance - includes amounts that can only be used for the specific purposes determined by a formal action of the Township's highest level of decision-making authority, Township Commissioners. Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (for example: resolution).

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

A. Summary of Significant Accounting Policies (Continued)

Fund Balance (continued)

Assigned Fund Balance - includes amounts intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The governing body, the Township Commissioners, may authorize the finance director to assign fund balance. The Commissioners may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance - this residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

Program Revenues - Amounts reported as program revenues include (1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segments and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segments. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary Funds Operating and Nonoperating Revenues and Expenses - Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Sewer Fund is charges to customers for services. Operating expenses for Proprietary Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

A. Summary of Significant Accounting Policies (Continued)

Use of Estimates - The preparation of the financial statements in conformity with the modified accrual basis requires the Township's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interfund Transfers - In connection with its operations, the Township affects a variety of transactions among funds to finance operations. The basic financial statements reflect such transactions as transfers, both in the fund receiving the subsidy as revenue and the fund paying the subsidy as an expenditure.

New Accounting Pronouncements - GASB has issued statements that will become effective in future years, including Statement Nos. 87 (Leases), 89 (Accounting for Interest Cost), 91 (Conduit Debt Obligations), 92 (Omnibus 2020) 93 (Interbank Offered Rates), 97 (Public-Private and Public Partnerships), 96 (Information Technology Arrangements), and 97 (Deferred Compensation Plans). Management has not yet determined the impact of these statements on the financial statements.

Subsequent Events - The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the statements were available for release. No subsequent events have been recognized.

B. Deposits and Investments

As stated in the Commonwealth of Pennsylvania Township Code, the Township may invest operating funds in the following instruments:

- Short-term obligations of the U.S. government or its agencies or instrumentalities.
- Deposits in savings accounts or time deposits.
- Obligations of the United States of America or any of its agencies backed by the full faith and credit of the United States of America, or of the Commonwealth of Pennsylvania or any of the agencies.
- Certificates of deposit purchased from institutions that meet requirements set forth under Pennsylvania law (Act 72 of 1971).
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in authorized investments for Township funds (mutual funds).

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

B. Deposits and Investments (Continued)

The Township may also invest with trusts and other entities set up to specifically invest funds for Pennsylvania municipalities and legally restricted to allowable investment instruments under Pennsylvania law.

Investments for the Township are reported at fair value. The Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the pool's amortized cost-based net asset value per share, which approximates fair value. There are no limitations or restrictions on withdrawals.

Custodial Credit Risk - Deposits: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk policy generally permits investing in cash, debt obligations of the U.S. Treasury, agencies of the federal government, investment grade corporate securities, mutual funds of various risk levels and equities. The Township does not have a deposit policy for custodial credit risk. For disclosure purposes, deposits include checking, savings, demand and time deposits, and money market accounts at financial institutions. As of December 31, 2021, the Township's bank balance was \$6,313,260. Of that balance, \$4,655,610 (book balance \$4,656,067) was held in an investment pool that is not subject to custodial credit risk, and \$1,407,787 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the government's name.

Investment Pool - The Township has carrying deposits in external investment pools, held with PLGIT Bank. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits disclosed above. These deposits are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The investment in the pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. The Township can withdraw funds from the external investment pool without limitation or fees upon adequate notice. The investment pool was rated AAAM by Standard & Poor's and has average maturities of less than 30 days. The Investment Pool operates in accordance with appropriate state laws and regulations.

Concentration of Credit Risk - is the concentration of investments in anyone single user of debt securities presents a greater risk for loss in the event the issuer fails on its obligations. The Township's policy is to diversify the investment portfolio by security type and institution. No more than 50% of the Township's total investment portfolio managed by one investment manager will be invested in a single security type or with a single financial institution with the exception of US. Treasury Securities and authorized pools. At December 31, 2021, the Township had no investments that individually each exceeded 5% of the total investments.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

B. Deposits and Investments (Continued)

Custodial Credit Risk - Investments: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Township policy provides that investment collateral is held by the third-party custodian, with whom the Township has a custodial agreement, in the Township's name. The plan addresses custodial credit risk with a policy providing for the engagement of a custodian who accepts possession of securities for safekeeping; collects and disburses income as authorized, collects principal of sold, matured, or called items; and provides a periodic accounting to the Township and the plan's trustees. Also, the Township pre-qualifies the financial institutions, brokers/dealers, intermediaries and advisors with which the Township does business with related to investment decisions. The investment portfolio is diversified so that potential losses on individual securities will be minimized.

Fair Value Measurements - The Township categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Maturity</u> <u>(Years)</u>	<u>S&P Rating</u>
GOVERNMENTAL ACTIVITIES					
Externally Pooled Investments (PLGIT)	\$ 4,656,067	\$ -	\$ 4,656,067	0	AAAm
	<u>\$ 4,656,067</u>	<u>\$ -</u>	<u>\$ 4,656,067</u>		
FIDUCIARY FUNDS					
Externally Pooled Investments (PLGIT)	\$ 232,864	\$ -	\$ 232,864	0	AAAm
Exchange Traded Funds	<u>16,766,963</u>	<u>16,766,963</u>	<u>-</u>	Not applicable	Not applicable
	<u>\$ 16,999,827</u>	<u>\$ 16,766,963</u>	<u>\$ 232,864</u>		

Interest Rate Risk - is the risk that changes in interest rates will adversely affect an investment's value. In accordance with its investment policy, the Township invests operating funds primarily in short-term securities, money market mutual funds or similar investments. Also, the Township structures its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The weighted average maturities are disclosed in the chart on the previous page.

Escrow cash deposits - The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. The funds are recorded in a Custodial Fund. At December 31, 2021, \$98,620 represents the balance of these monies held in escrow.

NETHER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

C. Receivables

Receivables for the year ended December 31, 2021 were as follows:

Receivables	General <u>Fund</u>	Nonmajor <u>Funds</u>	Sewer <u>Fund</u>	Pension <u>Funds</u>	Total
Accounts receivable	\$ 129,509	\$ -	\$ 125,166	\$ -	\$ 254,675
Taxes receivable	168,309	-	-	-	168,309
Grants receivable	-	973,630	-	-	973,630
Other receivables	-	-	-	30,278	30,278
	<u>\$ 297,818</u>	<u>\$ 973,630</u>	<u>\$ 125,166</u>	<u>\$ 30,278</u>	<u>\$ 1,426,892</u>

D. Interfund Receivables, Payables and Transfers

Interfund balances for the year ended December 31, 2021 were as follows:

	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
General Fund	\$ 991,378	\$ 2,487,287
Nonmajor Funds	4,162	904,995
Sewer Fund	2,475,137	645,617
Sewer Capital Fund	645,617	78,395
Total	<u>\$ 4,116,294</u>	<u>\$ 4,116,294</u>

Interfund transfers were as follows:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ 866,867	\$ 138,300
Nonmajor Funds	111,300	-
Sewer Fund	-	866,867
Sewer Capital Fund	27,000	-
Total	<u>\$ 1,005,167</u>	<u>\$ 1,005,167</u>

Interfund activity is primarily the result of reimbursement of expenses, and for internal financing of special projects or transfers for future capital acquisitions.

NETHER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

E. Long-Term Debt

The Township obtains general obligation notes to provide funds for the acquisition and construction of major capital facilities, the purchase of land, and other capital projects.

The original amount of general obligation notes and the LED notes payable issued in prior years was \$3,603,000. Notes payable are direct obligations and pledge the full faith and credit of the Township. These notes are generally issued as 3-15 year serial notes with varying amounts of principal maturing each year.

Notes payable currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Government-type activities	1.49% - 3.23%	\$ 3,090,491
Business-type activities	2.84% - 3.09%	<u>48,509</u>
		<u>\$ 3,139,000</u>

Long-term liability activity for the year ended December 31, 2021 is as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due Within</u>
Governmental activities:	<u>Balance</u>	<u></u>	<u></u>	<u>Balance</u>	<u>One Year</u>
G.O. Note 2006	\$ 1,442,000	\$ -	\$ (224,000)	\$ 1,218,000	\$ 232,000
G.O. Note 2009	271,281	-	(87,790)	183,491	90,164
G.O. Note 2011	231,000	-	(35,000)	196,000	37,000
G.O. Note 2015	221,000	-	(20,000)	201,000	18,000
G.O. Note 2018	285,000	-	(18,000)	267,000	19,000
G.O. Note 2020	<u>1,000,000</u>	<u>-</u>	<u>(45,000)</u>	<u>955,000</u>	<u>39,000</u>
Subtotal	3,450,281	-	(429,790)	3,020,491	435,164
LED Notes payable	81,000	-	(11,000)	70,000	11,000
Compensated absences	759,032	83,954	-	842,986	-
Net pension liability	<u>-</u>	<u>1,514,230</u>	<u>(1,514,230)</u>	<u>-</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 4,290,313</u>	<u>\$ 1,598,184</u>	<u>\$ (1,955,020)</u>	<u>\$ 3,933,477</u>	<u>\$ 446,164</u>
Business-type activities:					
G.O. Note 2009	<u>\$ 71,719</u>	<u>\$ -</u>	<u>\$ (23,210)</u>	<u>\$ 48,509</u>	<u>\$ 23,836</u>
Business-type activity					
Long-term liabilities	<u>\$ 71,719</u>	<u>\$ -</u>	<u>\$ (23,210)</u>	<u>\$ 48,509</u>	<u>\$ 23,836</u>

Debt service for notes payable and other liabilities are funded primarily from real estate taxes for governmental activities and charges for service in the business type activities.

NETHER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

E. Long-Term Debt (Continued)

Annual debt service requirements to maturity for notes outstanding are as follows:

Year Ending December 31	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 446,164	\$ 78,940	\$ 23,836	\$ 1,123	\$ 470,000	\$ 80,063
2023	462,327	64,245	24,673	378	487,000	64,623
2024	384,000	50,460	-	-	384,000	50,460
2025	399,000	37,606	-	-	399,000	37,606
2026	366,000	37,606	-	-	366,000	37,606
2027-2031	471,000	85,698	-	-	471,000	85,698
2032-2036	322,000	39,018	-	-	322,000	39,018
2037-2040	240,000	13,872	-	-	240,000	13,872
Total	<u>\$ 3,090,491</u>	<u>\$ 407,445</u>	<u>\$ 48,509</u>	<u>\$ 1,501</u>	<u>\$ 3,139,000</u>	<u>\$ 408,946</u>

F. Defined Benefit Pension Plans

Plan Description and Membership

Nether Providence Township sponsors two single-employer defined benefit pension plans the Police Pension Plan and the Non-Uniformed Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and issue a compiled stand - alone financial report. The plans are administered by the Township.

Police Pension Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full-time uniformed police officers of the Township. An employee enters the plan on the date of hire.

The Police Pension Plan is governed by the Board of Commissioners which is responsible for the management of plan assets. All pension decisions are made by the Board of Commissioners and the Township Manager. The Fraternal Order of Police representative for the Police Department is also informed of decisions. The Board of Commissioners has delegated the authority to manage certain plan assets to CBIZ.

Non-Uniformed Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full-time non-uniformed employees of the Township who have met the eligibility requirements. A non-uniformed employee of the Township enters the plan on the date of their one-year anniversary as a full-time employee with the Township.

The Non-Uniformed Pension Plan is governed by the Board of Commissioners and the Township Manager, which is responsible for the management of plan assets. The Board of Commissioners has delegated the authority to manage certain plan assets to CBIZ.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

F. Defined Benefit Pension Plans (Continued)

The most recent valuation was as of January 1, 2021. Details below are from the valuation. Benefits and Contribution provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

At December 31, 2021, membership for Nether Providence Township Defined Benefit Pension Plans consisted of the following:

	<u>Police</u>	<u>Non-Uniformed</u>
Active plan members	16	13
Inactive members or beneficiaries		
currently receiving benefits	11	5
Inactive members entitles to but		
not yet receiving benefits	-	6
	<u>27</u>	<u>24</u>

Benefits Provided - Police Pension Plan - The Pension Plan provides retirement benefits as well as death and disability benefits. Employees who retire at or after age 55 with 25 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final-average salary. Final-average salary is the employee's total compensation over the last 36 months of credited service. Benefits are 100% vested after 12 years of service.

If an active member is killed in the line of duty before attaining retirement eligibility, the surviving spouse, or children under 18 (age 23 if attending college) if there is no spouse, shall receive 100% of salary plus return of contributions with interest if not service-related. If an active member is killed in the line of duty after attaining retirement eligibility, the above mentioned beneficiary would receive 50% of the accrued benefit.

Effective on each anniversary of retirement, a retiree will receive an increase in the monthly benefit equal to the percentage change in the CPI-W. The total of all increases may not exceed 20% of the retiree's original benefit nor may the sum of the retiree's benefit and all increases exceed 75% of Final Monthly Average Salary used to compute the original benefit.

A Deferred Retirement Option Plan ("DROP") is available to the Township's police officers who have fulfilled the age and service requirements of the Police Pension Plan as described in the above paragraph. Under the DROP program a participant may elect to defer receipt of normal retirement benefits while continuing employment with the Township for a period of not to exceed three years. The monthly pension shall be calculated as of the date of participation in the program and shall be distributed in a lump sum at retirement. There were no members in the DROP at December 31, 2021.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

F. Defined Benefit Pension Plans (Continued)

Benefits Provided - Non-Uniformed Pension Plan - The Pension Plan provides retirement benefits as well as death and disability benefits. Employees who retire at or after age 65 with 15 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final-average salary. Final-average salary is the employee's total compensation over the last 36 months of credited service. Benefits are 100% vested after 10 years of service.

Measurement Focus and Basis of Accounting

Basis of Accounting: Pension Plan financial statements are prepared using the current resources measurement focus and the modified accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized as due when pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred.

The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of Plan administration is charged against the earnings of the Plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by State statutes.

Method Used to Value Investments: Pension Plan investments are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Police Pension Plan - Officers who are members in the Plan are required to contribute 5% of their annual compensation to the Plan. Contributions are determined on an annual basis. Administrative costs and investment costs of the Plan are financed through an addition to the Actuarially Determined Employer Contribution.

Non-Uniformed Pension Plan - Employees who are members in the Plan are required to contribute 3% of their salaries to the Plan. Contributions are determined on an annual basis. Administrative costs and investment costs of the Plan are financed through an addition to the Actuarially Determined Employer Contribution.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

F. Defined Benefit Pension Plans (Continued)

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The Pension Plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$211,080 for the pension for the year ended December 31, 2021.

Investments

Investment Policy: The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Plan's Board. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Pension 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.

Rate of Return: For the year ended December 31, 2021, the annual money-weighted rate of return on Plan investments, net of investment expense was 11.02% for Police and 11.04% for Non-Uniformed. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of participating entities at December 31, 2021 for the Police Pension Plan and the Non-Uniformed Pension Plan, were as follows:

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 11,991,239	\$ 4,529,708
Plan fiduciary net position	<u>(12,743,439)</u>	<u>(4,732,312)</u>
Net pension liability	\$ <u>(752,200)</u>	\$ <u>(202,604)</u>
Plan fiduciary net position as a percentage of the total pension liability	106%	104%

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

F. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions: The total pension liability in the January 1, 2021 actuarial valuation for the Police Pension Plan and the Non-Uniformed Pension Plan, was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Non-Uniformed</u>
Inflation	2.75%	2.75%
Salary Increases (average, including inflation)	5.0%	4.75%
Investment Rate of Return (including inflation)	6.75%	6.75%
Postretirement Cost of Living Increase	3.0%	3.0%

Mortality rates were based on PubS-2010 with improvement projected from 2015 based on 2020 SSA's assumptions; disability rates set at 175% of the 2020 SSA's Trustee Report.

The net pension liability was measured as of December 31, 2021 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2020. See historical trend schedules for any changes since last valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation were calculated as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	60%	7.9%
Fixed income	37%	1.0%
Cash	3%	-1.4%

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

F. Defined Benefit Pension Plans (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability. 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.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<u>Police Pension Plan</u>			
Balance at December 31, 2020	\$ 11,211,289	\$ 11,218,847	\$ (7,558)
Changes for the year:			
Service cost	340,695	-	340,695
Interest	769,893	-	769,893
Change of benefit terms	-	-	-
Differences between expected and actual experience	(501,253)	-	(501,253)
Change of assumptions	533,641	-	533,641
Contributions - employer	-	603,921	(603,921)
Contributions - employee	-	93,146	(93,146)
Net investment income	-	1,243,068	(1,243,068)
Benefit payments, including refunds of employee contributions	(363,026)	(363,026)	-
Administrative expense	-	(52,517)	52,517
Other changes	-	-	-
Net Changes	779,950	1,524,592	(744,642)
Balance at December 31, 2021	\$ 11,991,239	\$ 12,743,439	\$ (752,200)

NETHER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

F. Defined Benefit Pension Plans (Continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 4,252,899	\$ 4,258,070	\$ (5,171)
Changes for the year:			
Service cost	111,342	-	111,342
Interest	292,300	-	292,300
Change of benefit terms	-	-	-
Differences between expected and actual experience	(68,819)	-	(68,819)
Change of assumptions	124,918	-	124,918
Contributions - employer	-	182,200	(182,200)
Contributions - employee	-	24,550	(24,550)
Net investment income	-	472,270	(472,270)
Benefit payments, including refunds of employee contributions	(182,932)	(182,932)	-
Administrative expense	-	(21,846)	21,846
Other changes	-	-	-
Net Changes	<u>276,809</u>	<u>474,242</u>	<u>(197,433)</u>
Balance at December 31, 2021	<u>\$ 4,529,708</u>	<u>\$ 4,732,312</u>	<u>\$ (202,604)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of participating entities calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>5.75%</u>	Current Discount Rate <u>6.75%</u>	1% Increase <u>7.75%</u>
Net pension liability			
Police	\$ 708,141	\$ (752,200)	\$ (1,975,177)
Non-Uniformed	\$ 299,992	\$ (202,604)	\$ (633,778)

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

F. Defined Benefit Pension Plans (Continued)

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2021, the plan's pension expense of (\$123,521) for Police Pension and \$941 for Non-Uniformed Pension. At December 31, 2021, the deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension Plan</u>		
Differences between expected and actual experience	\$ -	\$ 717,660
Changes in assumptions	494,705	-
Net difference between projected and actual earnings on pension plan investments	-	1,020,757
Total	<u>\$ 494,705</u>	<u>\$ 1,738,417</u>
 <u>Non-Uniformed Pension Plan</u>		
Differences between expected and actual experience	\$ -	\$ 98,833
Changes in assumptions	177,720	-
Net difference between projected and actual earnings on pension plan investments	-	394,485
Total	<u>\$ 177,720</u>	<u>\$ 493,318</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are as follows. Under modified accrual, these amounts are not recorded in the financial statement.

Year Ended	<u>Police</u>	<u>Non-Uniformed</u>
<u>December 31:</u>		
2022	\$ (336,350)	\$ (78,065)
2023	(523,201)	(151,058)
2024	(293,284)	(78,687)
2025	(92,125)	(21,386)
2026	1,248	5,583
Thereafter	-	8,015
Total	<u>\$ (1,243,712)</u>	<u>\$ (315,598)</u>

Payable to the Pension Plan: For the year ended December 31, 2021, the amount of contributions payable to the pension plans total \$30,278.

NETHER PROVIDENCE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

G. Risk Management

The Township is exposed to various risks of loss related to torts; destruction of assets; errors and omissions; employee's health and accident; and natural disasters. The Township purchases commercial insurance to protect its interest in its property and equipment, insurance against employee dishonesty and liability protection. Settled claims have not exceeded this coverage for the past three fiscal years.

H. Prior Year Restatement

Fund balance and net position has been restated to correct postings from prior periods as follows:

Fund Balance	<u>General</u>	<u>Other Governmental Funds</u>	
		<u>Sewer</u>	
Ending Balance, December 31, 2020	\$ 1,216,712	\$ 360,269	\$ 1,531,383
Adjustment	<u>53,527</u>	<u>(24,746)</u>	<u>(22,750)</u>
Restated Balance, December 31, 2020	<u>\$ 1,270,239</u>	<u>\$ 335,523</u>	<u>\$ 1,508,633</u>

Net Position	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	Ending Balance, December 31, 2020	\$ 1,576,981
Adjustment	<u>28,781</u>	<u>(22,750)</u>
Restated Balance, December 31, 2020	<u>\$ 1,605,762</u>	<u>\$ 2,213,294</u>

REQUIRED

SUPPLEMENTARY INFORMATION

NETHER PROVIDENCE TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION PLAN

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability								
Service cost	\$ 340,695	\$ 323,420	\$ 308,019	\$ 326,303	\$ 340,945	\$ 247,457	\$ 235,673	\$ 223,588
Interest	769,893	745,480	699,227	691,472	649,926	613,105	580,757	568,941
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(501,253)	-	(517,410)	-	(374,987)	-	(264,072)	-
Changes of assumptions	533,641	-	-	-	329,047	-	(278)	-
Benefit payments, including refunds of employee contributions	(363,026)	(361,703)	(362,054)	(380,248)	(385,098)	(379,202)	(353,404)	(388,993)
Net change in total pension liability	779,950	707,197	127,782	637,527	559,833	481,360	198,676	403,536
Total pension liability - beginning	<u>11,211,289</u>	<u>10,504,092</u>	<u>10,376,310</u>	<u>9,738,783</u>	<u>9,178,950</u>	<u>8,697,590</u>	<u>8,498,914</u>	<u>8,095,378</u>
Total pension liability - ending (a)	<u>\$ 11,991,239</u>	<u>\$ 11,211,289</u>	<u>\$ 10,504,092</u>	<u>\$ 10,376,310</u>	<u>\$ 9,738,783</u>	<u>\$ 9,178,950</u>	<u>\$ 8,697,590</u>	<u>\$ 8,498,914</u>
Plan fiduciary net position								
Contributions - employer	\$ 603,921	\$ 561,759	\$ 684,393	\$ 597,711	\$ 636,700	\$ 633,442	\$ 815,314	\$ 652,190
Contributions - employee	93,146	87,989	89,040	82,673	80,260	75,995	73,792	66,606
Net investment income	1,243,068	1,395,127	1,497,072	(416,257)	959,861	442,786	(25,404)	350,489
Benefit payments, including refunds of employee contributions	(363,026)	(361,703)	(362,054)	(380,248)	(385,098)	(379,202)	(353,404)	(388,993)
Administrative expense	(52,517)	(34,342)	(30,571)	(31,656)	(24,302)	(18,857)	(20,580)	(15,134)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,524,592	1,648,830	1,877,880	(147,777)	1,267,421	754,164	489,718	665,158
Plan fiduciary net position - beginning	<u>11,218,847</u>	<u>9,570,017</u>	<u>7,692,137</u>	<u>7,839,914</u>	<u>6,572,493</u>	<u>5,818,329</u>	<u>5,328,611</u>	<u>4,663,453</u>
Plan fiduciary net position - ending (b)	<u>\$ 12,743,439</u>	<u>\$ 11,218,847</u>	<u>\$ 9,570,017</u>	<u>\$ 7,692,137</u>	<u>\$ 7,839,914</u>	<u>\$ 6,572,493</u>	<u>\$ 5,818,329</u>	<u>\$ 5,328,611</u>
Township's net pension liability - ending (a)-(b)	<u>\$ (752,200)</u>	<u>\$ (7,558)</u>	<u>\$ 934,075</u>	<u>\$ 2,684,173</u>	<u>\$ 1,898,869</u>	<u>\$ 2,606,457</u>	<u>\$ 2,879,261</u>	<u>\$ 3,170,303</u>
Plan fiduciary net position as a percentage of the total pension liability	106.3%	100.1%	91.1%	74.1%	80.5%	71.6%	66.9%	62.7%
Covered-employee payroll	\$ 1,862,921	\$ 1,759,762	\$ 1,780,798	\$ 1,653,460	\$ 1,598,452	\$ 1,524,767	\$ 1,544,574	\$ 1,382,375
Net pension liability as a percentage of covered payroll	-40.4%	-0.4%	52.5%	162.3%	118.8%	170.9%	186.4%	229.3%
Annual money-weighted return, net of investment expenses	11.02%	14.66%	19.48%	-5.73%	14.74%	7.57%	-0.70%	7.00%

Notes to Schedule:

Change in benefit terms: A deferred retirement option plan (DROP) was added 9/1/2019

Change in assumptions: Interest rate lowered from 7% to 6.75%; CPI assumption lowered from 2.75% to 2.5%; Mortality updated from RP-2014 with 50% Blue Collar Adjustment and improvement based on 2010 SSA's assumptions to PubS-2010 with improvement projected from 2015 based on 2020 SSA's assumptions; disability assumption updated from 200% of the 2010 SSA's Trustee Report to 175% of the 2020 SSA's Trustee Report

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

NETHER PROVIDENCE TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2012	\$ 441,757	\$ 441,757	\$ -	\$ 1,180,641	(1) 37.42%
2013	586,996	586,996	-	1,104,714	(1) 53.14%
2014	652,190	652,190	-	1,382,375	47.18%
2015	676,973	676,973	-	1,544,574	43.83%
2016	633,442	633,442	-	1,524,767	41.54%
2017	636,700	636,700	-	1,598,452	39.83%
2018	597,711	597,711	-	1,653,460	36.15%
2019	684,393	684,393	-	1,780,798	38.43%
2020	561,759	561,759	-	1,759,762	31.92%
2021	603,921	603,921	-	1,862,921	32.42%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date	1/1/2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	9 years (aggregate)
Asset valuation method	4-year smoothing
Inflation	2.75%
Salary increases	5%, average, including inflation
Investment rate of return	7%
Retirement age	Age 55 and completion of 25 years of service
Mortality	RP2014 Mortality Table with 50% of the Blue Collar adjustment, rates set forward 5 years for disabled members

Change in benefit terms: A deferred retirement option plan (DROP) was added 9/1/2019

Change in assumptions: Interest rate lowered from 7% to 6.75%; CPI assumption lowered from 2.75% to 2.5%; Mortality updated from RP-2014 with 50% Blue Collar Adjustment and improvement based on 2010 SSA's assumptions to PubS-2010 with improvement projected from 2015 based on 2020 SSA's assumptions; disability assumption updated from 200% of the 2010 SSA's Trustee Report to 175% of the 2020 SSA's Trustee Report

(1) - covered employee payroll taken from minimum municipal obligation calculation

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

NETHER PROVIDENCE TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - NON-UNIFORM PENSION PLAN

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability								
Service cost	\$ 111,342	\$ 112,566	\$ 117,223	\$ 123,986	\$ 118,364	\$ 104,334	\$ 99,366	\$ 103,704
Interest	292,300	280,856	259,700	240,360	219,141	192,221	174,985	159,218
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(68,819)	-	(30,795)	-	(46,704)	-	(6,684)	-
Changes of assumptions	124,918	-	-	-	158,952	-	-	-
Benefit payments, including refunds of employee contributions	(182,932)	(79,019)	(61,368)	(39,995)	(39,995)	(36,584)	(29,727)	(18,071)
Net change in total pension liability	276,809	314,403	284,760	324,351	409,758	259,971	237,940	244,851
Total pension liability - beginning	4,252,899	3,938,496	3,653,736	3,329,385	2,919,627	2,659,656	2,421,716	2,176,865
Total pension liability - ending (a)	<u>\$ 4,529,708</u>	<u>\$ 4,252,899</u>	<u>\$ 3,938,496</u>	<u>\$ 3,653,736</u>	<u>\$ 3,329,385</u>	<u>\$ 2,919,627</u>	<u>\$ 2,659,656</u>	<u>\$ 2,421,716</u>
Plan fiduciary net position								
Contributions - employer	\$ 182,200	\$ 183,520	\$ 168,746	\$ 163,365	\$ 149,352	\$ 135,433	\$ 217,272	\$ 140,759
Contributions - employee	24,550	43,497	26,883	25,080	25,449	24,909	22,761	29,704
Net investment income	472,270	538,328	566,177	(160,498)	362,550	168,932	(11,321)	123,944
Benefit payments, including refunds of employee contributions	(182,932)	(79,019)	(61,368)	(39,995)	(39,995)	(36,584)	(29,727)	(18,071)
Administrative expense	(21,846)	(15,384)	(15,773)	(11,716)	(16,471)	(8,127)	(11,459)	(6,730)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	474,242	670,942	684,665	(23,764)	480,885	284,563	187,526	269,606
Plan fiduciary net position - beginning	<u>4,258,070</u>	<u>3,587,128</u>	<u>2,902,463</u>	<u>2,926,227</u>	<u>2,445,342</u>	<u>2,160,779</u>	<u>1,973,253</u>	<u>1,703,647</u>
Plan fiduciary net position - ending (b)	<u>\$ 4,732,312</u>	<u>\$ 4,258,070</u>	<u>\$ 3,587,128</u>	<u>\$ 2,902,463</u>	<u>\$ 2,926,227</u>	<u>\$ 2,445,342</u>	<u>\$ 2,160,779</u>	<u>\$ 1,973,253</u>
Township's net pension liability - ending (a)-(b)	<u>\$ (202,604)</u>	<u>\$ (5,171)</u>	<u>\$ 351,368</u>	<u>\$ 751,273</u>	<u>\$ 403,158</u>	<u>\$ 474,285</u>	<u>\$ 498,877</u>	<u>\$ 448,463</u>
Plan fiduciary net position as a percentage of the total pension liability	104.5%	100.1%	91.1%	79.4%	87.9%	83.8%	81.2%	81.5%
Covered-employee payroll	\$ 818,336	\$ 762,514	\$ 904,491	\$ 890,127	\$ 848,330	\$ 852,535	\$ 778,713	\$ 770,204
Net pension liability as a percentage of covered payroll	-24.8%	-0.7%	38.8%	84.4%	47.5%	55.6%	64.1%	58.2%
Annual money-weighted return, net of investment expenses	11.04%	14.84%	19.25%	-5.79%	14.65%	7.57%	-0.80%	6.90%

Notes to Schedule:

Change in benefit terms: None since 1/1/2019

Change in assumptions: Interest rate lowered from 7% to 6.75%; CPI assumption lowered from 2.75% to 2.5%; Mortality updated from RP-2014 with 50% Blue Collar Adjustment and improvement based on 2010 SSA's assumptions to PubS-2010 with improvement projected from 2015 based on 2020 SSA's assumptions; disability assumption updated from 200% of the 2010 SSA's Trustee Report to 175% of the 2020 SSA's Trustee Report

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

NETHER PROVIDENCE TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS – NON-UNIFORM PENSION PLAN

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2012	\$ 66,952	\$ 66,952	\$ -	\$ 624,250	(1) 10.73%
2013	101,648	101,648	-	615,170	(1) 16.52%
2014	140,759	140,759	-	770,204	18.28%
2015	148,101	148,101	-	778,713	19.02%
2016	135,433	135,433	-	852,535	15.89%
2017	149,352	149,352	-	848,330	17.61%
2018	163,365	163,365	-	890,127	18.35%
2019	168,746	168,746	-	904,491	18.66%
2020	183,520	183,520	-	762,514	24.07%
2021	182,200	182,200	-	818,336	22.26%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar - closed
Remaining amortization period	9 years (aggregate)
Asset valuation method	4-year smoothing
Inflation	3%
Salary increases	5%, average, including inflation
Investment rate of return	7%
Retirement age	Age 65 and completion of 15 years of service
Mortality	RP2014 Mortality Table with 50% of the Blue Collar adjustment, rates set forward 5 years for disabled members

Change in benefit terms: None since 1/1/2019

Change in assumptions: Interest rate lowered from 7% to 6.75%; CPI assumption lowered from 2.75% to 2.5%; Mortality updated from RP-2014 with 50% Blue Collar Adjustment and improvement based on 2010 SSA's assumptions to PubS-2010 with improvement projected from 2015 based on 2020 SSA's assumptions; disability assumption updated from 200% of the 2010 SSA's Trustee Report to 175% of the 2020 SSA's Trustee Report

(1) - covered employee payroll taken from minimum municipal obligation calculation

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

NETHER PROVIDENCE TOWNSHIP

COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2021

	<u>Special Revenue</u>					<u>Capital Projects</u>								<u>Non-major Governmental Funds</u>		
	<u>Highway Aid</u>	<u>Community Enhancement</u>	<u>Drug Forfeiture Assets</u>	<u>Grant</u>	<u>FEMA/PEMA</u>	<u>Total</u>	<u>Storm Sewer</u>	<u>Fire Capital</u>	<u>Highway Capital</u>	<u>Police Capital</u>	<u>Admin Office Equip</u>	<u>Police Office Equip</u>	<u>Parks Capital</u>		<u>Twp Sidewalks</u>	<u>Total</u>
<u>ASSETS</u>																
Cash and cash equivalents	\$ 119,053	\$ 456,837	\$ 12,523	\$ 89,715	\$ 2,512	\$ 680,640	\$ 37,636	\$ 21,353	\$ 224,410	\$ 16,308	\$ 9,461	\$ 4,003	\$ 40,879	\$ -	\$ 354,050	\$ 1,034,690
Receivables	-	334,202	-	140,000	499,428	973,630	-	-	-	-	-	-	-	-	-	973,630
Due from other funds	-	-	-	-	-	-	190	-	-	3,658	54	-	-	260	4,162	4,162
Total Assets	\$ 119,053	\$ 791,039	\$ 12,523	\$ 229,715	\$ 501,940	\$ 1,654,270	\$ 37,826	\$ 21,353	\$ 224,410	\$ 19,966	\$ 9,515	\$ 4,003	\$ 40,879	\$ 260	\$ 358,212	\$ 2,012,482
<u>LIABILITIES</u>																
Accounts payable	\$ 3,958	\$ -	\$ -	\$ 5,932	\$ 10,960	\$ 20,850	\$ -	\$ -	\$ -	\$ -	\$ 53	\$ -	\$ -	\$ -	\$ 53	\$ 20,903
Due to other funds	4,207	152,454	35,522	187,644	500,931	880,758	-	-	21,725	-	-	1,585	927	-	24,237	904,995
Total Liabilities	8,165	152,454	35,522	193,576	511,891	901,608	-	-	21,725	-	53	1,585	927	-	24,290	925,898
<u>FUND BALANCES</u>																
Restricted:																
Streets and highways	110,888	-	-	-	-	110,888	-	-	-	-	-	-	-	-	-	110,888
Community enhancement	-	638,585	-	36,139	-	674,724	-	-	-	-	-	-	-	-	-	674,724
Assigned:																
Capital projects	-	-	-	-	-	-	37,826	21,353	202,685	19,966	9,462	2,418	39,952	260	333,922	333,922
Unassigned	-	-	(22,999)	-	(9,951)	(32,950)	-	-	-	-	-	-	-	-	-	(32,950)
Total Fund Balances	110,888	638,585	(22,999)	36,139	(9,951)	752,662	37,826	21,353	202,685	19,966	9,462	2,418	39,952	260	333,922	1,086,584
Total Liabilities and Fund Balance	\$ 119,053	\$ 791,039	\$ 12,523	\$ 229,715	\$ 501,940	\$ 1,654,270	\$ 37,826	\$ 21,353	\$ 224,410	\$ 19,966	\$ 9,515	\$ 4,003	\$ 40,879	\$ 260	\$ 358,212	\$ 2,012,482

NETHER PROVIDENCE TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue						Capital Projects									Total Non-major Governmental Funds
	Highway Aid	Community Enhancement	Drug Forfeiture Assets	Grant	FEMA/PEMA	Total	Storm Sewer	Fire Capital	Highway Capital	Police Capital	Admin Office Equip	Police Office Equip	Parks Capital	Twp Sidewalks	Total	
Revenues																
Fines and forfeitures	\$ -	\$ -	\$ 39,367	\$ -	\$ -	\$ 39,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,367
Investment income and rent	54	144	8	30	4	240	5	2	61	2	1	-	7	-	78	318
Intergovernmental revenues	384,949	334,202	-	354,775	499,428	1,573,354	-	-	-	-	-	-	-	-	-	1,573,354
Other	6,331	630,044	-	-	-	636,375	-	-	-	10,600	-	-	-	-	10,600	646,975
Total Revenues	391,334	964,390	39,375	354,805	499,432	2,249,336	5	2	61	10,602	1	-	7	-	10,678	2,260,014
Expenditures																
Current																
General government	-	-	-	-	-	-	-	-	-	-	3,968	-	-	-	3,968	3,968
Public safety	-	-	69,608	-	509,383	578,991	-	-	-	90	-	479	-	-	569	579,560
Public works	396,875	-	-	-	-	396,875	8,047	-	2,395	-	-	-	-	-	10,442	407,317
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	5,818	-	5,818	5,818
Community enhancement	-	322,267	-	301,323	-	623,590	-	-	-	-	-	-	-	-	-	623,590
Total Expenditures	396,875	322,267	69,608	301,323	509,383	1,599,456	8,047	-	2,395	90	3,968	479	5,818	-	20,797	1,620,253
Excess (Deficiency) of Revenues Over Expenditures	(5,541)	642,123	(30,233)	53,482	(9,951)	649,880	(8,042)	2	(2,334)	10,512	(3,967)	(479)	(5,811)	-	(10,119)	639,761
Other Financing Sources (Uses)																
Transfers in	-	6,000	-	50,000	-	56,000	20,000	500	20,000	-	6,000	4,000	4,800	-	55,300	111,300
Total Other Financing Sources (Uses)	-	6,000	-	50,000	-	56,000	20,000	500	20,000	-	6,000	4,000	4,800	-	55,300	111,300
Net Change in Fund Balance	(5,541)	648,123	(30,233)	103,482	(9,951)	705,880	11,958	502	17,666	10,512	2,033	3,521	(1,011)	-	45,181	751,061
Fund Balance - Beginning (Restated)	116,429	(9,538)	7,234	(67,343)	-	46,782	25,868	20,851	185,019	9,454	7,429	(1,103)	40,963	260	288,741	335,523
Fund Balance - Ending	\$ 110,888	\$ 638,585	\$ (22,999)	\$ 36,139	\$ (9,951)	\$ 752,662	\$ 37,826	\$ 21,353	\$ 202,685	\$ 19,966	\$ 9,462	\$ 2,418	\$ 39,952	\$ 260	\$ 333,922	\$ 1,086,584

NETHER PROVIDENCE TOWNSHIP

COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS - MODIFIED ACCRUAL BASIS

DECEMBER 31, 2021

	<u>Pension Trust Funds</u>			<u>Custodial Funds Escrow</u>			
	<u>Police Pension</u>	<u>Non-Uniformed Pension</u>	<u>Total</u>	<u>Single Lot Escrow</u>	<u>Bungalow Escrow</u>	<u>Tax Appeal Escrow</u>	<u>Total</u>
<u>ASSETS</u>							
Cash and cash equivalents	\$ 511,609	\$ 214,980	\$ 726,589	\$ 96,652	\$ 1,449	\$ 519	\$ 98,620
Contributions receivables	29,336	942	30,278	-	-	-	-
Investments, at fair value:							
Exchange traded	<u>12,199,295</u>	<u>4,567,668</u>	<u>16,766,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 12,740,240</u>	<u>\$ 4,783,590</u>	<u>\$ 17,523,830</u>	<u>\$ 96,652</u>	<u>\$ 1,449</u>	<u>\$ 519</u>	<u>\$ 98,620</u>
 <u>LIABILITIES</u>							
Accounts payable	\$ 8,009	\$ 51,279	\$ 59,288	\$ -	\$ -	\$ 519	\$ 519
Total Liabilities	<u>8,009</u>	<u>51,279</u>	<u>59,288</u>	<u>-</u>	<u>-</u>	<u>519</u>	<u>519</u>
 <u>NET POSITION</u>							
Net Position - Restricted for:							
Pension benefits	12,732,231	4,732,311	17,464,542	-	-	-	-
Developers and others	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,652</u>	<u>1,449</u>	<u>-</u>	<u>98,101</u>
Total Net Position	<u>\$ 12,732,231</u>	<u>\$ 4,732,311</u>	<u>\$ 17,464,542</u>	<u>\$ 96,652</u>	<u>\$ 1,449</u>	<u>\$ -</u>	<u>\$ 98,101</u>

NETHER PROVIDENCE TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - FIDUCIARY FUNDS - MODIFIED ACCRUAL BASIS

DECEMBER 31, 2021

	Pension Trust Funds			Custodial Funds Escrow			
	Police Pension	Non-Uniformed Pension	Total	Single Lot Escrow	Bungalow Escrow	Tax Appeal Escrow	Total
Additions							
Contributions							
Employee contributions	\$ 93,146	\$ 24,550	\$ 117,696	\$ -	\$ -	\$ -	\$ -
Employer contributions	461,009	115,038	576,047	-	-	-	-
State aid	143,918	67,162	211,080	-	-	-	-
Escrow receipts	-	-	-	2,500	1,200	-	3,700
Total Contributions	<u>698,073</u>	<u>206,750</u>	<u>904,823</u>	<u>2,500</u>	<u>1,200</u>	<u>-</u>	<u>3,700</u>
Investment Income							
Net appreciation (depreciation) in fair value of investments	983,641	374,040	1,357,681	-	-	-	-
Interest and dividend income	<u>259,428</u>	<u>98,229</u>	<u>357,657</u>	<u>29</u>	<u>1</u>	<u>-</u>	<u>30</u>
Total Investment Earnings	1,243,069	472,269	1,715,338	29	1	-	30
Less investment expense	<u>(50,967)</u>	<u>(12,990)</u>	<u>(63,957)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Investment Income	<u>1,192,102</u>	<u>459,279</u>	<u>1,651,381</u>	<u>29</u>	<u>1</u>	<u>-</u>	<u>30</u>
Total Additions	<u>1,890,175</u>	<u>666,029</u>	<u>2,556,204</u>	<u>2,529</u>	<u>1,201</u>	<u>-</u>	<u>3,730</u>
Deductions							
Benefits	363,662	182,363	546,025	-	-	-	-
Actuary fees	8,705	1,099	9,804	-	-	-	-
Escrow disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,926</u>	<u>1,150</u>	<u>-</u>	<u>4,076</u>
Total Deductions	<u>372,367</u>	<u>183,462</u>	<u>555,829</u>	<u>2,926</u>	<u>1,150</u>	<u>-</u>	<u>4,076</u>
Change in Net Position	1,517,808	482,567	2,000,375	(397)	51	-	(346)
Net Position - Restricted:							
Beginning of Year (Restated)	<u>11,214,423</u>	<u>4,249,744</u>	<u>15,464,167</u>	<u>97,049</u>	<u>1,398</u>	<u>-</u>	<u>98,447</u>
End of Year	<u>\$ 12,732,231</u>	<u>\$ 4,732,311</u>	<u>\$ 17,464,542</u>	<u>\$ 96,652</u>	<u>\$ 1,449</u>	<u>\$ -</u>	<u>\$ 98,101</u>