



**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA**

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2020

TOWNSHIP OF HAVERFORD

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INDEPENDENT AUDITOR'S REPORT

June 11, 2021

Board of Commissioners
Township of Haverford
Havertown, Pennsylvania

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Haverford Township Free Library, a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Haverford Township Free Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Haverford Township Free Library were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Haverford, Havertown, Pennsylvania, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Notes 1 and 15 to the financial statements, the Township has adopted the requirements of GASB Statement No. 84, "Fiduciary Activities." The statement provides additional guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As a result, the beginning fiduciary activities net position have been restated. Also, a statement of changes in fiduciary net position is presented for its custodial funds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 12; budgetary comparison schedule on page 64; and schedules of changes in the Township's net pension liability, related ratios, and investment returns - police and non-uniformed pension plans; schedules of employer contributions - police and non-uniformed pension plans; notes to the schedules of employer contributions - police and non-uniformed pension plans; schedule of changes in the Township's net OPEB liability and related ratios; schedule of employer contributions - OPEB, and notes to the schedule of employer contributions - OPEB on pages 65 through 70, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Board of Commissioners
Township of Haverford

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining nonmajor governmental fund financial statements and combining fiduciary fund financial statements on pages 71 through 74 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2021, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
DECEMBER 31, 2020**

The Board of Commissioners and Township Manager of the Township of Haverford (“the Township”) are pleased to present to readers of the financial statements of the Township of Haverford this narrative overview and analysis of the financial activities for the year ended December 31, 2020.

FINANCIAL HIGHLIGHTS

Government-wide

Government-wide net position of the Township at the close of the year was a deficit (\$5,694,069). The total current year change in net position was \$3,400,504. This change was a result of an \$280,881 operational increase in our business-type activities and an \$3,119,623 increase recognized by our governmental activities. The increase in the governmental activities is largely a result of reduced net OPEB and net pension liabilities. Also, in a year marred by the COVID-19 pandemic, the Township outperformed in select revenue areas (Act 511 tax collections and licensing/permit fees) while simultaneously curtailing spending wherever possible across all departments. The increase in business-type activities was largely a result of underspending the budget by over \$469,000 offset by reduced revenues due to a budgeted, but deemed unnecessary, use of retained earnings in the amount of \$195,000.

Fund Level

At the close of the fiscal year, the Township reported combined ending fund balances in Governmental Funds of \$32,036,841, an increase of \$2,119,167 from the previous year. A portion of the increase was due to approximately \$134,000 in excess revenues and other financing sources over expenses and other financing uses within the Capital Projects Fund from a better-than-expected sale of a Township owned property plus a one-time business tax audit assessment. In the General Fund, the Township over-performed in its Act 511 collections and licensing/permit fees. These over-achieving areas mitigated reduced revenues in more “user-based” operations such as our parks and recreation department due to a temporary economic contraction within the Commonwealth of Pennsylvania as to group-gatherings. The Township curtailed spending wherever possible, deferred hiring for open positions, deferred a planned borrowing (thus reducing anticipated debt service) and deferred certain smaller scale projects until we were able to get a firm grasp on how COVID-19 was going to affect our local finances and our community at large. The total General Fund fund balance amounted to \$25,699,912, an increase of \$1,964,941 and 56.7 percent of General Fund revenues. An amount of \$14,240,243 is reported as unassigned in the General Fund, or 31.4 percent of total General Fund revenues. A total of \$2,569,214 is reported as restricted in the General Fund due to various external requirements. An amount of \$293,816 is shown as non-spendable since the balance represents prepaid expenditures. A total of \$201,853 is shown as assigned by management for maintenance of our artificial turf field/indoor recreational center facilities. An amount of \$8,394,786 is reported as committed - budgetary reserve in accordance with the financial policies resolution passed by the Board of Commissioners to maintain financial stability.

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances in a manner similar to a private-sector business.

The Statement of Net Position (page 13) presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities (page 14) presents information showing how the government's net position changed during the most recent calendar year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future calendar periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental Activities – Most of the Township's basic services are reported in this category. Taxes and charges for services generally support these services. Services provided include general administration, public safety, public works, health and human services, culture and recreation, and community development.

Business-type Activities – The Township charges fees to customers to help it cover all or most of the cost of certain services it provides. The Township provides sanitary sewer services to property owners within the Township.

Component Unit – The Township includes one separate legal entity in this report: The Haverford Township Free Library. Although legally separate, this component unit is important because the Township is financially responsible for it. Additional financial information regarding the Township's component unit can be found in the statement of net position and statement of activities of this report. A separately audited annual financial report of this component unit may be obtained from the Library.

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2020**

Fund Financial Statements

The fund financial statements begin on page 15 and provide detailed information about the major individual funds. A fund has a self-balancing set of accounts that the Township uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, statements for nonmajor funds begin on page 71. All of the funds of the Township can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds – Most of the Township's basic services are reported in the Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The Governmental Fund financial statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are provided (pages 16 and 18) to reconcile between the Governmental Funds Balance Sheet and the Statement of Net Position, and between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities. These funds are reported using modified accrual accounting, which primarily measures cash and other financial assets usable in the short term. Governmental Funds include the Special Revenue Funds.

Proprietary Funds – When the Township charges for the services it provides, these services are generally reported in Proprietary Funds. Proprietary Funds (Enterprise Funds) utilize accrual accounting; the same method used by private sector businesses. Enterprise Funds report activities that provide supplies and services to the general public, in our case, sanitary sewer.

Fiduciary Funds – The Township acts as a fiduciary to account for resources held for the benefit of parties outside the government. The Township has an Agency Fund to support the operating costs of the Township's local cable channel that supports Township-related services and another Agency Fund that supports the operating costs for Merry Place Park. Additionally, the Township has three Pension Trust Funds – two for the civilian employees and one for the uniformed employees. These funds are reported using accrual accounting. The government-wide statements exclude Fiduciary Fund activities and balances because these assets are restricted in purpose and do not represent assets available to the Township to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 24 of this report.

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2020**

Other Information

Other information includes combining financial statements for nonmajor Governmental Funds. The funds are added together by fund type and presented in single columns in the basic financial statements, but are not reported individually, as with major funds, on the Governmental Funds financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Township's largest component of its net position is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding, which was \$31,648,703 at the end of the year. As the Township utilizes those assets to provide services to its citizens, they are not available for future spending.

The component of our net position that pertains to the governmental activities has increased from a year ago by \$3,119,623. The increase in the governmental funds is largely a result of reduced net OPEB and net pension liabilities. Also, in a year marred by the COVID-19 pandemic, the Township outperformed in its revenues and curtailed spending wherever possible. Additionally, the component of our net position that pertains to our business-type activities increased by \$280,881. This increase was a result of \$72,000 in lower-than-expected noncapitalized sewer construction costs and reduced sewage treatment and pass-through costs from the City of Philadelphia (thru Upper Darby, approximately \$384,000) offset by lower-than-budgeted revenues since an anticipated \$195,000 usage of retained earnings was not necessary.

TABLE 1 - NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 36,272,567	\$ 35,146,057	\$ 10,217,041	\$ 9,879,404	\$ 46,489,608	\$ 45,025,461
Capital assets	75,518,947	76,826,798	4,942,839	4,986,195	80,461,786	81,812,993
Total Assets	<u>111,791,514</u>	<u>111,972,855</u>	<u>15,159,880</u>	<u>14,865,599</u>	<u>126,951,394</u>	<u>126,838,454</u>
Deferred outflows	12,982,567	15,212,928	21,658	41,518	13,004,225	15,254,446
Noncurrent liabilities	119,967,632	136,827,777	231,429	413,172	120,199,061	137,240,949
Other liabilities	5,051,949	5,933,508	327,076	221,079	5,379,025	6,154,587
Total Liabilities	<u>125,019,581</u>	<u>142,761,285</u>	<u>558,505</u>	<u>634,251</u>	<u>125,578,086</u>	<u>143,395,536</u>
Deferred inflows	19,881,316	7,670,937	190,286	121,000	20,071,602	7,791,937
Net investment in capital assets	26,673,854	27,301,941	4,942,839	4,986,195	31,616,693	32,288,136
Restricted	8,906,143	8,466,502	-	-	8,906,143	8,466,502
Unrestricted (deficit)	(55,706,813)	(59,014,882)	9,489,908	9,165,671	(46,216,905)	(49,849,211)
Total Net Position (Deficit)	<u>\$ (20,126,816)</u>	<u>\$ (23,246,439)</u>	<u>\$ 14,432,747</u>	<u>\$ 14,151,866</u>	<u>\$ (5,694,069)</u>	<u>\$ (9,094,573)</u>

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2020**

Table 2 highlights the Township's revenues and expenses for the fiscal year ended December 31, 2020. These two main components are subtracted to yield the change in net position. This table utilizes the full-accrual method of accounting.

TABLE 2 - CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 7,707,840	\$ 8,677,600	\$ 4,400,597	\$ 4,513,765	\$ 12,108,437	\$ 13,191,365
Operating grants and contributions	4,633,750	4,894,141	-	-	4,633,750	4,894,141
General revenues:						
Property taxes	26,419,769	26,199,691	-	-	26,419,769	26,199,691
Act 511 taxes	4,568,820	4,705,051	-	-	4,568,820	4,705,051
Franchise fees	1,040,511	1,082,937	-	-	1,040,511	1,082,937
Interest and rents	823,839	1,314,898	74,758	173,332	898,597	1,488,230
Other revenues	1,571,019	3,576,047	-	-	1,571,019	3,576,047
Total Revenues	46,765,548	50,450,365	4,475,355	4,687,097	51,240,903	55,137,462
Expenses						
General government	3,840,613	3,976,684	-	-	3,840,613	3,976,684
Public safety	19,950,974	21,589,946	-	-	19,950,974	21,589,946
Public works - sanitation	5,074,473	5,139,903	-	-	5,074,473	5,139,903
Public works - highways and streets	6,589,755	7,805,865	-	-	6,589,755	7,805,865
Culture and recreation	4,730,205	6,572,887	-	-	4,730,205	6,572,887
Community development	2,071,324	1,928,375	-	-	2,071,324	1,928,375
Interest on long-term debt	1,923,615	1,827,718	-	-	1,923,615	1,827,718
Sewer	-	-	3,659,440	3,734,497	3,659,440	3,734,497
Total Expenses	44,180,959	48,841,378	3,659,440	3,734,497	47,840,399	52,575,875
Changes in Net Position (Deficit)						
before Transfers	2,584,589	1,608,987	815,915	952,600	3,400,504	2,561,587
Transfers	535,034	600,000	(535,034)	(600,000)	-	-
Changes in Net Position (Deficit)	3,119,623	2,208,987	280,881	352,600	3,400,504	2,561,587
Net Position (Deficit), Beginning	(23,246,439)	(25,455,426)	14,151,866	13,799,266	(9,094,573)	(11,656,160)
Net Position (Deficit), Ending	\$ (20,126,816)	\$ (23,246,439)	\$ 14,432,747	\$ 14,151,866	\$ (5,694,069)	\$ (9,094,573)

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As the Township completed the fiscal year, its Governmental Funds reported healthy fund balances of \$32,036,841, an increase of \$2,119,167. The overall increase was largely due to the Township's over performance in Act 511 tax revenues and licensing/permit revenues coupled with reduced spending from curtailed operations due to the COVID-19 pandemic. Increased revenues paired with reduced spending led to an increase in the general fund of \$1,964,941. Of the current ending general fund

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2020**

balance, \$293,816 is shown as nonspendable since it represents prepaid items, \$201,853 is reported as assigned for particular purposes, \$8,394,786 is reported as committed for budgetary reserve in the General Fund, \$2,569,214 is shown as restricted by external sources while \$14,240,243 is shown as unassigned. The Capital Projects Fund ended the year with a fund balance of \$6,313,284, which is all restricted for capital projects.

Governmental Funds

General Fund, Comparison to Final Budget – Revenue figures fell short of final budget expectations by \$24,144, or 0.05 percent. The shortage in revenues is a direct result of \$1.3M of losses in charges for service revenues in certain operations (specifically recreational offerings due to gathering restrictions from the COVID-19 pandemic). Investment income also fell short of budget by approximately \$120,000 due to reductions in the federal funds rate to which so many of our investments are indirectly tied. Luckily, our Act 511 taxes (business privilege, mercantile realty transfer) exceeded budget by approximately \$594,000 and our licensing and permit fees exceed its budget by approximately \$519,000. Realty transfer and licensing/permit fee production are continuing trends that demonstrate the popularity of our community which continues to keep real estate inventory relatively low and sales fast paced. License and permit revenues exceeded expectations mostly as a result of our residents investing in their own homes with improvements and expansions allowing them to stay in our community as their lives evolve. Expenditures were largely reduced due to reduced spending directives as we navigated our way through the pandemic. Specific savings were identified in the area of debt service by \$490,000 due to the deferment of a new borrowing and a successful refunding of our 2014 GO bond issue, approximately \$852,000 in savings in direct expenditures related to suspended recreational programming, approximately \$420,000 in reduced health-related benefits such as prescription, dental and vision, approximately \$200,000 in vehicle fuel/maintenance costs due to curtailed operations during the height of the pandemic, approximately \$219,000 in reduced snow removal costs, and approximately \$750,000 by eliminating a planned transfer to our capital projects fund for self-funded projects. For the year, we are pleased to report that total expenditures were less than budget expectations by \$2,992,494, or 6.4 percent. While that is not a trend we plan on continuing, it exemplifies the approach our community took in doing what needed to be done to sustain the financial health of our community during an unprecedented time.

Nonmajor Governmental Funds – The activities in the nonmajor governmental activities are primarily funded by federal grants for specific federally approved projects. Any increase in expenditures is offset by related increase in funding. These grants are cost-reimbursement basis grants.

Proprietary Fund

Sewer Fund – This fund experienced an increase in its net position by \$280,881. This increase was a result \$72,000 in lower-than-expected noncapitalized sewer construction costs and reduced sewage treatment and pass-through costs from the City of Philadelphia (thru Upper Darby, approximately \$384,000) offset by lower-than-budgeted revenues since an anticipated \$195,000 usage of retained earnings was not necessary.

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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2020, the Township had invested \$80,461,786, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation expense for this calendar year totaled \$3,845,947.

TABLE 3 - CAPITAL ASSETS

Programs	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 14,713,479	\$ 14,713,479	\$ -	\$ -	\$ 14,713,479	\$ 14,713,479
Construction-in-progress	2,573,023	1,693,780	-	-	2,573,023	1,693,780
Buildings and improvements	34,638,542	34,672,111	811,067	811,067	35,449,609	35,483,178
Machinery and equipment	25,728,801	25,010,880	761,359	761,359	26,490,160	25,772,239
Infrastructure and improvements	40,625,612	40,447,341	5,490,603	5,411,737	46,116,215	45,859,078
Accumulated depreciation	(42,760,510)	(39,710,793)	(2,120,190)	(1,997,968)	(44,880,700)	(41,708,761)
TOTAL	\$ 75,518,947	\$ 76,826,798	\$ 4,942,839	\$ 4,986,195	\$ 80,461,786	\$ 81,812,993

Additional information on the Township's capital assets is contained in Note 5 to the financial statements. Major capital assets acquisitions during 2020 include improvements to our traffic systems, pedestrian crosswalk enhancements, large pieces of heavy equipment, police vehicles, various park improvements, parking projects, streetscape projects, and various storm water improvements throughout the Township.

Long-term Debt

At the end of the current fiscal year, the Township had total bonded debt outstanding of \$47,665,000. All of this is backed by the full faith and credit of the government. Governmental activities report \$47,665,000 and business-type activities report \$0 of general obligation bonds. The Township is empowered by state law to issue debt obligations within the limits of authority passed from time to time by the state legislature. Additional information on the Township's long-term debt can be found in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Every property in Delaware County, including all properties in Haverford Township, were reassessed for property tax calculation purposes. This reassessment was to be reflective of current market values as of July 1, 2020 and take effect for the 2021 tax year. The over-all Township assessed value rose from \$3.16B

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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2020**

to \$6.36B – evidencing the strong real estate market of Haverford Township. As required by Section 8823 of the Consolidated County Assessment Law, for the initial year in which a countywide reassessment becomes effective, the Township fixed a preliminary tax rate for tax year 2021 that would result in neutral tax revenues equal to the amount of real property taxes levied by the Township for tax year 2020. This preliminary rate would become the base rate before the Board of Commissioners would consider any real estate tax increase for 2021. The preliminary rate was calculated to be 4.218 mills. Acknowledging both the impacts to be felt by some property owners simply due to the reassessment coupled with the economic issues felt by some within our community due to the COVID-19 pandemic, the Board of Commissioners voted to NOT increase property tax revenues in 2021 and keep the preliminary rate in effect for the entire 2021 tax year.

To keep current with costs of operations, the Township increased the annual sewer rate from \$4.40/1,000g of water used to \$4.55/1,000g. However, this increase simply brings the rate back to 2019 levels after a short-term window in which the Township was able to reduce fees and pass savings onto our sewer system users. Even with the increased incinerator costs charged by Delaware County Solid Waste Authority in 2021, the Township was able to keep its annual trash/recycling fee at \$245.00 per residential unit by utilizing alternative collection/disposal approaches.

In spring of 2020, a national emergency was declared due to a worldwide pandemic caused by COVID-19, a respiratory disease caused by a new strain of coronavirus. Worldwide, national, and local economies continue to mitigate the current and future financial effects of the pandemic. While Haverford Township itself has thus far successfully mitigated those financial effects, the Township cannot predict how long the pandemic may last or how the pandemic may continue to impact future financial conditions or operations of worldwide, state, and local economies. Currently, we continue to see favorable trends with our real estate tax collections, deed transfer tax revenues and strong local real estate market. If faced with a negative economic downturn, the Township has strong cash reserves to rely on and if necessary, will make decisions to reduce operating costs where feasible.

In March 2021, The American Rescue Plan Act of 2021, a \$1.9 trillion economic stimulus bill was passed by the 117th United States Congress and signed into law by President Joseph Biden intended to provide the resources needed to address the ongoing COVID-19 public health crisis and spur a strong economic recovery. The Rescue Plan is intended to provide needed relief to local governments enabling continued support in the public health response and also allow for the foundation of a strong and equitable economic recovery. In addition to helping local governments address the revenue losses experienced as a result of the crisis, the Rescue Plan will help cover costs incurred responding to the public health emergency and provide support for a recovery – including assistance to households, small businesses and nonprofits, aid to impacted industries, and support for essential workers. It will also provide resources for local governments to invest in infrastructure, including water, sewer, and broadband services. Haverford Township has been identified as an entitlement unit and a direct recipient of \$19.8M with \$9.9M received in May 2021. The remaining \$9.9M is expected in May 2022. The exact plan as to how the Township can or will utilize those funds is still in the planning stage.

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2020**

The Township is extremely proud of the high level of services provided to the residents and property owners of our community. However, governments on every level, must continue to be mindful of the effect of increased taxes on our citizenry (whether it be income taxes, property taxes, etc.). Our Township Manager, along with the Board of Commissioners, constantly evaluates the services performed by our workforce and strives to find ways to do things better and more efficiently at lower costs. Those efforts will continue each and every year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Township of Haverford's finances to the citizens of the Township of Haverford and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report and requests for additional financial information should be addressed to David R. Burman, Township Manager, Township of Haverford, 1014 Darby Road, Havertown, PA 19083.

**TOWNSHIP OF HAVERFORD
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities	Business-type Activities	Total	Component Unit Haverford Township Free Library
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current Assets:				
Cash and cash equivalents:				
Unrestricted	\$ 30,831,045	\$ 10,009,150	\$ 40,840,195	\$ 1,622,608
Restricted	2,569,214	-	2,569,214	-
Accounts receivable	1,221,812	154,534	1,376,346	11,518
Taxes receivable	820,044	-	820,044	-
Internal balances	(40,184)	40,184	-	-
Note receivable	91,159	-	91,159	-
Prepaid expenses	293,816	13,173	306,989	1,328
Total Current Assets	<u>35,786,906</u>	<u>10,217,041</u>	<u>46,003,947</u>	<u>1,635,454</u>
Noncurrent Assets:				
Note receivable	485,661	-	485,661	-
Capital assets:				
Land	14,713,479	-	14,713,479	-
Construction-in-progress	2,573,023	-	2,573,023	-
Capital assets, net	<u>58,232,445</u>	<u>4,942,839</u>	<u>63,175,284</u>	<u>767,092</u>
Total Noncurrent Assets	<u>76,004,608</u>	<u>4,942,839</u>	<u>80,947,447</u>	<u>767,092</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources relating to pensions	2,352,179	21,658	2,373,837	-
Deferred outflows of resources relating to OPEB	<u>10,630,388</u>	<u>-</u>	<u>10,630,388</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>12,982,567</u>	<u>21,658</u>	<u>13,004,225</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 124,774,081</u>	<u>\$ 15,181,538</u>	<u>\$ 139,955,619</u>	<u>\$ 2,402,546</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES				
Current Liabilities:				
Accounts payable and other current liabilities	\$ 2,395,286	\$ 327,076	\$ 2,722,362	\$ 78,047
Accrued interest	124,415	-	124,415	-
Escrow deposits payable	405,709	-	405,709	-
Unearned revenues	139,971	-	139,971	-
Current portion of bonds payable, net	<u>1,986,568</u>	<u>-</u>	<u>1,986,568</u>	<u>-</u>
Total Current Liabilities	<u>5,051,949</u>	<u>327,076</u>	<u>5,379,025</u>	<u>78,047</u>
Noncurrent Liabilities:				
Bonds payable, net	48,581,739	-	48,581,739	-
Net OPEB liability	54,442,472	-	54,442,472	-
Net pension liability	13,951,831	183,329	14,135,160	-
Compensated absences	<u>2,991,590</u>	<u>48,100</u>	<u>3,039,690</u>	<u>-</u>
Total Noncurrent Liabilities	<u>119,967,632</u>	<u>231,429</u>	<u>120,199,061</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts on bond refunding	32,010	-	32,010	-
Deferred inflows relating to pensions	6,349,419	190,286	6,539,705	-
Deferred inflows relating to OPEB	<u>13,499,887</u>	<u>-</u>	<u>13,499,887</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>19,881,316</u>	<u>190,286</u>	<u>20,071,602</u>	<u>-</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	26,673,854	4,942,839	31,616,693	767,092
Restricted	8,906,143	-	8,906,143	12,293
Unrestricted (deficit)	<u>(55,706,813)</u>	<u>9,489,908</u>	<u>(46,216,905)</u>	<u>1,545,114</u>
Total Net Position (Deficit)	<u>(20,126,816)</u>	<u>14,432,747</u>	<u>(5,694,069)</u>	<u>2,324,499</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	<u>\$ 124,774,081</u>	<u>\$ 15,181,538</u>	<u>\$ 139,955,619</u>	<u>\$ 2,402,546</u>

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

**TOWNSHIP OF HAVERFORD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position (Deficit)			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Haverford Township Free Library
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES:								
General government	\$ 3,840,613	\$ 678,819	\$ 359,824	\$ -	\$ (2,801,970)	\$ -	\$ (2,801,970)	\$ -
Public safety	19,950,974	1,528,707	1,330,165	-	(17,092,102)	-	(17,092,102)	-
Public works - sanitation	5,074,473	4,029,499	236,096	-	(808,878)	-	(808,878)	-
Public works - highways and streets	6,589,755	167,919	1,682,236	-	(4,739,600)	-	(4,739,600)	-
Culture and recreation	4,730,205	1,090,426	152,319	-	(3,487,460)	-	(3,487,460)	-
Community development	2,071,324	212,470	873,110	-	(985,744)	-	(985,744)	-
Interest on long-term debt	1,923,615	-	-	-	(1,923,615)	-	(1,923,615)	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>44,180,959</u>	<u>7,707,840</u>	<u>4,633,750</u>	<u>-</u>	<u>(31,839,369)</u>	<u>-</u>	<u>(31,839,369)</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:								
Sewer	3,659,440	4,400,597	-	-	-	741,157	741,157	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>3,659,440</u>	<u>4,400,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>741,157</u>	<u>741,157</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 47,840,399</u>	<u>\$ 12,108,437</u>	<u>\$ 4,633,750</u>	<u>\$ -</u>	<u>(31,839,369)</u>	<u>741,157</u>	<u>(31,098,212)</u>	<u>-</u>
COMPONENT UNIT:								
Free Library	\$ 1,544,863	\$ 35,355	\$ 1,896,641	\$ 91,428	-	-	-	478,561
TOTAL COMPONENT UNIT	<u>\$ 1,544,863</u>	<u>\$ 35,355</u>	<u>\$ 1,896,641</u>	<u>\$ 91,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>478,561</u>
GENERAL REVENUES AND TRANSFERS								
Taxes:								
					26,419,769	-	26,419,769	-
					1,519,488	-	1,519,488	-
					1,515,084	-	1,515,084	-
					945,814	-	945,814	-
					588,434	-	588,434	-
					1,040,511	-	1,040,511	-
					106,224	-	106,224	-
					823,839	74,758	898,597	9,980
					1,464,795	-	1,464,795	-
					535,034	(535,034)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					<u>34,958,992</u>	<u>(460,276)</u>	<u>34,498,716</u>	<u>9,980</u>
CHANGE IN NET POSITION (DEFICIT)					3,119,623	280,881	3,400,504	488,541
NET POSITION (DEFICIT), BEGINNING OF YEAR					<u>(23,246,439)</u>	<u>14,151,866</u>	<u>(9,094,573)</u>	<u>1,835,958</u>
NET POSITION (DEFICIT), END OF YEAR					<u>\$ (20,126,816)</u>	<u>\$ 14,432,747</u>	<u>\$ (5,694,069)</u>	<u>\$ 2,324,499</u>

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

**TOWNSHIP OF HAVERFORD
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents:				
Unrestricted	\$ 24,224,712	\$ 6,603,113	\$ 3,220	\$ 30,831,045
Restricted	2,569,214	-	-	2,569,214
Accounts receivable	938,851	178,618	104,343	1,221,812
Taxes receivable	820,044	-	-	820,044
Due from other funds	693	3,421	695	4,809
Note receivable	576,820	-	-	576,820
Prepaid expenditures	293,816	-	-	293,816
TOTAL ASSETS	<u>\$ 29,424,150</u>	<u>\$ 6,785,152</u>	<u>\$ 108,258</u>	<u>\$ 36,317,560</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE LIABILITIES				
Accounts payable and accrued expenses	\$ 1,839,500	\$ 471,868	\$ 83,918	\$ 2,395,286
Due to other funds	44,298	-	695	44,993
Escrows payable	405,709	-	-	405,709
Unearned revenues	139,971	-	-	139,971
TOTAL LIABILITIES	<u>2,429,478</u>	<u>471,868</u>	<u>84,613</u>	<u>2,985,959</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues:				
Property taxes	717,940	-	-	717,940
Loan proceeds	576,820	-	-	576,820
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,294,760</u>	<u>-</u>	<u>-</u>	<u>1,294,760</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>3,724,238</u>	<u>471,868</u>	<u>84,613</u>	<u>4,280,719</u>
FUND BALANCES				
Nonspendable	293,816	-	-	293,816
Restricted:				
Capital projects	-	6,313,284	-	6,313,284
Community development	-	-	23,645	23,645
Culture and recreation	520,460	-	-	520,460
Public safety	109,735	-	-	109,735
Public works - highways and streets	1,931,525	-	-	1,931,525
Scholarship fund	7,494	-	-	7,494
Committed, budgetary reserve	8,394,786	-	-	8,394,786
Assigned:				
Culture and recreation	201,853	-	-	201,853
Unassigned	14,240,243	-	-	14,240,243
TOTAL FUND BALANCES	<u>25,699,912</u>	<u>6,313,284</u>	<u>23,645</u>	<u>32,036,841</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 29,424,150</u>	<u>\$ 6,785,152</u>	<u>\$ 108,258</u>	<u>\$ 36,317,560</u>

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

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

TOTAL GOVERNMENTAL FUND BALANCES \$ 32,036,841

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in the footnotes are included in the statement of net position. 75,518,947

Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities are reported in the statement of net position.

Accrued interest	(124,415)
Bonds payable, net	(50,568,307)
Net OPEB liability	(54,442,472)
Net pension liability	(13,951,831)
Compensated absences	(2,991,590)

Certain revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenues in the funds. 1,294,760

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

Deferred outflows of resources relating to pensions	2,352,179
Deferred inflows of resources relating to pensions	(6,349,419)
Deferred outflows of resources relating to OPEB	10,630,388
Deferred inflows of resources relating to OPEB	(13,499,887)

Governmental funds report deferred amounts on bond refundings as other financing sources. However, these amounts are reported on the statement of net position as deferred inflows of resources and amortized over the life of the refunding debt. (32,010)

NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ (20,126,816)

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

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

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
REVENUES				
Taxes:				
Property	\$ 26,425,489	\$ -	\$ -	\$ 26,425,489
Transfer	1,519,488	-	-	1,519,488
Business privilege	1,515,084	-	-	1,515,084
Mercantile	945,814	-	-	945,814
Local services	588,434	-	-	588,434
Licenses and permits	2,776,798	-	-	2,776,798
Fines and forfeits	126,033	-	-	126,033
Interest and rent	782,667	41,172	-	823,839
Intergovernmental revenues	3,694,652	135,689	783,600	4,613,941
Charges for services	5,759,083	-	-	5,759,083
Other	1,219,535	242,170	212,470	1,674,175
TOTAL REVENUES	<u>45,353,077</u>	<u>419,031</u>	<u>996,070</u>	<u>46,768,178</u>
EXPENDITURES				
Current:				
General government	3,579,209	18,716	-	3,597,925
Public safety	20,036,026	88,010	-	20,124,036
Public works - sanitation	5,337,813	52,712	-	5,390,525
Public works - highways and streets	5,568,377	675,501	-	6,243,878
Culture and recreation	4,716,953	480,804	-	5,197,757
Community development	538,833	353,115	681,235	1,573,183
Debt service:				
Principal	1,555,000	-	-	1,555,000
Interest	1,862,337	-	-	1,862,337
Borrowing costs	224,058	2,100	-	226,158
TOTAL EXPENDITURES	<u>43,418,606</u>	<u>1,670,958</u>	<u>681,235</u>	<u>45,770,799</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,934,471</u>	<u>(1,251,927)</u>	<u>314,835</u>	<u>997,379</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	600,001	1,144,255	-	1,744,256
Interfund transfers out	(850,000)	(64,966)	(294,256)	(1,209,222)
Proceeds from sale of assets	-	306,285	-	306,285
Proceeds from issuance of bonds including premium	9,030,469	-	-	9,030,469
Payment to refunding agent	(8,750,000)	-	-	(8,750,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,470</u>	<u>1,385,574</u>	<u>(294,256)</u>	<u>1,121,788</u>
NET CHANGE IN FUND BALANCES	1,964,941	133,647	20,579	2,119,167
FUND BALANCES, BEGINNING OF YEAR	<u>23,734,971</u>	<u>6,179,637</u>	<u>3,066</u>	<u>29,917,674</u>
FUND BALANCES, END OF YEAR	<u>\$ 25,699,912</u>	<u>\$ 6,313,284</u>	<u>\$ 23,645</u>	<u>\$ 32,036,841</u>

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

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,119,167

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

Capital outlays	\$ 2,632,251	
Depreciation expense	<u>(3,723,725)</u>	(1,091,474)

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the capital assets sold and the fair market value of capital assets traded in. (216,377)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (92,538)

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,375,047

Governmental funds report deferred amounts on bond refundings as other financing sources. However, these amounts are reported on the statement of net position as deferred outflows of resources and amortized over the shorter of the life of the old debt or the new debt. (6,647)

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	71,011	
Increase in compensated absences	<u>(489,941)</u>	(418,930)

OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the Township's actuarial determined contribution, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (1,872,726)

Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the Township's actuarial determined contribution, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 3,324,101

CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ 3,119,623

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

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

	<u>Sewer Fund</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 10,009,150
Accounts receivable	154,534
Due from other funds	40,877
Prepaid expense	13,173
Total Current Assets	<u>10,217,734</u>
Noncurrent Assets:	
Buildings and improvements	811,067
Vehicles	761,359
Sewer system	5,490,603
Less: Accumulated depreciation	(2,120,190)
Total Noncurrent Assets	<u>4,942,839</u>
 TOTAL ASSETS	 <u>15,160,573</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pension	21,658
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 15,182,231</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	327,076
Due to other funds	693
Total Current Liabilities	<u>327,769</u>
Noncurrent Liabilities:	
Net pension liability	183,329
Compensated absences	48,100
Total Noncurrent Liabilities	<u>231,429</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pension	190,286
 NET POSITION	
Investment in capital assets	4,942,839
Unrestricted	9,489,908
Total Net Position	<u>14,432,747</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	 <u>\$ 15,182,231</u>

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

**TOWNSHIP OF HAVERFORD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Sewer Fund
OPERATING REVENUES	
Charges for sewer services	\$ 4,378,194
Other revenues	22,403
TOTAL OPERATING REVENUES	4,400,597
OPERATING EXPENSES	
Treatment and operational expenses	2,888,917
Salaries and benefits	584,930
General and administrative	63,371
Depreciation	122,222
TOTAL OPERATING EXPENSES	3,659,440
OPERATING INCOME	741,157
NONOPERATING REVENUES	
Interest and investment income	74,758
TOTAL NONOPERATING REVENUES	74,758
OPERATING TRANSFERS	
Transfers in	64,966
Transfers out	(600,000)
TOTAL OPERATING TRANSFERS	(535,034)
CHANGE IN NET POSITION	280,881
NET POSITION, BEGINNING OF YEAR	14,151,866
NET POSITION, END OF YEAR	\$ 14,432,747

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

**TOWNSHIP OF HAVERFORD
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from users	\$ 4,428,073
Payments to employees for services	(677,527)
Payments to suppliers	(2,843,024)
NET CASH PROVIDED BY OPERATING ACTIVITIES	907,522
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Interfund transfers	(535,034)
NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(535,034)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(78,866)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(78,866)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and investment income	74,758
NET CASH PROVIDED BY INVESTING ACTIVITIES	74,758
NET CHANGE IN CASH AND CASH EQUIVALENTS	368,380
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,640,770
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,009,150
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 741,157
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	122,222
(Increase) Decrease in assets:	
Accounts receivable	27,476
Due from other funds	3,478
Prepaid expense	(904)
Deferred outflows of resources - pension	19,860
Increase (Decrease) in liabilities:	
Accounts payable	105,997
Net pension liability	(195,675)
Compensated absences	13,932
Deferred inflows of resources - pension	69,286
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 907,522

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

TOWNSHIP OF HAVERFORD
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2020

	Pension Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 4,384,517	\$ 96,512
Investments	85,337,861	-
Members' contributions receivable	2,234	-
TOTAL ASSETS	\$ 89,724,612	\$ 96,512
 LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts payable	\$ -	\$ -
TOTAL LIABILITIES	-	-
 NET POSITION		
Restricted for park improvements	-	61,544
Restricted for cable access enhancements	-	34,968
Held in trust for pension benefits	89,724,612	-
TOTAL NET POSITION	89,724,612	96,512
TOTAL LIABILITIES AND NET POSITION	\$ 89,724,612	\$ 96,512

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

TOWNSHIP OF HAVERFORD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Pension Trust Funds	Custodial Funds
ADDITIONS		
Contributions:		
Employer contributions	\$ 4,579,699	\$ -
Member contributions	730,061	-
Private contributions	-	5,896
Commonwealth of Pennsylvania	1,275,273	-
Total Contributions	6,585,033	5,896
Investment Income:		
Net realized/unrealized gain on investments	10,056,439	-
Interest and dividends	1,676,958	519
Investment expenses	(204,707)	-
Net Investment Income	11,528,690	519
TOTAL ADDITIONS	18,113,723	6,415
DEDUCTIONS		
Employee benefit payments	5,757,248	-
Administrative expenses	21,300	-
Insurance	12,606	-
Return of member contributions	55,199	-
TOTAL DEDUCTIONS	5,846,353	-
CHANGE IN FIDUCIARY NET POSITION	12,267,370	6,415
NET POSITION, BEGINNING OF YEAR, RESTATED	77,457,242	90,097
NET POSITION, END OF YEAR	\$ 89,724,612	\$ 96,512

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

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Township of Haverford (“the Township”) is a municipal corporation existing and operating under Home Rule Charter following the First Class Township Code of the Commonwealth of Pennsylvania. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit’s governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township.

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

Component Unit

The Haverford Township Free Library (“the Library”) is a component unit of the Township of Haverford, as four of the seven members of the Library Board of Trustees are appointed by the Board of Commissioners of the Township of Haverford. The Library is reported as a discretely presented component unit in the Township financial statements.

The Library’s separately audited financial statements can be obtained at the Library during regular business hours.

Government-wide and Fund Financial Statements

Government-wide Financial Statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Township reports the following major governmental funds:

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

Capital Projects Fund – The Capital Projects Fund accounts for financial resources used to acquire or construct major capital projects. The revenue in this fund comes from the sales of existing assets, nonrecurring business audit revenues, issuance of long-term debt, or from capital appropriations from the General Fund. This fund is reported as a major fund.

The Township reports the following major proprietary fund:

Sewer Fund – The Sewer Fund accounts for the sewage and wastewater service operations and is intended to be self-supporting through user charges.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Additionally, the Township reports the following fiduciary fund types:

Pension Trust Funds – The Pension Trust Funds account for the activities of the Police and Non-Uniformed Pension Plans, which accumulate resources for pension benefit payments to qualified employees.

Custodial Funds – The Custodial Funds account for assets held by the Township in a custodial capacity. The measurement focus and basis of accounting for the custodial funds is the same as for proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's sewer function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The proprietary fund distinguishes *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 are charges to customers for sales and services. Operating expenses of the Sewer Fund include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

With the exception of pension trust funds, state law allows the Township to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Township to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation ("FDIC") or other like insurance and that deposits in excess of such insurance are collateralized by the depository. Other permitted deposits include banker's acceptances, commercial paper, and negotiable certificates of deposit.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20 percent of a bank's total capital surplus or 20 percent of a savings and loan's or savings bank's assets, net of its liabilities. The Township may also invest in shares of registered investment companies, provided that investments of the company are authorized investments, as noted above.

The law provides that the Township's pension trust funds may invest in any form or type of investment, financial instrument, or financial transactions if determined by the Township to be prudent.

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

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

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

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

Restricted Cash

Certain cash deposits have been classified as restricted assets because of external grant restrictions or because they are held by the Township in a custodial capacity for developer fees.

Interfund Transactions

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). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Accounts Receivable and Allowance for Uncollectible Accounts

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

Property Taxes

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed February 1 and payable under the following terms: a two percent discount February 1 through March 31; face amount April 1 through May 31; and a 10 percent penalty after May 31. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed. Because of the economic effects of the COVID-19 pandemic on our residents, the Board of Commissioners extended the normal property tax calendar as follows for the 2020 tax year only: the two percent discount was available from February 1 through May 31; face amount was due between June 1 and August 31; and a 10 percent penalty was assessed after August 31.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets, Township

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Roads	20 years
Storm sewers	75 years
Recreation equipment	5 - 40 years
Traffic signals	5 - 30 years
Buildings	40 years
Vehicles	10 years
Building improvements	10 - 40 years
General improvements and equipment	5 - 20 years
Sanitary sewers	75 years

Capital Assets, Free Library

Capital assets, which include leasehold improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Collection and books that are exhaustible are capitalized; books used in the circulating Library have not been capitalized because their estimated useful lives are less than one year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Leasehold improvements	20 years
Furniture and equipment	3 - 10 years
Book collection	5 years

Compensated Absences

Sick Pay – Civil employees are paid for up to 50 days of unused sick time, plus a maximum of \$3,000 for days in excess of the 50 days, upon retirement, disability, or layoff. For police employees, at the time of retirement, up to 90 unused sick days shall be paid at one half of one hundred percent (100%) of the daily base pay as of January 1, 2020 for the retiring officer's rank in effect. All sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignations and retirements.

Other Leave Time – Subject to limitations, department directors and the Township Manager can carry over unused leave time for payout at retirement. Police personnel can also carryover leave time known as TOTO for payout at retirement.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types 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. 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 and Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has three types of items that qualify for reporting in this category.

Unavailable revenues arise only under a modified accrual basis of accounting and are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and loans to other governments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is the deferred amount related to pensions, reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred amount related to pensions is the result of differences between actual and

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

projected earnings on pension plan investments and changes in plan assumptions. The third item is the deferred amount related to OPEB, reported in the government-wide statement of net position. The deferred amount is the result of changes in plan assumptions.

Fund Balance

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

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

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

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

Net Position

Net position is classified as follows:

- *Net Investment in Capital Assets* – the Township's investment in capital assets plus any unspent funding from debt borrowings, reduced by accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

- *Restricted* – amounts limited by external parties or legislation.
- *Unrestricted* – amounts available for consumption or not restricted in any manner.

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

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Implementation of GASB Statement

During the year ended December 31, 2020, the Township implemented GASB Statement No. 84, "Fiduciary Activities." The purpose of this statement is to establish criteria for identifying and reporting fiduciary activities in order to enhance the consistency and comparability, ultimately increasing the value of the information reported within the financial statements. The implementation of GASB Statement No. 84 resulted in a prior period adjustment to the Custodial Funds. See Note 15 for more information.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Sewer Fund, and Capital Projects Fund. All annual appropriations lapse at fiscal year end. The General Fund budget is presented in the required supplementary information.

The Township Manager must submit a preliminary budget to the Board of Commissioners on or before 60 days of year end. On or before 30 days of year end, the Board of Commissioners must adopt a preliminary budget. No later than 10 days following the adoption of the preliminary budget by the Board, the Manager shall cause to be published in one or more

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

newspapers of general circulation in the Township a summary of the budget and notice of the date, time, and place at which the Board shall hold a public meeting on the proposed budget, which shall take place at a regular or special meeting of the Board at least seven days after advertisement. Following advertising and a public hearing at which interested citizens shall have the right to express their views on the budget, the Board, by a majority vote of its total membership, shall adopt a final budget with such amendments as the Board considers advisable.

The Township Board of Commissioners approves, by ordinance, total budget appropriations only. The Township Manager is authorized to transfer budget amounts between departments within the General Fund; however, any appropriations that exceed the total budget appropriations for the year of any fund are approved by the Board of Commissioners by resolution at the conclusion of the year. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders) lapse at year end.

Excess of Expenditures Over Appropriations

For the year ended December 31, 2020, the General Fund incurred expenditures in excess of appropriations in the following function:

Function	Expenditures Over Budget
Borrowing Costs	\$ 224,058

The excess of expenditures was funded by other current-year expenditure appropriations that were under budget. The excess borrowing costs were funded by debt proceeds.

NOTE 3 DEPOSITS AND INVESTMENTS

Township Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township's policy is to require its banking institution to provide a letter stating that the Township follows Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

As of December 31, 2020, the carrying amount of deposits was \$47,890,438 and the bank balance was \$48,486,495. Of the bank balance, \$1,245,633 was covered by federal depository insurance; \$19,228,307 exceeded depository insurance and was exposed to custodial credit risk because the deposits were uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Township's name; and the remaining \$28,012,555 was in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization (Standard & Poor's rating of AAAM as of December 31, 2020), and is subject to an independent annual audit.

Township Investments

Custodial Credit Risk

For an investment, this is the risk that, in the event of a 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. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in Note 1.

Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Township does not have a formal investment policy that limits investment maturities.

At year-end, investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>
Equity mutual funds	\$ 49,348,566	\$ 49,348,566
Fixed income mutual funds	<u>35,989,295</u>	<u>35,989,295</u>
TOTAL	<u>\$ 85,337,861</u>	<u>\$ 85,337,861</u>

Credit Risk

This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Note 1. The Township does not have a formal investment policy for credit risk. The bond (fixed income) mutual funds credit risk ranges from a rating of B to AAA by Moody's.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There were no investments greater than five percent in any one single issuer that would be considered a concentration of credit risk.

Library Deposits

As of December 31, 2020, the total carrying amount of the Library's deposits was \$1,622,608, and the corresponding bank balance was \$1,650,101.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library diversifies cash to different banking institutions in order to limit deposits in excess of the Federal Deposit Insurance Corporation maximum of \$250,000 per institution. Periodically, the deposits may exceed the federal insured limit. As of December 31, 2020, \$1,150,101 of the Library's bank balances exceeded federal depository insurance and was subject to custodial credit risk.

NOTE 4 RECEIVABLES

Receivables as of December 31, 2020 for the Township are as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds	Sewer Fund	Fiduciary Funds
Accounts receivable	\$ 938,851	\$ 178,618	\$ 104,343	\$ 154,534	\$ -
Taxes receivable	820,044	-	-	-	-
Contributions receivable	-	-	-	-	2,234
Note receivable	576,820	-	-	-	-
	<u>\$ 2,335,715</u>	<u>\$ 178,618</u>	<u>\$ 104,343</u>	<u>\$ 154,534</u>	<u>\$ 2,234</u>

Notes Receivable

On December 30, 2008, the Township granted the Oakmont Fire Company a loan in the principal amount of \$2,000,000 with a stated interest rate of five percent. Interest is payable to the Township semi-annually on June 1 and December 31 each year, and the loan matures on December 31, 2025. The loan is collateralized by property held by the Oakmont Fire Company in the event of default on the loan. The total principal and interest payments received on this

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 4 RECEIVABLES (cont'd)

loan for the year ended December 31, 2020 were \$86,818 and \$33,182, respectively, and the outstanding balance was \$576,820.

A schedule of the future payments to be received on the loan follows.

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 91,159	\$ 28,841	\$ 120,000
2022	95,717	24,283	120,000
2023	100,503	19,497	120,000
2024	105,528	14,472	120,000
2025	183,913	9,196	193,109
TOTALS	\$ 576,820	\$ 96,289	\$ 673,109

NOTE 5 CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2020 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
General capital assets not being depreciated:				
Land	\$ 14,713,479	\$ -	\$ -	\$ 14,713,479
Construction-in-progress	1,693,780	1,341,025	(461,782)	2,573,023
Total general capital assets not being depreciated	<u>16,407,259</u>	<u>1,341,025</u>	<u>(461,782)</u>	<u>17,286,502</u>
General capital assets being depreciated:				
Roads	24,685,916	84,008	-	24,769,924
Storm sewers	11,702,095	47,246	-	11,749,341
Recreation equipment	7,764,525	54,504	-	7,819,029
Traffic signals	1,312,436	280,616	-	1,593,052
Buildings	31,444,996	-	(196,996)	31,248,000
Vehicles	15,933,919	946,290	(563,489)	16,316,720
Buildings improvements	3,227,115	239,377	(75,950)	3,390,542
General improvements and equipment	4,059,330	63,017	(16,000)	4,106,347
Total general capital assets being depreciated	<u>100,130,332</u>	<u>1,715,058</u>	<u>(852,435)</u>	<u>100,992,955</u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

<u>Governmental Activities</u> (cont'd)	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated depreciation:				
Roads	14,076,205	977,291	-	15,053,496
Storm sewers	2,095,901	156,343	-	2,252,244
Recreation equipment	3,446,493	383,378	-	3,829,871
Traffic signals	365,400	67,291	-	432,691
Buildings	5,157,095	738,329	(68,584)	5,826,840
Vehicles	10,166,739	1,054,049	(535,644)	10,685,144
Buildings improvements	1,589,200	163,841	(53,780)	1,699,261
General improvements and equipment	2,813,760	183,203	(16,000)	2,980,963
Total accumulated depreciation	<u>39,710,793</u>	<u>3,723,725</u>	<u>(674,008)</u>	<u>42,760,510</u>
 Total general capital assets being depreciated, net	<u>60,419,539</u>	<u>(2,008,667)</u>	<u>(178,427)</u>	<u>58,232,445</u>
 Governmental Activities, Net	<u>\$ 76,826,798</u>	<u>\$ (667,642)</u>	<u>\$ (640,209)</u>	<u>\$ 75,518,947</u>

Business-type activities capital asset activity for the year ended December 31, 2020, was as follows:

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Sanitary sewers	\$ 5,411,737	\$ 78,866	\$ -	\$ 5,490,603
Buildings	811,067	-	-	811,067
Vehicles	761,359	-	-	761,359
Total capital assets being depreciated	<u>6,984,163</u>	<u>78,866</u>	<u>-</u>	<u>7,063,029</u>
Accumulated depreciation:				
Sanitary sewers	987,544	72,682	-	1,060,226
Buildings	460,148	15,258	-	475,406
Vehicles	550,276	34,282	-	584,558
Total accumulated depreciation	<u>1,997,968</u>	<u>122,222</u>	<u>-</u>	<u>2,120,190</u>
 Business-type Activities, Net	<u>\$ 4,986,195</u>	<u>\$ (43,356)</u>	<u>\$ -</u>	<u>\$ 4,942,839</u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

Depreciation expense was charged to functions/programs of the Township as follows:

Governmental Activities:

General government	\$ 272,635
Public safety	861,460
Public works - sanitation	217,895
Public works - highways and streets	1,564,814
Culture and recreation	795,058
Community development	<u>11,863</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,723,725</u>

Business-type Activities:

Sewer	<u>\$ 122,222</u>
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Capital asset activity for the Library for the year ended December 31, 2020, was as follows:

<u>Component Unit</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets:				
Leasehold improvements	\$ 242,089	\$ 3,782	\$ -	\$ 245,871
Furniture and equipment	135,939	3,402	-	139,341
Construction-in-progress	45,006	-	-	45,006
Total capital assets	<u>423,034</u>	<u>7,184</u>	<u>-</u>	<u>430,218</u>
Accumulated depreciation	<u>241,864</u>	<u>23,508</u>	<u>-</u>	<u>265,372</u>
Capital Assets, Net	<u>\$ 181,170</u>	<u>\$ (16,324)</u>	<u>\$ -</u>	<u>\$ 164,846</u>
<u>Book Collection</u>				
Exhaustible book collection	\$ 2,097,954	\$ 111,722	\$ -	\$ 2,209,676
Accumulated depreciation	<u>1,520,733</u>	<u>86,697</u>	<u>-</u>	<u>1,607,430</u>
Book Collection, Net	<u>\$ 577,221</u>	<u>\$ 25,025</u>	<u>\$ -</u>	<u>\$ 602,246</u>
Total Capital Assets, Net	<u>\$ 758,391</u>	<u>\$ 8,701</u>	<u>\$ -</u>	<u>\$ 767,092</u>

Depreciation expense for the year ended December 31, 2020 was \$110,205.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances and transfers as of December 31, 2020, is as follows:

Due To/From Other Funds

<u>Due From</u>		<u>Due To</u>	
General Fund	\$ 693	Sewer Fund	\$ 693
Sewer Fund	40,877	General Fund	40,877
Capital Projects Fund	3,421	General Fund	3,421
Other Governmental Funds	<u>695</u>	Other Governmental Funds	<u>695</u>
Total	<u>\$ 45,686</u>	Total	<u>\$ 45,686</u>

Interfund balances are primarily a result of:

1. Payment of various program expenses.
2. Payment of sewer rents received in the General Fund attributable to the Sewer Fund.

Interfund Transfers

<u>Transfers Out</u>		<u>Transfers In</u>	
Sewer Fund	\$ 600,000	General Fund	\$ 600,000
General Fund	850,000	Capital Projects Fund	850,000
Capital Projects Fund	64,966	Sewer Fund	64,966
Other Governmental Funds	1	General Fund	1
Other Governmental Funds	<u>294,255</u>	Capital Projects Fund	<u>294,255</u>
Total	<u>\$ 1,809,222</u>	Total	<u>\$ 1,809,222</u>

Interfund transfers are primarily a result of:

1. Payment of various program expenses accounted for in other funds in accordance with budgetary authorizations.
2. Various funds financing capital projects.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 7 LONG-TERM DEBT

At December 31, 2020, the Township had the following debt instruments outstanding:

<p>General Obligation Bonds, Series of 2016, issued in August 2016 in the amount of \$9,855,000 for the purpose of funding certain capital projects. The bonds bear interest at 2.0% - 4.0%, payable semi-annually on June 1 and December 1, and mature on December 1, 2046.</p>	\$ 8,975,000
<p>General Obligation Bonds, Series of 2018, issued in October 2018 in the amount of \$32,700,000 for the purpose of funding certain capital projects and to currently refund the balance of the General Obligation Bonds Series of 2010 and 2013. The bonds bear interest at 2.0% - 5.0%, payable semi-annually on June 1 and December 1, and mature on December 1, 2048. The refunding of the bonds resulted in a cash flow savings of \$2,436,799 and an economic gain of \$2,086,622.</p>	29,950,000
<p>General Obligation Bonds, Series of 2020, issued in May 2020 in the amount of \$8,740,000 for the purpose of funding certain capital projects and to currently refund the balance of the General Obligation Bonds Series of 2014. The bonds bear interest at 2.0% - 5.0%, payable semi-annually on June 1 and December 1, and mature on June, 2044. The refunding of the bonds resulted in a cash flow savings of \$1,990,295 and an economic gain of \$1,622,367.</p>	<u>8,740,000</u>
Total	<u><u>\$ 47,665,000</u></u>

The total principal and interest maturities are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,880,000	\$ 1,705,223	\$ 3,585,223
2022	2,090,000	1,608,723	3,698,723
2023	2,320,000	1,506,398	3,826,398
2024	2,440,000	1,395,598	3,835,598
2025	2,545,000	1,279,348	3,824,348
2026 - 2030	13,625,000	4,619,250	18,244,250
2031 - 2035	4,735,000	2,763,706	7,498,706
2036 - 2040	8,395,000	1,816,310	10,211,310
2041 - 2045	6,590,000	688,233	7,278,233
2046 - 2048	<u>3,045,000</u>	<u>59,411</u>	<u>3,104,411</u>
TOTALS	<u><u>\$ 47,665,000</u></u>	<u><u>\$ 17,442,200</u></u>	<u><u>\$ 65,107,200</u></u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 7 LONG-TERM DEBT (cont'd)

Long-term liability activity for the Township was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 49,230,000	\$ 8,740,000	\$10,305,000	\$ 47,665,000	\$1,880,000
Bond premium	2,774,135	290,469	161,297	2,903,307	106,568
Bonds payable, net	52,004,135	9,030,469	10,466,297	50,568,307	1,986,568
Net OPEB liability	62,258,729	-	7,816,257	54,442,472	-
Net pension liability	21,960,261	-	8,008,430	13,951,831	-
Compensated absences	2,501,649	489,941	-	2,991,590	-
TOTAL	\$138,724,774	\$ 9,520,410	\$26,290,984	\$121,954,200	\$1,986,568
Business-type Activities:					
Compensated absences	\$ 34,168	\$ 13,932	\$ -	\$ 48,100	\$ -
Net pension liability	379,004	-	195,675	183,329	-
TOTAL	\$ 413,172	\$ 13,932	\$ 195,675	\$ 231,429	\$ -

For the governmental activities, all of the long-term liabilities are generally liquidated by the General Fund. For the business-type activities, all of the long-term liabilities are liquidated by the Sewer Fund.

NOTE 8 RISK MANAGEMENT

The Township self-insures an unemployment compensation program. Amounts are paid to the state as claims are filed. The Township paid \$17,038 in claims for the year ended December 31, 2020.

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN

Summary of Significant Accounting Policies

Police Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's Police Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

deferred inflows of resources related to pensions, and pension expense information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description and Administration

The Haverford Township Police Pension Plan is a single-employer defined benefit pension plan covering the full-time police officers. The Plan was established effective January 1, 1958 and was restated by Ordinance No. 1960 Chapter 30 Article IV, as amended. The Plan is governed by the Board of Township Commissioners. The Board of Township Commissioners has delegated the authority to manage Plan assets to CBIZ/InR Advisory Services, LLC and PFM Asset Management, LLC.

Plan Membership

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

Active employees	68
Retirees and beneficiaries currently receiving benefits	92
Vested terminated members	<u>2</u>
TOTAL	<u>162</u>

Benefits

The following is a summary of the plan benefit provisions:

Eligibility Requirements:

- Normal Retirement – Age 50 and 25 years of service. If hired after August 1, 2014, age 53 and 25 years of service
- Early Retirement – Age 50 and 15 years of service (hired before January 1, 2000, 20 years of service (Act 24)
- Vesting – 100 percent vested after 12 years of service

Retirement Benefit – 50 percent of final average 36 months pay plus a service increment equal to \$20 per month for each year of service over 25 up to a maximum of \$100/month.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

Survivor Benefit: Killed-in-service (Act 51) – In the event of the death of a retired officer, the survivor would receive 50 percent of the pension the member was receiving, vested-refund of contribution with interest or 50 percent of vested benefit payable beginning at officer's superannuation retirement date. Members who retire on or after January 1, 2012, if death occurs within the first eight years, spouse receives 100 percent of benefit for remainder of eight years, then benefit is reduced to 50 percent.

Disability Benefit Service Related – 70 percent of base salary offset by social security disability benefits.

Postretirement Adjustments – Eligibility: Retirement after January 1, 2000; Adjustment: Annual increase equal to increase in CPI until original pension has increased 15 percent or if earlier, until adjusted pension equals 75 percent of the salary upon which the original pension was based.

Act 44 Deferred Retirement Option Program – An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 36 months upon attainment of age 53 and 25 years of service.

Contributions

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

As a condition of participation, participants are required to make contributions to the plan. Covered employees are required by statute to contribute five percent of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

In 2020, the MMO obligation for the Police Pension Plan was \$3,775,794. Contributions of \$3,775,794 were made by the Township. Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

Investments

Investment Policy – The plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Commissioners and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The plan's formal Investment Policy Statement, which is revised periodically, provides more comprehensive details on investment strategy and authorized investments.

The plan's investment policy for CBIZ/InR Advisory Services, LLC establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	39.00%	4.63%
International Equities	21.00%	6.01%
Fixed income	37.00%	0.68%
Cash	3.00%	0.38%
 Total Net Blended Return		 3.31%*

* - Excludes 2.18% inflation assumption

The plan's investment policy for PFM Asset Management, LLC establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	39.00%	5.00%
International equity	15.00%	5.10%
Emerging markets	6.00%	5.40%
Core fixed income	20.00%	1.30%
Intermediate investment grade corp.	10.00%	1.70%
High yield	5.00%	3.50%
Emerging debt	5.00%	3.60%
Cash	0.00%	1.00%
 Total Net Blended Return		 3.82%*

* - Excludes 2.50% inflation assumption

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2020 are presented in the previous tables.

Concentrations

As of December 31, 2020, no investment in any one organization represented five percent (5%) or more of the plan's fiduciary net position.

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 14.96 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

Net Pension Liability of the Township

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

Total pension liability	\$ 61,462,299
Fiduciary net position	<u>(50,554,771)</u>
Net pension liability	<u>\$ 10,907,528</u>
Plan fiduciary net position as a percentage of the total pension liability	82.25%

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 58,834,470	\$ 43,167,804	\$ 15,666,666
Changes for the year:			
Service cost	1,164,250	-	1,164,250
Interest on total pension liability	4,671,578	-	4,671,578
Contributions - employer	-	3,775,794	(3,775,794)
Contributions - employee	-	395,575	(395,575)
Net investment income	-	6,439,000	(6,439,000)
Benefit payments	(3,207,999)	(3,207,999)	-
Administrative expenses	-	(15,403)	15,403
Net changes	2,627,829	7,386,967	(4,759,138)
Balance at December 31, 2020	\$ 61,462,299	\$ 50,554,771	\$ 10,907,528

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 8.00 percent, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent) or one percentage point higher (9.00 percent) than the current rate:

	1% Decrease 7.00%	Current Rate Discount Rate 8.00%	1% Increase 9.00%
Net pension liability	\$ 17,318,147	\$ 10,907,528	\$ 5,470,256

Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended December 31, 2020, the Township recognized pension expense of \$2,220,660. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 342,402	\$ -
Changes in assumptions	1,650,136	-
Difference between actual and projected investment returns	-	3,189,597
Total Deferred Outflows	\$ 1,992,538	\$ 3,189,597

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

Year Ended December 31,

2021	\$ 25,506
2022	220,574
2023	(838,506)
2024	(604,633)
	\$(1,197,059)

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	9 Years
Asset Valuation Method	Smoothing per Section 210(a) of Act 44
Assumptions:	
Inflation	2.25 percent
Salary increases	5.25 percent
Investment rate of return	8.00 percent, net of pension plan investment expense, including inflation

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN (cont'd)

Mortality rates were based on the Blue Collar RP-2000 Mortality Table projected to 2017 using Scale AA.

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

Deferred Retirement Option Plan

An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 36 months upon attainment of age 53 and 25 years of service. The monthly pension shall be calculated as of the date of participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of the DROP. As of December 31, 2020, there were two members participating in the DROP with a total DROP account balance of \$311,900.

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN

Summary of Significant Accounting Policies

Non-Uniformed Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's Non-Uniformed Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension plan.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description and Administration

The Haverford Township Non-Uniformed Pension Plan is a single employer defined benefit pension plan covering the full-time non-uniformed employees who were hired prior to January 1, 2011. The Plan was established effective January 1, 1958 and was restated by Ordinance No. 1960 Chapter 30 Article IV, as amended. The Plan is governed by the Board of Township Commissioners. The Board of Township Commissioners has delegated the authority to manage Plan assets to CBIZ/InR Advisory Services, LLC and PPM Asset Management, LLC.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN (cont'd)

Plan Membership

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

Active employees	71
Retirees and beneficiaries currently receiving benefits	98
Vested terminated members	<u>9</u>
TOTAL	<u>178</u>

Benefits

The following is a summary of the plan benefit provisions:

Eligibility Requirements:

- Normal Retirement – Age 62 and five years of service, or age 60 and 25 years of service
- Early Retirement – Age 55 with 30 years of service with actuarial reduction
- Vesting – 100 percent vested after five years of service

Retirement Benefit – Two percent of highest average 36 months' pay times credited service.

Survivor Benefit – Upon death of vested active member or terminated vested member whose benefits had not commenced, the surviving spouse will receive an immediate monthly pension equal to 50 percent of the member's accrued benefit. Upon death of retired member, 50 percent of member's benefit is continued to spouse.

Disability Benefit (Service Related) – 50 percent of annual regular wages at the date of the disability offset by workers' compensation. The combination of monies received from the service-connected disability benefits and workers' compensation cannot exceed 70 percent of total compensation paid over a 12-month period preceding the disability. The benefit is payable until the normal retirement date at which time the employee will receive the normal accrued benefit calculated at the time of the disability or 50 percent service disability benefit, whichever is higher.

Disability Benefit (Nonservice Related) – 70 percent of regular wages at date of disability, of which 30 percent will be paid through the pension and 40 percent will be paid through the Township's long-term disability policy. The maximum duration of the 70 percent benefit is until

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN (cont'd)

age 65. If the non-probationary employee has reached 65, the 40 percent benefit paid from the long-term disability policy will only be paid for the maximum months of disability as follows:

If disability determined is 1) between age 65 but before attaining 66: 21 monthly benefit payments, 2) between age 66 but before attaining 67: 18 monthly benefit payments, 3) between age 67 but before attaining 68: 15 monthly benefit payments, or 4) between age 68 but before attaining 69: 12 monthly benefit payments. At the point in which the long-term disability policy expires, the subsequent benefit will be the greater of the employee's accrued pension benefit calculated at the time of the disability or 30 percent of the employee's salary as of the time of disability, whichever is greater.

Postretirement Adjustments – None

Contributions

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

As a condition of participation, participants are required to make contributions to the plan. Covered employees are required by statute to contribute 4.25 percent of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

In 2020, the MMO obligation for the Non-Uniformed Pension Plan was \$1,990,647. Contributions of \$1,990,647 were made by the Township.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

Investments

Investment Policy – The plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Commissioners and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN (cont'd)

prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement, which is revised periodically, provides more comprehensive details on investment strategy and authorized investments.

The plan's investment policy for CBIZ/InR Advisory Services, LLC establishes the following target allocation across asset classes:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	39.00%	4.63%
International Equities	21.00%	6.01%
Fixed income	37.00%	0.68%
Cash	3.00%	0.38%
Total Net Blended Return		3.31%*

* - Excludes 2.25% inflation assumption

The plan's investment policy for PFM Asset Management, LLC establishes the following target allocation across asset classes:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	39.00%	5.00%
International equity	15.00%	5.10%
Emerging markets	6.00%	5.40%
Core fixed income	20.00%	1.30%
Intermediate investment grade corp.	10.00%	1.70%
High yield	5.00%	3.50%
Emerging debt	5.00%	3.60%
Cash	0.00%	-0.10%
Total Net Blended Return		3.82%*

* - Excludes 2.50% inflation assumption

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN (cont'd)

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2020 are presented in the previous tables.

Concentrations

As of December 31, 2020, no investment in any one organization represented five percent (5%) or more of the plan's fiduciary net position.

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 14.80 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

Net Pension Liability of the Township

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

Total pension liability	\$ 41,610,911
Fiduciary net position	(38,383,279)
Net pension liability	<u>\$ 3,227,632</u>
Plan fiduciary net position as a percentage of the total pension liability	92.24%

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN (cont'd)

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 40,422,894	\$ 33,750,295	\$ 6,672,599
Changes for the year:			
Service cost	593,671	-	593,671
Interest on total pension liability	3,177,980	-	3,177,980
Contributions - employer	-	1,990,647	(1,990,647)
Contributions - employee	-	243,731	(243,731)
Net investment loss	-	4,996,443	(4,996,443)
Benefit payments	(2,583,634)	(2,583,634)	-
Administrative expenses	-	(14,203)	14,203
Net Changes	1,188,017	4,632,984	(3,444,967)
Balance at December 31, 2020	\$ 41,610,911	\$ 38,383,279	\$ 3,227,632

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 8.00 percent, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent) or one percentage point higher (9.00 percent) than the current rate:

	1% Decrease 7.00%	Current Rate Discount Rate 8.00%	1% Increase 9.00%
Net pension liability (asset)	\$ 7,559,807	\$ 3,227,632	\$ (503,958)

Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended December 31, 2020, the Township recognized pension expense of \$115,151. At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 10 DEFINED BENEFIT PENSION PLAN – NON-UNIFORMED PENSION PLAN (cont'd)

	Deferred Outflows	Deferred Inflows
Differences between actual and expected experience	\$ -	\$ 830,372
Changes in assumptions	381,299	-
Difference between actual and projected investment returns	-	2,519,736
Total Deferred Outflows and Inflows	\$ 381,299	\$ 3,350,108

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

Year Ended December 31,

2021	\$ (901,083)
2022	(487,827)
2023	(1,109,744)
2024	(470,155)
	\$ (2,968,809)

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2019. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	8 Years
Asset Valuation Method	Smoothing per Section 210(a) of Act 44
Assumptions:	
Inflation	2.25 percent
Salary increases	5.00 percent
Investment rate of return	8.00 percent, net of pension plan investment

Mortality rates were based on the RP-2000 Mortality Table projected to 2017 using Scale AA.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 11 NON-UNIFORMED DEFINED CONTRIBUTION PENSION PLAN

The Township has established a defined contribution pension plan to provide pension benefits for its regular, full-time, non-police employees who were hired on or after January 1, 2011. Under the plan, an individual receives his own account to which all contributions are made. The Township determines how his account is invested. The accounts are administered by CBIZ/InR Advisory Services, LLC.

Under the plan, the employer and employee contributions are negotiated through labor contracts. For 2020, both the employer and employee contribution rate was 3.5 percent of the employee's total compensation. Covered employees are fully vested in employer contributions after five years of service.

This plan was established effective January 1, 2011. Any person who became an eligible employee after January 1, 2011 would become a member on the last day of the plan year coincident with or next following completion of one-half year of service. For the year ended December 31, 2020, contributions of \$243,731 were made to this plan.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Township sponsors a single employer defined other postemployment benefits ("OPEB") plan that provides a fully insured medical and self-insured prescription drug, dental, and vision benefits to two groups of participants; Police and Civilians. The Civilian Plan provides these benefits at either full or partial funding through age 65. The Police Plan provides these benefits at either full or partial funding through the end of life. The self-insured programs are administered by third-party administrators. The requirements for eligibility mirror the requirements for retirement. The plan does not issue a stand-alone financial report.

Contributions

Civilians receive 100 percent paid benefits for medical, prescription drug, dental, and vision from ages 60 to 62. At age 63, the retired Civilian continues to receive 100 percent paid insurance, while spouses of retirees receive 50 percent paid insurance. In January 2015, Civilian retiree's coverage was removed from post 65 coverage. Once a civilian retiree reaches age 65 and is eligible for Medicare, their spouse is also removed from any Township-paid benefits (other than COBRA). Police receive 100 percent paid medical, prescription drug, dental, and vision benefits through age 65. At age 65, retired police receive 100 percent of the Medicare supplement premiums and 50 percent for spouses up to five years.

Except in cases of retired civilians participating in COBRA or spouses of eligible retired civilians, retirees are not required to make contributions to either plan. The contribution requirements of

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont'd)

plan members have been established and may be amended through Civilian and Police Labor Contracts.

Funding Policy

The Township has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of Supervisors. For fiscal year 2020, the Township paid \$1,262,748 to plan members eligible for receiving benefits.

Participants

As of December 31, 2020, the Plan had 249 participants, consisting of 193 active participants, zero vested former participants, and 56 retired participants.

Valuation Date

The total OPEB liability was measured as of December 31, 2020, the same as the actuarial valuation date.

Discount Rate

The discount rate was 2.12 percent based on the Bond Buyer 20-year General Obligation Index at December 31, 2020, a decrease from the prior measurement date (2.74 percent).

Salary Increase Rate

The salary increase rate is 3.0 percent per annum.

Medical Consumer Price Index Trend

The medical consumer price index trend is 3.0 percent per annum.

Inflation Rate

The inflation rate is 3.0 percent per annum.

Marriage Rate

The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont'd)

Spouse Age

Spouse dates of birth were provided by the Township. Where this information is missing, male spouses are assumed to be three years older than female spouses.

Medicare Eligibility

All current and future retirees are assumed to be eligible for Medicare at age 65.

Actuarial Cost Method

The actuarial cost method is entry age normal based on level percentage of projected salary.

Amortization Method

Experience/assumptions gains and losses are amortized over a closed period of 13.8 years starting the current fiscal year, equal to the average remaining service of active and inactive plan members (who have no future service).

Plan Participation Percentage

The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 85 percent of all pre-Medicare Police and Civilian (Non-Uniformed) employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan. This assumes that a one-time irrevocable election to participate is made at retirement.

Mortality Rates

Separate rates are assumed preretirement and postretirement using the RP-2014 Mortality Tables scaled using MP-17 and applied on a gender-specific basis.

Disabled Mortality Rates

Disabled mortality rates use the RP-2014 generational table scaled using MP-17 and set forward seven years.

Healthcare Cost Trend Rate

The healthcare cost trend assumptions are used to project the cost of healthcare in future years. The following annual trends are based on the current HCA Consulting trend study and are

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont'd)

applied on a select and ultimate basis. Select trends are reduced 0.5 percent each year until reaching the ultimate trend rate.

<u>Expense Type</u>	<u>Select</u>	<u>Ultimate</u>
Pre-Medicare Medical and Rx Benefits	6.0%	4.5%
Medicare Benefits	5.0%	4.5%
Stop Loss Fees	6.0%	4.5%
Administrative Fees	4.5%	4.5%
Dental	4.0%	4.0%
Vision	3.0%	3.0%

Per Capita Health Claim Cost

Per capita health claim costs are developed by applying age adjustments to the current fully insured premiums since experience was not provided for Rx coverage. The age 60 and 70 per capita health claim costs are presented in the table below.

<u>Per Capita Cost</u>	<u>Age 60</u>	<u>Age 70</u>
Medical	\$ 12,000	\$ 3,000
Prescription Drug	4,000	5,200

Non-claim Expenses

Non-claim costs are assumed to be 15 percent of the premium rates. Two-thirds of fixed expenses are attributed to administrative costs, and the remaining one-third are attributed to pooling costs.

Age-based Morbidity

The assumed per capita health claim costs are adjusted to reflect expected increases related to age and gender. These increases are based on a 2013 Society of Actuaries study.

Termination

The rate of withdrawal is based on the withdrawal assumption used in the Haverford Police/Civil Employees Pension Valuation as of January 1, 2019. The rate of withdrawal for reasons other than death and retirement is dependent on an employee's age and years of service.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont'd)

Retirement

Retirement ages and associated probabilities are based on the Haverford Police/Civil Employees Pension Valuation as of January 1, 2019.

Valuation of Excise Tax

A retiree pre-65 plan cost is projected at healthcare cost trend and compared to the excise tax cost threshold beginning in 2022 and continuing thereafter. On December 18, 2015, a bill was signed delaying the excise tax for two years. On January 22, 2018, a bill was signed delaying the implementation for an additional two years. The threshold is assumed to increase at health CPI trend each year. The Township will be liable for 40 percent of the difference between plan costs and the cost threshold, when the plan costs are greater than the cost threshold. Excise tax is not applied to Medicare retiree coverage.

Excise Tax Thresholds

The 2018 annual threshold costs for excise tax are as follows and are trended by CPI to 2022:

- Pre-65 Retiree Single \$11,850
- Pre-65 Retiree Family \$30,950

Participant Data

Participant data is based on census information as of December 2020. The data is believed to be representative of the population for the 2020 year.

Sensitivity Analysis

The following presents the rounded net OPEB liability, calculated using the valuation discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate. All amounts were rounded to the nearest 1,000.

	1% Decrease 1.12%	Current Rate Discount Rate 2.12%	1% Increase 3.12%
Net OPEB liability	\$ 65,539,000	\$ 54,442,472	\$ 45,908,000

The following presents the rounded net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate. All amounts were rounded to the nearest 1,000.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont'd)

	1% Decrease	Current Healthcare Rate	1% Increase
Net OPEB liability	\$ 44,857,000	\$ 54,442,472	\$ 67,140,000

Changes in Total OPEB Liability

Total OPEB liability as of January 1, 2020	\$ 62,258,729
Service cost	1,690,166
Interest cost	1,734,900
Effect of assumption changes or inputs	187,302
Benefit payments	(1,262,748)
Differences between expected and actual experience	(10,165,877)
Total OPEB liability as of December 31, 2020	\$ 54,442,472

The amount of OPEB expense recognized by the Township was \$3,135,474 for the year ended December 31, 2020. At December 31, 2020, the Township reported \$13,499,887 in deferred inflows of resources and \$10,630,388 in deferred outflows of resources relating to actuarial changes in assumptions.

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

Year Ending December 31,

2021	\$ (289,593)
2022	(289,593)
2023	(289,593)
2024	(289,593)
2025	(289,593)
Thereafter	(1,421,534)
	\$ (2,869,499)

NOTE 13 HAVERFORD TOWNSHIP FREE LIBRARY REVENUES

The Library is considered a component unit of the Township. The majority of the Library Board is officially appointed by the Township Board of Commissioners. The Library receives a substantial amount of its support from the Township. During 2020, the contributions from the Township

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 13 HAVERFORD TOWNSHIP FREE LIBRARY REVENUES (cont'd)

totalled \$1,236,929. A significant reduction in the level of this support, if this were to occur, may have an effect on the Library's programs and activities. In addition, the Township allows the Library free use of the building that houses the Library. The estimated value of the rental expense and other related expenses amounted to \$300,000 for the year ended December 31, 2020.

NOTE 14 COMMITMENTS

The Township is actively engaged in a number of projects which are under formal agreements. A summary of the projects under commitment are as follows:

	Project Amount	Completed as of 12/31/20	Commitments
Other:			
Veterans field improvements	\$ 332,500	\$ -	\$ 332,500
Skatium door replacement	15,950	-	15,950
Park bench replacement	15,294	-	15,294
Harvard road	86,795	83,545	3,250
Darby road streetscape	212,010	56,608	155,402
South Ardmore parking lot	128,815	106,961	21,854
Tennis court/basketball court II	217,500	-	217,500
Grange heater	30,325	-	30,325
Totals	\$ 1,039,189	\$ 247,114	\$ 792,075

In September 2014, the Township verbally committed to provide \$7,250,000 (which includes \$500,000 in matching grant funds) in future funding for a large-scale renovation project of the Haverford Township Free Library. This is a pending project put on temporary hold as the Board of Commissioners performs its due diligence regarding an alternate site. As of December 31, 2020, the Township has paid \$584,840 of the total committed amount.

In addition, the Township has incurred costs in the amount of \$1,741,069 not under formal commitments as of December 31, 2020.

NOTE 15 PRIOR PERIOD ADJUSTMENT

In accordance with the adoption of GASB Statement No. 84, as discussed in Note 1, the Township has restated its January 1, 2020 net position in its fiduciary activities to record the

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 15 PRIOR PERIOD ADJUSTMENT (cont'd)

custodial funds' net position at December 31, 2019. The net result of this change is an increase of \$90,097 in net position of its custodial fund.

NOTE 16 UNCERTAINTIES

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the Township's operations in 2021.

NOTE 17 SUBSEQUENT EVENTS

In January 2021, the Township authorized and entered into construction contracts as follows: to replace the turf field surface at the Haverford Reserve at a contract price of \$450,000; to replace a sewer line on Green Valley Road in the amount of \$67,000; to purchase three 2021 Chevrolet Tahoe police vehicles in the amount of \$132,780.

In January 2021, the Township accepted a RACP grant from the Commonwealth of Pennsylvania in the amount of \$1,000,000 for planned renovations at the Haverford Township Free Library.

In February 2021, the Township authorized and entered into several construction and purchase agreements as follows: to purchase property located at 1744 Burmont Road, Haverford Township, PA at an agreed-upon sale price of \$300,000 to expand the Darby Creek Trail; to purchase and install fire resistant materials as part of extensive renovation efforts at the fire tower training site in the amount of \$85,349; to purchase and install video and audio equipment in the police department in the amount of \$41,287; and to purchase one Ford Police Interceptor Hybrid-Powered Utility Vehicle in the amount of \$38,800.

In March 2021, the Township authorized and entered into several purchase agreements as follows: in the amount of \$76,375 for the acquisition of a 2021 Ford F-550 crew cab dump truck with plow/spreader for use in the park maintenance department; in the amount of \$73,950 for a 2021 Ford F-550 regular cab dump truck with snow plow/spreader for use in the highway department; in the amount of \$86,009 for a 2021 International HV507 cab/chassis for a full size dump truck for use in the highway department; in the amount of \$68,205 for a stainless steel dump body with plow/spreader for use in the highway department; in the amount of \$283,506 for a 2021 International HV607 cab/chassis and body for a jet truck in the sewer department; in the amount of \$178,739 for a 2021 International HV607 cab/chassis and trash/recycling body for use in the sanitation department.

In March 2021, the Township entered into a professional services contract with Michael Baker International, Inc in the amount of \$48,972 for a storm water flood mitigation study along Wynnefield Drive.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 17 SUBSEQUENT EVENTS (cont'd)

In March 2021, The American Rescue Plan Act of 2021 (“the Rescue Plan”), a \$1.9 trillion economic stimulus bill, was passed by the 117th United States Congress and signed into law by President Joseph Biden to provide the resources needed to address the ongoing COVID-19 public health crisis and spur a strong economic recovery. The Rescue Plan will provide needed relief to local governments enabling continued support in the public health response and allow for the foundation for a strong and equitable economic recovery. In addition to helping local governments address the revenue losses experienced as a result of the crisis, the Rescue Plan will help cover costs incurred responding to the public health emergency and provide support for a recovery – including assistance to households, small businesses, and nonprofits; aid to impacted industries; and support for essential workers. It will also provide resources for local governments to invest in infrastructure, including water, sewer, and broadband services. The Township has been identified as an entitlement unit and a direct recipient of \$19.8M with \$9.9M received in May 2021. The remaining \$9.9M is expected in May 2022. The exact plan as to how the Township will utilize those funds is still in the planning stage.

In April 2021, the Township Board of Commissioners voted to proceed with final design specifications and eventual public bidding for a renovation and expansion at the Haverford Township Free Library at an approximate cost of \$16.5M.

In May 2021, the Township Board of Commissioners passed Resolution 2221-2021 declaring the Township’s official intent to reimburse itself from proceeds of tax-exempt obligations of capital expenditures made or to be made for certain projects not to exceed \$24M.

The Township has evaluated all subsequent events through June 11, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWNSHIP OF HAVERFORD
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original	Final	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 26,448,568	\$ 26,448,568	\$ 26,425,489	\$ (23,079)
Transfer	1,225,000	1,225,000	1,519,488	294,488
Business privilege	1,220,000	1,220,000	1,515,084	295,084
Mercantile	930,000	930,000	945,814	15,814
Local services	600,000	600,000	588,434	(11,566)
Licenses and permits	2,257,500	2,257,500	2,776,798	519,298
Fines and forfeits	202,000	202,000	126,033	(75,967)
Interest and rent	907,120	907,120	782,667	(124,453)
Intergovernmental revenues	3,436,102	3,436,102	3,694,652	258,550
Charges for services	7,095,738	7,095,738	5,759,083	(1,336,655)
Other	1,055,193	1,055,193	1,219,535	164,342
TOTAL REVENUES	<u>45,377,221</u>	<u>45,377,221</u>	<u>45,353,077</u>	<u>(24,144)</u>
EXPENDITURES				
Current:				
General government	3,740,232	3,740,232	3,579,209	161,023
Public safety	20,576,976	20,576,976	20,036,026	540,950
Public works - sanitation	5,604,227	5,604,227	5,337,813	266,414
Public works - highways and streets	6,041,023	6,041,023	5,568,377	472,646
Culture and recreation	5,568,959	5,568,959	4,716,953	852,006
Community development	750,364	750,364	538,833	211,531
Debt service:				
Principal	2,045,000	2,045,000	1,555,000	490,000
Interest	2,084,319	2,084,319	1,862,337	221,982
Borrowing costs	-	-	224,058	(224,058)
TOTAL EXPENDITURES	<u>46,411,100</u>	<u>46,411,100</u>	<u>43,418,606</u>	<u>2,992,494</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,033,879)</u>	<u>(1,033,879)</u>	<u>1,934,471</u>	<u>2,968,350</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	2,033,879	2,033,879	-	(2,033,879)
Interfund transfers in	600,000	600,000	600,001	1
Interfund transfers out	(1,600,000)	(1,600,000)	(850,000)	750,000
Proceeds from issuance of long-term debt including premium	-	-	9,030,469	9,030,469
Payment to refunding agent	-	-	(8,750,000)	(8,750,000)
TOTAL OTHER FINANCING SOURCES	<u>1,033,879</u>	<u>1,033,879</u>	<u>30,470</u>	<u>(1,003,409)</u>
NET CHANGE IN FUND BALANCE	-	-	1,964,941	1,964,941
FUND BALANCE, BEGINNING OF YEAR	<u>23,734,971</u>	<u>23,734,971</u>	<u>23,734,971</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 23,734,971</u>	<u>\$ 23,734,971</u>	<u>\$ 25,699,912</u>	<u>\$ 1,964,941</u>

**TOWNSHIP OF HAVERFORD
REQUIRED SUPPLEMENTARY INFORMATION**

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

	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
Service cost	\$ 1,164,250	\$ 1,106,176	\$1,025,340	\$974,195	\$996,981	\$ 947,250	\$ 931,127
Interest on total pension liability	4,671,578	4,483,236	4,200,223	4,011,524	3,729,984	3,551,888	3,377,023
Changes of benefit terms	-	-	-	-	-	(24,282)	-
Differences between expected and actual experience	-	296,584	-	1,011,784	-	(515,826)	-
Change of assumptions	-	2,752,212	-	129,008	-	1,836,891	-
Benefit payments, including refunds of member contributions	(3,207,999)	(3,378,437)	(3,074,633)	(2,424,566)	(2,440,176)	(2,340,070)	(2,255,036)
Net change in total pension liability	<u>2,627,829</u>	<u>5,259,771</u>	<u>2,150,930</u>	<u>3,701,945</u>	<u>2,286,789</u>	<u>3,455,851</u>	<u>2,053,114</u>
Total pension liability, beginning	58,834,470	53,574,699	51,423,769	47,721,824	45,435,035	41,979,184	39,926,070
Total pension liability, ending (a)	<u>\$ 61,462,299</u>	<u>\$ 58,834,470</u>	<u>\$53,574,699</u>	<u>\$51,423,769</u>	<u>\$47,721,824</u>	<u>\$ 45,435,035</u>	<u>\$ 41,979,184</u>
FIDUCIARY NET POSITION							
Employer contributions	\$ 3,775,794	\$ 3,465,636	\$3,472,178	\$3,121,717	\$3,113,035	\$ 2,859,475	\$ 2,819,919
Member contributions	395,575	388,396	378,102	360,674	357,193	363,562	340,793
Investment income (loss) of pension investments, net of investment expenses	6,439,000	6,791,947	(1,961,844)	4,500,380	1,883,126	(143,613)	1,606,146
Benefit payments, including refunds of member contributions	(3,207,999)	(3,378,437)	(3,074,633)	(2,424,566)	(2,440,176)	(2,340,070)	(2,255,036)
Administrative expense	(15,403)	(23,590)	(12,199)	(24,202)	(7,835)	(28,635)	(13,194)
Net change in fiduciary net position	<u>7,386,967</u>	<u>7,243,952</u>	<u>(1,198,396)</u>	<u>5,534,003</u>	<u>2,905,343</u>	<u>710,719</u>	<u>2,498,628</u>
Fiduciary net position, beginning	43,167,804	35,923,852	37,122,248	31,588,245	28,682,902	27,972,183	25,473,555
Fiduciary net position, ending (b)	<u>\$ 50,554,771</u>	<u>\$ 43,167,804</u>	<u>\$35,923,852</u>	<u>\$37,122,248</u>	<u>\$31,588,245</u>	<u>\$ 28,682,902</u>	<u>\$ 27,972,183</u>
Net pension liability [(a) - (b)]	<u>\$ 10,907,528</u>	<u>\$ 15,666,666</u>	<u>\$17,650,847</u>	<u>\$14,301,521</u>	<u>\$16,133,579</u>	<u>\$ 16,752,133</u>	<u>\$ 14,007,001</u>
Plan fiduciary net position as a percentage of the total pension liability	82.25%	73.37%	67.05%	72.19%	66.19%	63.13%	66.63%
Covered payroll	\$ 7,656,098	\$ 7,165,068	\$7,238,232	\$6,915,142	\$6,819,296	\$ 6,888,822	\$ 6,468,876
Net pension liability as a percentage of covered payroll	142.47%	218.65%	243.86%	206.81%	236.59%	243.18%	216.53%
Annual money-weighted return, net of investment expenses	14.96%	19.14%	-5.28%	14.25%	6.57%	-0.62%	6.27%

Assumption Changes - In 2015, the mortality assumption was changed from the blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA and the interest rate assumption was lowered from 8.50% to 8.25% per annum and the salary scale assumption was lowered from 5.50% to 5.25%. In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA. In 2019, the interest rate assumption was lowered from 8.25% to 8.00% per annum. Retirement: Age 53 and 28 years to Age 53 and 25 years

Benefit Changes - In 2015, the 75% of salary COLA cap was eliminated for actives and inactive, and the Killed in Service Benefit was removed.

Note on Cumulative Information

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

**TOWNSHIP OF HAVERFORD
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 3,775,794	\$ 3,465,636	\$ 3,472,178	\$ 3,121,717	\$ 3,113,035	\$ 2,859,475	\$ 2,819,919
Contributions in relation to the actuarially determined contribution	<u>3,775,794</u>	<u>3,465,636</u>	<u>3,472,178</u>	<u>3,121,717</u>	<u>3,113,035</u>	<u>2,859,475</u>	<u>2,819,919</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 7,656,098	\$ 7,165,068	\$ 7,238,232	\$ 6,915,142	\$ 6,819,296	\$ 6,888,822	\$ 6,468,876
Contribution as a percentage of covered employee payroll	49.32%	48.37%	48.46%	45.14%	45.02%	41.51%	43.59%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN

Actuarial Methods and Significant Assumptions

Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	9 years
Asset valuation method	Smoothing per Section 210(a) of Act 44

Actuarial Assumptions:

Investment rate of return	8.00%
Discount rate	8.00%
Projected salary increases	5.25%
Inflation	2.25%
Mortality	Blue Collar RP-2000 Mortality Table projected to 2017 using Scale AA

Note on Cumulative Information

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

**TOWNSHIP OF HAVERFORD
REQUIRED SUPPLEMENTARY INFORMATION**

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

	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY							
Service cost	\$ 593,671	\$ 565,401	\$ 594,716	\$ 565,051	\$ 618,957	\$ 588,083	\$ 657,312
Interest on total pension liability	3,177,980	3,077,205	3,111,288	2,974,719	2,883,564	2,750,337	2,601,424
Differences between expected and actual experience	-	(1,562,039)	-	(618,019)	-	(354,668)	-
Change of assumptions	-	757,853	-	118,492	-	1,492,372	-
Benefit payments, including refunds of member contributions	(2,583,634)	(2,238,747)	(2,001,287)	(1,826,831)	(1,861,536)	(1,647,297)	(1,542,261)
Net change in total pension liability	<u>1,188,017</u>	<u>599,673</u>	<u>1,704,717</u>	<u>1,213,412</u>	<u>1,640,985</u>	<u>2,828,827</u>	<u>1,716,475</u>
Total pension liability, beginning	<u>40,422,894</u>	<u>39,823,221</u>	<u>38,118,504</u>	<u>36,905,092</u>	<u>35,264,107</u>	<u>32,435,280</u>	<u>30,718,805</u>
Total pension liability, ending (a)	<u>\$ 41,610,911</u>	<u>\$ 40,422,894</u>	<u>\$ 39,823,221</u>	<u>\$ 38,118,504</u>	<u>\$ 36,905,092</u>	<u>\$ 35,264,107</u>	<u>\$ 32,435,280</u>
FIDUCIARY NET POSITION							
Employer contributions	\$ 1,990,647	\$ 1,997,083	\$ 1,995,152	\$ 1,606,054	\$ 1,617,081	\$ 1,508,073	\$ 1,515,034
Member contributions	243,731	267,502	267,859	265,277	280,513	282,347	299,084
Investment income (loss) of pension investments, net of investment expenses	4,996,443	5,424,087	(1,603,755)	3,750,278	1,607,488	(132,267)	1,378,721
Benefit payments, including refunds of member contributions	(2,583,634)	(2,238,747)	(2,001,287)	(1,826,831)	(1,861,536)	(1,647,297)	(1,542,261)
Administrative expense	(14,203)	(25,490)	(13,099)	(26,902)	(7,835)	(31,435)	(12,794)
Net change in fiduciary net position	<u>4,632,984</u>	<u>5,424,435</u>	<u>(1,355,130)</u>	<u>3,767,876</u>	<u>1,635,711</u>	<u>(20,579)</u>	<u>1,637,784</u>
Fiduciary net position, beginning	<u>33,750,295</u>	<u>28,325,860</u>	<u>29,680,990</u>	<u>25,913,114</u>	<u>24,277,403</u>	<u>24,297,982</u>	<u>22,660,198</u>
Fiduciary net position, ending (b)	<u>\$ 38,383,279</u>	<u>\$ 33,750,295</u>	<u>\$ 28,325,860</u>	<u>\$ 29,680,990</u>	<u>\$ 25,913,114</u>	<u>\$ 24,277,403</u>	<u>\$ 24,297,982</u>
Net pension liability [(a) - (b)]	<u>\$ 3,227,632</u>	<u>\$ 6,672,599</u>	<u>\$ 11,497,361</u>	<u>\$ 8,437,514</u>	<u>\$ 10,991,978</u>	<u>\$ 10,986,704</u>	<u>\$ 8,137,298</u>
Plan fiduciary net position as a percentage of the total pension liability	92.24%	83.49%	71.13%	77.87%	70.22%	68.84%	74.91%
Covered payroll	\$ 5,595,544	\$ 6,116,834	\$ 6,077,096	\$ 6,529,110	\$ 6,764,196	\$ 7,400,260	\$ 7,547,780
Net pension liability as a percentage of covered payroll	57.68%	109.09%	189.19%	129.23%	162.50%	148.46%	107.81%
Annual money-weighted return, net of investment expenses	14.80%	19.15%	-5.40%	14.47%	6.62%	-0.56%	6.21%

Assumption Changes - In 2015, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2015 using Scale AA and the interest rate assumption was lowered from 8.50% to 8.25% per annum, and the salary scale assumption was lowered from 5.50% to 5.25%. In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 to the RP-2000 Table projected to 2017 using Scale AA. In 2019, the interest rate assumption was lowered from 8.25% to 8.00% per annum and the salary scale assumption was lowered from 5.25% to 5.00%.

Benefit Changes - In 2019, an actuarially reduced early retirement benefit at age 55 and 30 years of service was added to the plan.

Note on Cumulative Information

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

**TOWNSHIP OF HAVERFORD
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF EMPLOYER CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,990,647	\$ 1,997,083	\$ 1,995,152	\$ 1,606,054	\$ 1,617,081	\$ 1,508,073	\$ 1,515,034
Contributions in relation to the actuarially determined contribution	<u>1,990,647</u>	<u>1,997,083</u>	<u>1,995,152</u>	<u>1,606,054</u>	<u>1,617,081</u>	<u>1,508,073</u>	<u>1,515,034</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 5,595,544	\$ 6,116,834	\$ 6,077,096	\$ 6,529,110	\$ 6,529,110	\$ 6,764,196	\$ 7,547,780
Contribution as a percentage of covered employee payroll	35.58%	32.65%	32.83%	24.60%	24.77%	22.29%	20.07%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN

Actuarial Methods and Significant Assumptions

Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	8 years
Asset valuation method	Smoothing per Section 210(a) of Act 44

Actuarial Assumptions:

Investment rate of return	8.00%
Discount rate	8.00%
Projected salary increases	5.00%
Inflation	2.25%
Mortality	Blue Collar RP-2000 Mortality Table projected to 2017 using Scale AA

Note on Cumulative Information

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

**TOWNSHIP OF HAVERFORD
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CHANGES IN THE TOWNSHIP'S NET OPEB LIABILITY AND RELATED RATIOS

	2020	2019	2018
TOTAL OPEB LIABILITY			
Service cost	\$ 1,690,166	\$ 1,337,078	\$ 1,284,417
Interest on total OPEB liability	1,734,900	1,970,244	1,782,705
Difference between expected and actual experience	(10,165,877)	-	-
Change of assumptions	187,302	12,783,876	(5,869,422)
Benefit payments	(1,262,748)	(1,100,228)	(936,352)
NET CHANGE IN TOTAL OPEB LIABILITY	(7,816,257)	14,990,970	(3,738,652)
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	62,258,729	47,267,759	51,006,411
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 54,442,472</u>	<u>\$ 62,258,729</u>	<u>\$ 47,267,759</u>
<u>PLAN FIDUCIARY NET POSITION</u>			
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOWNSHIP'S NET OPEB LIABILITY	<u>\$ 54,442,472</u>	<u>\$ 62,258,729</u>	<u>\$ 47,267,759</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%
Covered employee payroll	\$ 13,251,642	\$ 13,281,902	\$ 13,315,328
Township's net OPEB liability as a percentage of covered payroll	410.84%	468.75%	354.99%
Expected average remaining service years of all participants	13.8	11	11

Note on Cumulative Information

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**TOWNSHIP OF HAVERFORD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB**

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB

Valuation Date: December 31, 2020

Actuarial Methods and Significant Assumptions

Actuarial cost method	Entry age
Asset valuation method	Market Value
Discount rate	2.12%
Projected salary increases	3.00%
Inflation	3.00%
Mortality	Pub-2010 mortality table with generational scale MP-2019
Healthcare trend rates	3.0% to 6.0% based on the type of benefit reduced by 0.5% each year until reaching the ultimate trend rate

Note on Cumulative Information

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF HAVERFORD
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue Funds		Total Other Governmental Funds
	Community Development Fund	HOME Program Fund	
ASSETS			
Cash and cash equivalents	\$ 3,220	\$ -	\$ 3,220
Accounts receivable	104,343	-	104,343
Due from other funds	-	695	695
TOTAL ASSETS	<u>\$ 107,563</u>	<u>\$ 695</u>	<u>\$ 108,258</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued expenses	\$ 83,918	\$ -	\$ 83,918
Due to other funds	695	-	695
TOTAL LIABILITIES	<u>84,613</u>	<u>-</u>	<u>84,613</u>
FUND BALANCE			
Restricted:			
Community development	22,950	695	23,645
TOTAL FUND BALANCE	<u>22,950</u>	<u>695</u>	<u>23,645</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 107,563</u>	<u>\$ 695</u>	<u>\$ 108,258</u>

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

	Special Revenue Funds		Total Other Governmental Funds
	Community Development Fund	HOME Program Fund	
REVENUES			
Intergovernmental revenues	\$ 783,600	\$ -	\$ 783,600
Other	212,470	-	212,470
TOTAL REVENUES	<u>996,070</u>	<u>-</u>	<u>996,070</u>
EXPENDITURES			
Community development	681,235	-	681,235
TOTAL EXPENDITURES	<u>681,235</u>	<u>-</u>	<u>681,235</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>314,835</u>	<u>-</u>	<u>314,835</u>
OTHER FINANCING USES			
Transfers out	(294,255)	(1)	(294,256)
TOTAL OTHER FINANCING USES	<u>(294,255)</u>	<u>(1)</u>	<u>(294,256)</u>
NET CHANGE IN FUND BALANCES	20,580	(1)	20,579
FUND BALANCE, BEGINNING OF YEAR	<u>2,370</u>	<u>696</u>	<u>3,066</u>
FUND BALANCE, END OF YEAR	<u>\$ 22,950</u>	<u>\$ 695</u>	<u>\$ 23,645</u>

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

	Pension Trust Funds			Total Pension Funds	Custodial Funds		Total Custodial Funds
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund		Merry Place Fund	Access Equipment Fund	
ASSETS							
Cash and cash equivalents	\$ 1,429,971	\$ 2,926,093	\$ 28,453	\$ 4,384,517	\$ 61,544	\$ 34,968	\$ 96,512
Investments	36,953,308	47,627,781	756,772	85,337,861	-	-	-
Members' contributions receivable	-	897	1,337	2,234	-	-	-
TOTAL ASSETS	<u>\$ 38,383,279</u>	<u>\$ 50,554,771</u>	<u>\$ 786,562</u>	<u>\$ 89,724,612</u>	<u>\$ 61,544</u>	<u>\$ 34,968</u>	<u>\$ 96,512</u>
LIABILITIES AND NET POSITION							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION							
Restricted for park improvements	-	-	-	-	61,544	-	61,544
Restricted for cable access enhancements	-	-	-	-	-	34,968	34,968
Held in trust for pension benefits	38,383,279	50,554,771	786,562	89,724,612	-	-	-
TOTAL NET POSITION	<u>38,383,279</u>	<u>50,554,771</u>	<u>786,562</u>	<u>89,724,612</u>	<u>61,544</u>	<u>34,968</u>	<u>96,512</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 38,383,279</u>	<u>\$ 50,554,771</u>	<u>\$ 786,562</u>	<u>\$ 89,724,612</u>	<u>\$ 61,544</u>	<u>\$ 34,968</u>	<u>\$ 96,512</u>

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

	Pension Trust Funds			Custodial Funds			
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund	Total Pension Funds	Merry Place Fund	Access Equipment Fund	Total Custodial Funds
ADDITIONS							
Contributions:							
Employer contributions	\$ 1,550,407	\$ 2,940,761	\$ 88,531	\$ 4,579,699	\$ -	\$ -	\$ -
Member contributions	243,731	395,575	90,755	730,061	-	-	-
Private contributions	-	-	-	-	280	5,616	5,896
Commonwealth of Pennsylvania	440,240	835,033	-	1,275,273	-	-	-
Total Contributions	<u>2,234,378</u>	<u>4,171,369</u>	<u>179,286</u>	<u>6,585,033</u>	<u>280</u>	<u>5,616</u>	<u>5,896</u>
Investment Income:							
Net realized/unrealized gain on investments	4,360,407	5,614,388	81,644	10,056,439	-	-	-
Interest and dividends	728,160	936,121	12,677	1,676,958	343	176	519
Investment expenses	(92,124)	(111,509)	(1,074)	(204,707)	-	-	-
Net Investment Income	<u>4,996,443</u>	<u>6,439,000</u>	<u>93,247</u>	<u>11,528,690</u>	<u>343</u>	<u>176</u>	<u>519</u>
TOTAL ADDITIONS	<u>7,230,821</u>	<u>10,610,369</u>	<u>272,533</u>	<u>18,113,723</u>	<u>623</u>	<u>5,792</u>	<u>6,415</u>
DEDUCTIONS							
Employee benefit payments	2,583,634	3,173,614	-	5,757,248	-	-	-
Administrative expenses	7,900	9,100	4,300	21,300	-	-	-
Insurance	6,303	6,303	-	12,606	-	-	-
Return of member contributions	-	34,385	20,814	55,199	-	-	-
TOTAL DEDUCTIONS	<u>2,597,837</u>	<u>3,223,402</u>	<u>25,114</u>	<u>5,846,353</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FIDUCIARY NET POSITION	4,632,984	7,386,967	247,419	12,267,370	623	5,792	6,415
NET POSITION, BEGINNING OF YEAR, RESTATED	<u>33,750,295</u>	<u>43,167,804</u>	<u>539,143</u>	<u>77,457,242</u>	<u>60,921</u>	<u>29,176</u>	<u>90,097</u>
NET POSITION, END OF YEAR	<u>\$ 38,383,279</u>	<u>\$ 50,554,771</u>	<u>\$ 786,562</u>	<u>\$ 89,724,612</u>	<u>\$ 61,544</u>	<u>\$ 34,968</u>	<u>\$ 96,512</u>