

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2022

INTRODUCTORY SECTION

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Commissioners
Township of Haverford
Havertown, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Haverford as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township of Haverford's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Haverford, as of December 31, 2022, 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.

We did not audit the financial statements of the Haverford Township Free Library (discretely presented component unit). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Haverford Township Free Library, is based solely on the report of other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Township of Haverford and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As disclosed in Note Q, for the year ended December 31, 2022, the Township of Haverford adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

As discussed in Note Q, the fund balance at beginning of year has been restated for other governmental funds to properly include special revenue funds Merry Place Fund and Access Equipment Fund from reevaluation of GASB Statement No. 84, *Fiduciary Activities*. In addition, total Custodial Funds fund balance at beginning of year has been restated to properly exclude these special revenue funds.

To the Board of Commissioners
Township of Haverford
Haverford, Pennsylvania

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Township of Haverford's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

To the Board of Commissioners
Township of Haverford
Haverford, Pennsylvania

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the that management's discussion and analysis on pages 6 through 13, budgetary comparison information on page 66, pension plan information on pages 67 through 72 and postemployment benefits other than pension funding progress on page 73 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Township of Haverford's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is 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 May 1, 2023 on our consideration of Township of Haverford'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 Township of Haverford's internal control over financial reporting and compliance.



Limerick, Pennsylvania
May 1, 2023

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

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, 2022.

FINANCIAL HIGHLIGHTS

Government-Wide

Government-wide net position of the Township at the close of the year was a surplus of \$498,314 (restated beginning net position by \$101,940 due to the reclassification of two funds from fiduciary to governmental). The total current year change in net position was \$1,874,055. This change was a result of a \$771,787 operational increase in our business-type activities and a \$1,102,268 increase recognized by our governmental activities. The 2022 budget season (in the fall of 2021) was still a very volatile economic period. The world was faced with continued supply chain issues, the looming specter of whether there would be a resurgence of COVID-19 and levels of inflation. With that in mind, the Township cautiously entered the 2022 budget process. We prepared for a return back to pre-pandemic levels in some revenue areas while also being aware that conditions could take dramatic turns. Fortunately, the Township over-performed in several revenue areas as further discussed later in this discussion.

The increase in business-type activities was largely a result of continued strong collections of our sewer fee coupled with an inter-fund transfer for capital assets paid by the American Rescue Plan Act fund, lower than expected treatment costs and higher than expected investment earnings.

Fund Level

At the close of the fiscal year, the Township reported combined ending fund balances in Governmental Funds of \$36,630,914 (restated beginning fund balance by \$101,940 due to the reclassification of two funds from fiduciary to governmental), an increase of \$3,515,483 from the previous year. In the General Fund, the Township over-performed in realty transfer tax, business tax collection, investment earnings, and recreational revenues. The Township also reduced expected debt service expenditures due to a delay in a planned borrowing. The total General Fund balance amounted to \$33,410,102, an increase of \$4,621,964 and 67.5 percent of General Fund revenues. An amount of \$22,394,119 is reported as unassigned in the General Fund, or 45.3 percent of total General Fund revenues. A total of \$2,077,513 is reported as restricted in the General Fund due to various external requirements. An amount of \$225,175 is shown as non-spendable since the balance represents prepaid expenses. A total of \$76,835 is shown as assigned by management for replacements and maintenance of our artificial turf field/indoor recreational center facilities. An amount of \$8,636,460 is reported as committed - budgetary reserve in accordance with the financial policies resolution passed by the Board of Commissioners to maintain financial stability.

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 consist of 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.

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

Government-Wide Financial Statements

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

The Statement of Net Position (page 14) 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 15) 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.

Fund Financial Statements

The fund financial statements begin on page 16 and provide detailed information about the major individual funds. A fund is a calendar and accounting entity with 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 74. All of the funds of the Township can be divided into three categories: governmental, proprietary and fiduciary.

TOWNSHIP OF HAVERFORD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

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 17 and 19) 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 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 25 of this report.

Other Information

Other information includes combining financial statements for non-major 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 \$25,854,540 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.

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TOWNSHIP OF HAVERFORD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

The component of our net position pertaining to the governmental activities has increased from a year ago by \$1,102,268 during the fiscal year. The increase in the governmental funds is largely a result of continued conservative budgeting in 2022 as we were unsure of lingering economic effects from the pandemic and other economic and geo-political stressors affecting supply chains. Fortunately, the Township outperformed its revenue projections (specifically in realty transfer tax, business tax, recreational programming, and investment earnings) and coupled that outperformance with savings from deferred capital purchases and the related borrowing. Additionally, the component of our net position that pertains to our business-type activities increased by \$771,787. This increase was largely a result of higher than expected sewer billings, a \$482,000 inter-fund transfers for assets financed through the American Rescue Plan Act Fund and \$100,000 in additional investment income due to higher than anticipated investment returns.

Table 1 - Net Position	Governmental Activities	
	2022	2021
ASSETS		
Current and other assets	\$ 62,679,466	\$ 46,127,908
Capital assets	75,575,907	75,708,724
TOTAL ASSETS	138,255,373	121,836,632
DEFERRED OUTFLOWS OF RESOURCES	32,905,312	18,263,755
LIABILITIES		
Noncurrent liabilities	133,095,749	123,608,901
Other liabilities	23,237,937	14,343,834
TOTAL LIABILITIES	156,333,686	137,952,735
DEFERRED INFLOWS OF RESOURCES	30,455,841	18,980,702
NET POSITION		
Net investment in capital assets	29,121,433	27,662,490
Restricted	5,290,527	6,146,725
Unrestricted	(50,040,802)	(50,642,265)
TOTAL NET POSITION	\$ (15,628,842)	\$ (16,833,050)

Business-Type Activities		Totals	
2022	2021	2022	2021
\$ 11,548,803	\$ 11,080,977	\$ 74,228,269	\$ 57,208,885
5,434,451	4,938,779	81,010,358	80,647,503
<u>16,983,254</u>	<u>16,019,756</u>	<u>155,238,627</u>	<u>137,856,388</u>
410,138	180,024	33,315,450	18,443,779
862,408	348,156	133,958,157	123,957,057
403,828	318,835	23,641,765	14,662,669
<u>1,266,236</u>	<u>666,991</u>	<u>157,599,922</u>	<u>138,619,726</u>
-	177,420	30,455,841	19,158,122
5,434,451	4,938,779	34,555,884	32,601,269
-	-	5,290,527	6,146,725
<u>10,692,705</u>	<u>10,416,590</u>	<u>(39,348,097)</u>	<u>(40,225,675)</u>
\$ <u>16,127,156</u>	\$ <u>15,355,369</u>	\$ <u>498,314</u>	\$ <u>(1,477,681)</u>

TOWNSHIP OF HAVERFORD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

Table 2 highlights the Township's revenues and expenses for the fiscal year ended December 31, 2022. 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	
	2022	2021
REVENUES		
Program revenues		
Charges for services	\$ 10,784,969	\$ 9,018,850
Operating grants and contributions	6,649,678	4,493,910
General revenues		
Real estate taxes	32,092,979	32,031,269
Franchise Fees	979,153	1,007,327
Miscellaneous	1,154,727	1,902,819
Investment earnings	1,020,745	598,226
TOTAL REVENUES	52,682,251	49,052,401
EXPENSES		
General government	3,810,911	4,063,869
Public Safety	24,507,319	20,928,036
Public Works - Sanitation	5,864,435	4,596,628
Public Works - Highways and streets	7,335,614	4,785,742
Culture and recreation	7,253,669	4,959,768
Community development	1,443,001	5,312,875
Debt Service	1,482,736	1,711,717
Sewer	-	-
TOTAL EXPENSES	51,697,685	46,358,635
CHANGE IN NET POSITION BEFORE TRANSFERS	984,566	2,693,766
TRANSFERS	117,702	600,000
CHANGE IN NET POSITION	1,102,268	3,293,766
NET POSITION, BEGINNING, restated*	(16,731,110) *	(20,126,816)
NET POSITION, ENDING	\$ (15,628,842)	\$ (16,833,050)

Business-Type Activities		Totals	
2022	2021	2022	2021
\$ 4,810,114	\$ 4,775,349	\$ 15,595,083	\$ 13,794,199
-	64,600	6,649,678	4,558,510
-	-	32,092,979	32,031,269
-	-	979,153	1,007,327
-	-	1,154,727	1,902,819
119,525	26,704	1,140,270	624,930
<u>4,929,639</u>	<u>4,866,653</u>	<u>57,611,890</u>	<u>53,919,054</u>
-	-	3,810,911	4,063,869
-	-	24,507,319	20,928,036
-	-	5,864,435	4,596,628
-	-	7,335,614	4,785,742
-	-	7,253,669	4,959,768
-	-	1,443,001	5,312,875
-	-	1,482,736	1,711,717
4,040,150	3,344,031	4,040,150	3,344,031
<u>4,040,150</u>	<u>3,344,031</u>	<u>55,737,835</u>	<u>46,358,635</u>
889,489	1,522,622	1,874,055	4,216,388
<u>(117,702)</u>	<u>(600,000)</u>	<u>-</u>	<u>-</u>
771,787	922,622	1,874,055	4,216,388
<u>15,355,369</u>	<u>14,432,747</u>	<u>(1,375,741)</u>	<u>(5,694,069)</u>
<u>\$ 16,127,156</u>	<u>\$ 15,355,369</u>	<u>\$ 498,314</u>	<u>\$ (1,477,681)</u>

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As the Township completed the fiscal year, its Governmental Funds reported healthy fund balances of \$36,630,914, an increase of \$3,515,483. Over-performance in realty transfer tax by \$800,000, business tax collection by \$440,000, investment earnings by \$550,000, and recreational programming by \$625,000 coupled with a reduction in debt service from a deferred borrowing and certain large equipment purchases delayed due to supply chain issues led to an increase in the general fund of \$4,621,964. Off-setting the \$4.6m positive net change in the general fund was planned usage of capital project funds in the amount of \$1.3m completion of the 2021 road program, park improvements, continued design and engineering on the library project, pedestrian improvements, and storm water improvements. Of the current ending fund balances, \$225,175 is shown as non-spendable since it represents prepaid items, \$76,835 is reported as assigned for particular purposes, \$8,636,460 is reported as committed for budgetary reserve in the General Fund, \$5,298,325 is shown as restricted by external sources while \$22,394,119 is shown as unassigned.

Governmental Funds

General Fund, Comparison to Final Budget - Revenue figures exceeded final budget expectations by \$2,853,170, or 6.1 percent. In the General Fund, the Township over-performed in realty transfer tax by \$800,000 and business tax collection by \$440,000. Both of these areas were susceptible to a possible economic contraction and inflation. Fortunately, our strong sense of community, solid housing, quality schools and beautiful parks make our Township a very attractive place to live, work or start a business in. With the swift speed of the Federal Reserve Bank's fiscal policy, investment earnings reached levels that we hadn't seen in a decade outperforming budget by approximately \$550,000. Our recreational programming outperformed its revenues by approximately \$625,000 as all phases of both indoor and outdoor recreation exceeded pre-pandemic demand levels. The Township also deferred a planned borrowing (thus reducing anticipated debt service) as large-scale construction projects were put on a temporary hold. The Township experienced positive expenditure variances of \$1.3m for debt service, \$200,000 for reduced solid waste costs due to lower than expected tonnages, \$450,000 for deferred capital purchases from supply chain issues and deferred filling of several open positions. For the year, we are pleased to report that total expenditures were less than budget expectations by \$2,534,295, or 5.3 percent.

American Rescue Plan Fund - In June 2022, as an entitlement unit, the Township received its second direct payment in the amount of \$9.9m. Through December 31, 2022, the Township has spent \$2.2m and currently shows \$17.5m as deferred revenue. Projects of note through December 31, 2022 include park improvements (\$445,000), initiatives for our senior population (\$28,000), business grants (\$247,000), façade improvement grants (\$17,000), business district development (\$102,000), essential worker pay (\$323,000), storm water projects (\$557,000), and sanitary sewer projects (\$434,000).

Non-major Governmental Funds - The activities in the non-major governmental funds 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 \$771,787. This increase was largely a result of continued strong collections of our sewer fee coupled with a \$482,000 interfund transfer for capital assets paid by the American Rescue Plan Act fund, \$232,000 in lower than expected treatment costs as passed-thru to us by Radnor-Haverford-Marple Sewer Authority and Upper Darby Township and \$100,000 in higher than expected investment earnings.

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2022, the Township had invested \$81,010,358, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation expense for this calendar year totaled \$3,909,524

Programs	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 14,713,479	\$ 14,713,479	\$ -	\$ -	\$ 14,713,479	\$ 14,713,479
Construction in progress	3,932,648	2,414,445	-	-	3,932,648	2,414,445
Buildings and improvements	35,010,238	34,799,528	811,067	811,067	35,821,305	35,610,595
Machinery and equipment	28,907,597	27,764,849	848,388	761,359	29,755,985	28,526,208
Infrastructure and improvements	43,230,874	42,491,856	6,151,029	5,610,088	49,381,903	48,101,944
Accumulated depreciation	(50,218,929)	(46,475,433)	(2,376,033)	(2,243,735)	(52,594,962)	(48,719,168)
	<u>\$ 75,575,907</u>	<u>\$ 75,708,724</u>	<u>\$ 5,434,451</u>	<u>\$ 4,938,779</u>	<u>\$ 81,010,358</u>	<u>\$ 80,647,503</u>

Additional information on the Township's capital assets is contained in Note E to the financial statements. Major capital assets acquisitions during 2022 include large pieces of heavy equipment, police vehicles, various park improvements, replacement of playground equipment, installation of pickleball courts, streetscape projects, and various sanitary and 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 \$43,685,000. All of this is backed by the full faith and credit of the government. Governmental activities report \$43,685,000 and business-type activities report \$-0- of general obligation bonds and notes payable. 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 G to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Preparing for fiscal year 2023 provided its own unique set of challenges with the stress of supply chain delays and inflationary pricing while moving forward with our community's operational goals. The rate of inflation in January 2023 hovered around 6.4% and disciplined spending will be important as we move forward. Contractual wage increases are 3.25% and 3.75%, respectively for the police and civilian collective bargaining units and overall general fund expenditures are budgeted to increase by 3.5%. With a \$20m+ borrowing budgeted for 2023, the Board of Commissioners enacted a modest 1.8% property tax increase to offset to additional debt service obligations. Several capital projects are planned for 2023 including this year's "crown-jewel" project - the renovation and expansion of the Haverford Township Free Library. The Township is expected to invest over \$21,000,000 in this project that is designed to include amenities such as a maker space/innovation zone, a dedicated sensory area, an audio-visual lab, dedicated senior adult space, creative learning areas for toddlers and preschoolers, and additional meeting, programming, and tutoring rooms. Other projects slated for 2023 include solar panel installation, acquisition of emergency apparatus, and improvements at the indoor ice skating facility owned by the Township.

TOWNSHIP OF HAVERFORD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

While sewer fee rates were left unchanged for 2023, the annual trash fee increased from \$275 to \$283 to keep pace with another mandated increase by the Delaware County Solid Waste Authority and increased recycling market prices.

In June 2022, the Township received its second tranche of American Rescue Plan Act monies authorized by President Joseph R. Biden, Jr and the United States Congress, for a total award of \$19.8m. As of January 1, 2023, \$17.7m remains and the Township has budgeted the remaining use of these funds in its

2023-2026 capital improvement plan. Noteworthy ARPA projects slated for 2023 include extension of the Darby Creek Trail system, planning for pedestrian and bicycle safety plan improvements, development of the new Brookline Park, various sanitary and storm water improvements, and continued investments in our park system.

Economically, there continues to be worldwide uncertainty with geo-political, supply chain and inflationary concerns. We continue to believe that the Township's strong cash-position readies us to withstand many challenges that may surface because of these uncertainties but some are clearly out of the control of local government leadership. Township pension plans are diversified but heavily invested in equities and bonds both of which are currently in a highly volatile state. While the Federal Reserve Bank's philosophy in taming inflation by raising interest rates will bode well for the Township in regards to investment earnings, the uncertainty in regards to supply chain and inflationary concerns cannot be reasonably estimated at this time.

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 provided 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. This report can be found on the Township website at www.havtwp.org. 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, 2022

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Totals	Unit Free Library
ASSETS				
Cash and cash equivalents				
Unrestricted	\$ 53,817,270	\$ 11,347,633	\$ 65,164,903	\$ 2,124,322
Restricted	1,915,303	-	1,915,303	-
Accounts receivable	6,288,016	158,153	6,446,169	3,109
Due from other governments	464,944	-	464,944	-
Prepaid expenses	225,175	11,775	236,950	1,362
Internal balances	(31,242)	31,242	-	-
Capital assets				
Land	14,713,479	-	14,713,479	-
Construction in progress	3,932,648	-	3,932,648	-
Other capital assets, net of accumulated depreciation	56,929,780	5,434,451	62,364,231	823,682
TOTAL ASSETS	138,255,373	16,983,254	155,238,627	2,952,475
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources relating to pensions	17,773,703	410,138	18,183,841	-
Deferred outflows of resources relating to OPEB	15,131,609	-	15,131,609	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	32,905,312	410,138	33,315,450	-
LIABILITIES				
Accounts payable	2,660,983	403,828	3,064,811	134,604
Accrued interest	127,674	-	127,674	-
Escrows payable	424,231	-	424,231	-
Unearned revenues	17,596,870	-	17,596,870	-
Long-term liabilities				
Portion due or payable within one year				
Bonds payable	2,315,000	-	2,315,000	-
Bond premiums, net of accumulated amortization	113,179	-	113,179	-
Lease liabilities	-	-	-	10,433
Portion due or payable after one year				
Bonds payable	41,370,000	-	41,370,000	-
Bond premiums, net of accumulated amortization	2,734,770	-	2,734,770	-
Net pension liability	37,516,052	826,992	38,343,044	-
Total OPEB obligation	48,855,630	-	48,855,630	-
Compensated absences	2,619,297	35,416	2,654,713	-
TOTAL LIABILITIES	156,333,686	1,266,236	157,599,922	145,037
DEFERRED INFLOWS OF RESOURCES				
Deferred charges on refunding, net	34,704	-	34,704	-
Deferred inflows relating to leases	4,591,510	-	4,591,510	-
Deferred inflows relating to pensions	247,141	-	247,141	-
Deferred inflows relating to OPEB	25,582,486	-	25,582,486	-
TOTAL DEFERRED INFLOWS OF RESOURCES	30,455,841	-	30,455,841	-
NET POSITION				
Net investment in capital assets	29,008,254	5,434,451	34,442,705	813,249
Restricted	5,298,325	-	5,298,325	-
Unrestricted	(49,935,421)	10,692,705	(39,242,716)	1,994,189
TOTAL NET POSITION	\$ (15,628,842)	\$ 16,127,156	\$ 498,314	\$ 2,807,438

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 3,810,911	\$ 614,438	\$ 1,603,812	\$ -
Public safety	24,507,319	2,624,654	478,039	-
Health and human services	-	17,025	-	-
Public works				
Sanitation	5,864,435	4,516,710	-	-
Highways and streets	7,335,614	186,961	1,267,884	-
Culture and recreation	7,253,669	2,825,181	-	-
Community development	1,443,001	-	3,299,943	-
Debt service	1,482,736	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>51,697,685</u>	<u>10,784,969</u>	<u>6,649,678</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES				
Sewer	4,040,150	4,810,114	-	-
TOTAL PRIMARY GOVERNMENT	<u>\$ 55,737,835</u>	<u>\$ 15,595,083</u>	<u>\$ 6,649,678</u>	<u>\$ -</u>
COMPONENT UNIT				
Free Library	\$ 1,593,149	\$ 23,120	\$ 1,736,819	\$ 72,539
GENERAL REVENUES				
Taxes				
Property Taxes				
Transfer				
Business privilege				
Mercantile				
Local Service Tax				
Franchise fees				
Grants and contributions not restricted to specific programs				
Investment earnings				
Other revenue				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR, restated*				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component
Governmental	Business-Type	Totals	Unit
Activities	Activities		Free Library
\$ (1,592,661)	\$ -	\$ (1,592,661)	\$ -
(21,404,626)	-	(21,404,626)	-
17,025	-	17,025	-
(1,347,725)	-	(1,347,725)	-
(5,880,769)	-	(5,880,769)	-
(4,428,488)	-	(4,428,488)	-
1,856,942	-	1,856,942	-
(1,482,736)	-	(1,482,736)	-
<u>(34,263,038)</u>	<u>-</u>	<u>(34,263,038)</u>	<u>-</u>
-	769,964	769,964	-
<u>(34,263,038)</u>	<u>769,964</u>	<u>(33,493,074)</u>	<u>-</u>
			<u>239,329</u>
26,531,654	-	26,531,654	-
2,205,466	-	2,205,466	-
1,696,870	-	1,696,870	-
984,403	-	984,403	-
674,586	-	674,586	-
979,153	-	979,153	-
1,050	-	1,050	-
1,020,745	119,525	1,140,270	2,266
1,153,677	-	1,153,677	23
117,702	(117,702)	-	-
<u>35,365,306</u>	<u>1,823</u>	<u>35,367,129</u>	<u>2,289</u>
1,102,268	771,787	1,874,055	241,618
<u>(16,731,110) *</u>	<u>15,355,369</u>	<u>(1,375,741)</u>	<u>2,565,820 *</u>
<u>\$ (15,628,842)</u>	<u>\$ 16,127,156</u>	<u>\$ 498,314</u>	<u>\$ 2,807,438</u>

TOWNSHIP OF HAVERFORD

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2022

	General Fund	Capital Projects Fund	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents					
Unrestricted	\$ 32,722,884	\$ 3,136,739	\$ 17,879,104	\$ 78,543	\$ 53,817,270
Restricted	1,915,303	-	-	-	1,915,303
Taxes receivable	474,493	-	-	-	474,493
Accounts receivable	834,371	75,000	-	304,860	1,214,231
Leases receivable	4,674,292	-	-	-	4,674,292
Due from other governments	389,944	-	-	-	389,944
Prepaid expenses	225,175	-	-	-	225,175
	<u>41,236,462</u>	<u>3,211,739</u>	<u>17,879,104</u>	<u>383,403</u>	<u>62,710,708</u>
TOTAL ASSETS	\$ 41,236,462	\$ 3,211,739	\$ 17,879,104	\$ 383,403	\$ 62,710,708
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 1,890,851	\$ 288,637	\$ 176,635	\$ 304,860	\$ 2,660,983
Due to other funds	30,663	579	-	-	31,242
Escrows payable	424,231	-	-	-	424,231
Unearned revenues	114,147	-	17,482,723	-	17,596,870
	<u>2,459,892</u>	<u>289,216</u>	<u>17,659,358</u>	<u>304,860</u>	<u>20,713,326</u>
TOTAL LIABILITIES	2,459,892	289,216	17,659,358	304,860	20,713,326
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues					
Property taxes	385,014	-	-	-	385,014
Leases	4,591,510	-	-	-	4,591,510
Loan proceeds	389,944	-	-	-	389,944
	<u>5,366,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,366,468</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	5,366,468	-	-	-	5,366,468
FUND BALANCES					
Nonspendable, prepaid expenses	225,175	-	-	-	225,175
Restricted					
Capital projects	-	2,922,523	-	-	2,922,523
Cable access enhancements	-	-	-	10,695	10,695
Community development	-	-	219,746	3,220	222,966
Parks and recreation	527,505	-	-	-	527,505
Scholarship fund	7,603	-	-	-	7,603
Real estate taxes paid under protest	14,190	-	-	-	14,190
Park improvements	-	-	-	64,628	64,628
Public works - highways and streets	1,432,415	-	-	-	1,432,415
Public safety	95,800	-	-	-	95,800
Committed, budgetary reserve	8,636,460	-	-	-	8,636,460
Assigned, parks and recreation	76,835	-	-	-	76,835
Unassigned	22,394,119	-	-	-	22,394,119
	<u>33,410,102</u>	<u>2,922,523</u>	<u>219,746</u>	<u>78,543</u>	<u>36,630,914</u>
TOTAL FUND BALANCES	33,410,102	2,922,523	219,746	78,543	36,630,914
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 41,236,462	\$ 3,211,739	\$ 17,879,104	\$ 383,403	\$ 62,710,708

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2022

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 36,630,914
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.	75,575,907
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statements but are reported in the governmental activities on the statement of net position.	
Deferred amounts related to pensions	17,526,562
Deferred amounts related to OPEB	(10,450,877)
Deferred amount on refunding, net of accumulated amortization	(34,704)
Because the focus of Governmental Funds is on short-term financing, some assets will not be available to pay current period expenditures. Those assets are offset by deferred revenues in the Governmental Funds and thus are not included in fund balance.	774,958
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Bonds payable	(43,685,000)
Bond premiums, net of accumulated amortization	(2,847,949)
Interest payable	(127,674)
Net pension liability	(37,516,052)
Total OPEB obligation	(48,855,630)
Compensated absences	<u>(2,619,297)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (15,628,842)</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>American Rescue Plan Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes					
Property	\$ 26,531,654	\$ -	\$ -	\$ -	\$ 26,531,654
Transfer	2,205,466	-	-	-	2,205,466
Business privilege	1,696,870	-	-	-	1,696,870
Mercantile	984,403	-	-	-	984,403
Local services	674,586	-	-	-	674,586
Licenses and permits	2,561,270	-	-	-	2,561,270
Fines and forfeits	184,693	-	-	-	184,693
Interest and rent	1,100,832	57,063	218,109	1,144	1,377,148
Intergovernmental revenues	3,392,028	75,000	1,959,529	1,038,259	6,464,816
Charges for services	8,889,010	-	-	-	8,889,010
Other	1,260,925	263,745	-	308,459	1,833,129
TOTAL REVENUES	<u>49,481,737</u>	<u>395,808</u>	<u>2,177,638</u>	<u>1,347,862</u>	<u>53,403,045</u>
EXPENDITURES					
Current					
General government	3,895,953	-	-	-	3,895,953
Public safety	21,527,072	-	-	-	21,527,072
Highways and streets	5,293,609	1,691,681	-	-	6,985,290
Parks and recreation	6,064,838	-	-	-	6,064,838
Public works, sanitation	5,192,462	-	-	-	5,192,462
Community development	-	-	1,297,732	1,340,414	2,638,146
Miscellaneous	-	2,100	-	34,065	36,165
Debt service					
Principal retirement	2,080,000	-	-	-	2,080,000
Interest	1,585,338	-	-	-	1,585,338
TOTAL EXPENDITURES	<u>45,639,272</u>	<u>1,693,781</u>	<u>1,297,732</u>	<u>1,374,479</u>	<u>50,005,264</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,842,465</u>	<u>(1,297,973)</u>	<u>879,906</u>	<u>(26,617)</u>	<u>2,517,875</u>
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	779,499	-	-	-	779,499
Interfund transfers out	-	-	(661,797)	-	(661,797)
TOTAL OTHER FINANCING SOURCES (USES)	<u>779,499</u>	<u>-</u>	<u>(661,797)</u>	<u>-</u>	<u>117,702</u>
NET CHANGE IN FUND BALANCES	4,621,964	(1,297,973)	218,109	(26,617)	3,515,483
FUND BALANCES AT BEGINNING OF YEAR, restated*	<u>28,788,138</u>	<u>4,220,496</u>	<u>1,637</u>	<u>105,160 *</u>	<u>33,115,431</u>
FUND BALANCES AT END OF YEAR	<u>\$ 33,410,102</u>	<u>\$ 2,922,523</u>	<u>\$ 219,746</u>	<u>\$ 78,543</u>	<u>\$ 36,630,914</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 3,515,483
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$3,777,226) exceeds capital outlays (\$3,694,332) in the current period.</p>	(82,894)
<p>The net effect of various miscellaneous transactions involving capital assets.</p>	(49,923)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	(299,837)
<p>The issuance of long-term debt (e.g., notes, leases) provides current financial resources to 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.</p>	2,192,923
<p>Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the Governmental Funds:</p>	
Change in accrued interest payable	(8,221)
Change in compensated absences	284,721
Changes in the total OPEB liability and related deferrals	(669,335)
Changes in net pension liability and related deferrals	<u>(3,780,649)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,102,268</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD

STATEMENT OF NET POSITION

PROPRIETARY FUND

DECEMBER 31, 2022

	<u>Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 11,347,633
Receivables	158,153
Due from other funds	31,242
Prepaid expenses	11,775
TOTAL CURRENT ASSETS	<u>11,548,803</u>
CAPITAL ASSETS	
Building and improvements	811,067
Vehicles	848,388
Sewer system	6,151,029
Accumulated depreciation	<u>(2,376,033)</u>
TOTAL CAPITAL ASSETS	<u>5,434,451</u>
TOTAL ASSETS	<u>16,983,254</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount related to pensions	<u>410,138</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued wages	<u>403,828</u>
NONCURRENT LIABILITIES	
Net pension liability	826,992
Compensated absences	35,416
TOTAL NONCURRENT LIABILITIES	<u>862,408</u>
TOTAL LIABILITIES	<u>1,266,236</u>
NET POSITION	
Net investment in capital assets	5,434,451
Unrestricted	<u>10,692,705</u>
TOTAL NET POSITION	<u>\$ 16,127,156</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2022

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for sewer services	\$ 4,755,611
Other revenues	54,503
TOTAL OPERATING REVENUES	<u>4,810,114</u>
OPERATING EXPENSES	
Treatment and operational expenses	3,110,942
Salaries and benefits	721,573
General and administrative	75,337
Depreciation	132,298
TOTAL OPERATING EXPENSES	<u>4,040,150</u>
OPERATING INCOME	<u>769,964</u>
NONOPERATING REVENUES	
Investment income	<u>119,525</u>
INCOME BEFORE OPERATING TRANSFERS	889,489
OPERATING TRANSFERS	
Operating transfers in	482,298
Operating transfers out	<u>(600,000)</u>
TOTAL OPERATING TRANSFERS	<u>(117,702)</u>
CHANGE IN NET POSITION	771,787
NET POSITION AT BEGINNING OF YEAR	<u>15,355,369</u>
NET POSITION AT END OF YEAR	<u>\$ 16,127,156</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2022

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 4,840,700
Cash paid to employees for services	(609,338)
Cash paid to suppliers	<u>(3,145,381)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,085,981</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund revenues	482,298
Interfund expenses	<u>(600,000)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(117,702)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(627,970)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>119,525</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>459,834</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>10,887,799</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 11,347,633</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 769,964
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	132,298
Pension expense	105,338
Decrease in	
Receivables	30,586
Due from other funds	6,667
Prepaid expense	(222)
Increase (Decrease) in	
Accounts payable	79,476
Accrued expenses	5,517
Due to other funds	(45,023)
Compensated absences	<u>1,380</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 1,085,981</u></u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	<u>Pension Trust Funds</u>
ASSETS	
Cash	\$ 6,578,908
Investments, mutual funds, fair value	76,778,916
Members' contribution receivable	30,872
Accrued interest receivable	<u>10,997</u>
TOTAL ASSETS	<u>\$ 83,399,693</u>
NET POSITION	
Restricted for pension benefits	\$ <u>83,399,693</u>
TOTAL NET POSITION	<u>\$ 83,399,693</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	<u>Pension Trust Funds</u>
ADDITIONS	
Employer contributions	\$ 3,742,605
Member contributions	779,333
Commonwealth of Pennsylvania	1,269,210
Other income	6,946
Total Contributions	<u>5,798,094</u>
Investment earnings	
Net depreciation in fair market value of investments	(19,811,330)
Interest and dividends	4,261,171
Investment expenses	(232,739)
INVESTMENT EARNINGS, net	<u>(15,782,898)</u>
TOTAL ADDITIONS	<u>(9,984,804)</u>
DEDUCTIONS	
Employee benefit payments	6,418,793
Administrative expenses	20,400
Insurance	13,470
Return of member contributions	1,095
TOTAL DEDUCTIONS	<u>6,453,758</u>
CHANGE IN NET POSITION	(16,438,562)
NET POSITION AT BEGINNING OF YEAR	<u>99,838,255</u>
NET POSITION AT END OF YEAR	<u>\$ 83,399,693</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - 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.

Component Units

- 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.
- The Pension Plans are single employer defined benefit and defined contribution pension plans for all full-time employees and police officers. Although the plans are separate legal entities they are reported as if they are part of the government as they are governed by the Board of Township Commissioners and the Township is responsible for funding the plan. The plans are reported as a fiduciary fund and issue separate financial statements.

Government-Wide and Fund 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*.

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.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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.

The *Capital Projects Fund* accounts for financial resources used to acquire or construct major capital projects. The revenue in this fund comes from the sale of bonds/notes or from capital appropriations from the General Fund. This fund is reported as a major fund.

The *American Rescue Plan Fund* accounts for federal funds received under the American Rescue Plan Act and the related expenditures of those funds.

The Township reports the following major Proprietary Fund:

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

Additionally, the Township reports the following Fiduciary Fund Types:

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.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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.

The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and 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.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 "interfund 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.

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 liability after May 31. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets 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:

	<u>Years</u>
Roads	20
Storm sewers	75
Recreation equipment	5-40
Traffic signals	5-30
Buildings	40
Vehicles	10
Building improvements	10-40
General improvements and equipment	5-20
Sanitary sewers	75

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 (amount not rounded) 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.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major outlays for capital assets and improvement 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:

	<u>Years</u>
Leasehold improvements	20
Furniture and equipment	3-10
Book collection	5

Leases

The Township is the lessor for noncancellable leases of space. The Township recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Township determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Township uses its estimated incremental borrowing rates as the discount rate for leases
- The lease term includes the noncancellable period of the lease plus renewal options that are reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Sick Pay - Civil employees are paid for up to 50 days of unused sick time, plus a maximum of \$3,000 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 on-half of one hundred percent of the daily base pay as of January 1, 2019 for the retiring officer's rank in effect. For police officers hired on or after January 1, 2016, up to 90 unused sick days shall be paid at 75% of their daily base rate at retirement. 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 - Certain department directors, in place as of February 28, 2016, can carryover unused leave time for payout at retirement. Police personnel can also carryover leave time known as TOTO for payout at retirement.

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 issues 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/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 two items that qualify for reporting in this category. The first 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, the net difference between actual and expected experience and the net difference between projected and actual earnings on pension plan investments. The second 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 and net difference between expected and actual experience.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has five types of items that qualifies 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 are unavailable revenues related to leases are presented in both the Governmental Funds Balance Sheet as well as the government-wide statement of net position. The third 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 the net difference between actual and expected experience. The fourth 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 and difference between expected and actual experience. The fifth 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.

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. As of December 31, 2022, 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.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- ***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 and liabilities 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.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - 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. An annual budget was not adopted for the American Rescue Plan Fund.

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 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 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) outstanding at year-end lapse.

Excess of Expenditures Over Appropriations

For the year ended December 31, 2022, the General Fund did not incur expenditures in excess of appropriations in any functions.

NOTE C - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Deposits - In the case of deposits, this 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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

As of year-end, the carrying amount of deposits was \$67,080,206 and the bank balance was \$67,231,038. Of the bank balance, \$500,000 was covered by federal depository insurance; \$25,897,161 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 \$40,833,877 was held in the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulator 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 organization (Standard & Poor's rating of AAAM as of December 31, 2022), and is subject to an independent annual audit.

Investments

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 A.

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:

Investment Type	Fair Value	Investment Maturities		
		Less Than 1 Year	1 to 5 Years	6 to 10 Years
PENSION ACTIVITIES				
Mutual funds	\$ 76,778,916	\$ 45,337,755	\$ -	\$ 31,441,161

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

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 A. The Township does not have a formal investment policy for credit risk. The Governmental Funds pooled investments are rated AAAM by Standard & Poor's. The Fiduciary Funds bond mutual funds range from a rating of A to AAA by Moody's. The Fiduciary Funds pooled investments are assets held at contract value by Metropolitan Life Insurance Company, and there is no method available to disclose the interest rate risk of applicable underlying debt securities.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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 5% in any one single issuer that would be considered a concentration of credit risk.

Free Library - Deposits and Investments

Deposits - As of December 31, 2022, the total carrying amount of the Library's deposits was \$2,123,863 and the corresponding bank balance was \$2,124,322.

Custodial Credit Risk -

Deposits - 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 does not have a policy for custodial credit risk. The bank balances are covered by federal depository insurance.

Investments - For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Library has no investment subject to custodial credit risk.

Interest Rate Risk - The Library has no formal policy that limits investment choices to certain credit ratings.

Credit Risk - The Library has no investment policy that would limit its investment choices to certain credit ratings.

Concentration of Credit Risk - The Library has no investment policy that would limit the amount the Library may invest in one issuer.

NOTE D - RECEIVABLES

Receivables as of year-end for the Township's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds	Sewer Fund	Fiduciary Funds
Taxes	\$ 474,493	\$ -	\$ -	\$ -	\$ -
Due from other governments	389,944	-	-	-	-
Contributions receivable	-	-	-	-	30,872
Accounts receivable	834,371	75,000	304,860	158,153	-
	<u>\$ 1,698,808</u>	<u>\$ 75,000</u>	<u>\$ 304,860</u>	<u>\$ 158,153</u>	<u>\$ 30,872</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - CAPITAL ASSETS

Governmental activities capital asset activity for the year ended December 31, 2022, was as follows:

	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 14,713,479	\$ -	\$ -	\$ 14,713,479
Construction in progress	2,414,445	1,805,345	(287,142)	3,932,648
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	17,127,924	1,805,345	(287,142)	18,646,127
Capital assets being depreciated				
Roads	26,555,922	380,848	-	26,936,770
Storm sewers	11,749,341	237,219	-	11,986,560
Recreation equipment	9,512,140	483,128	(17,730)	9,977,538
Traffic signals	1,717,306	21,872	-	1,739,178
Buildings	31,248,000	-	-	31,248,000
Vehicles	16,535,403	655,478	-	17,190,881
Building improvements	3,551,528	210,710	-	3,762,238
General improvements	4,186,593	136,951	(16,000)	4,307,544
TOTAL CAPITAL ASSETS BEING DEPRECIATED	105,056,233	2,126,206	(33,730)	107,148,709
Accumulated depreciation				
Roads	(16,044,342)	(1,012,517)	-	(17,056,859)
Storm sewers	(2,408,902)	(158,239)	-	(2,567,141)
Recreation equipment	(4,269,114)	(512,759)	17,730	(4,764,143)
Traffic signals	(508,229)	(79,191)	-	(587,420)
Buildings	(6,562,708)	(735,868)	-	(7,298,576)
Vehicles	(11,659,302)	(923,099)	-	(12,582,401)
Building improvements	(1,870,346)	(178,244)	-	(2,048,590)
General improvements	(3,152,490)	(177,309)	16,000	(3,313,799)
TOTAL ACCUMULATED DEPRECIATION	(46,475,433)	(3,777,226)	33,730	(50,218,929)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	58,580,800	(1,651,020)	-	56,929,780
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net				
	\$ 75,708,724	\$ 154,325	\$ (287,142)	\$ 75,575,907

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - CAPITAL ASSETS (Continued)

Business-type activities capital asset activity for the year ended December 31, 2022, was as follows:

	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Sanitary sewers	\$ 5,610,088	\$ 540,941	\$ -	\$ 6,151,029
Buildings	811,067	-	-	811,067
Vehicles	<u>761,359</u>	<u>87,029</u>	<u>-</u>	<u>848,388</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>7,182,514</u>	<u>627,970</u>	<u>-</u>	<u>7,810,484</u>
Accumulated depreciation				
Sanitary sewers	(1,134,231)	(78,407)	-	(1,212,638)
Buildings	(490,664)	(15,258)	-	(505,922)
Vehicles	<u>(618,840)</u>	<u>(38,633)</u>	<u>-</u>	<u>(657,473)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(2,243,735)</u>	<u>(132,298)</u>	<u>-</u>	<u>(2,376,033)</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	 <u>\$ 4,938,779</u>	 <u>\$ 495,672</u>	 <u>\$ -</u>	 <u>\$ 5,434,451</u>

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 277,283
Public safety	739,212
Public works	
Sanitation	237,943
Highways and streets	1,581,667
Culture and recreation	926,966
Community development	<u>14,155</u>
	<u>\$ 3,777,226</u>
 BUSINESS-TYPE ACTIVITIES	
Sewer	<u>\$ 132,298</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - CAPITAL ASSETS (Continued)

Component Unit capital asset activity for the year ended December 31, 2022, was as follows:

	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
COMPONENT UNIT, FREE LIBRARY				
Capital assets				
Leasehold improvements	\$ 254,296	\$ 2,720	\$ -	\$ 257,016
Furniture and equipment	164,617	2,320	-	166,937
Right to Use Assets	29,800	-	-	29,800
Construction in progress	45,006	-	-	45,006
TOTAL CAPITAL ASSETS	<u>493,719</u>	<u>5,040</u>	<u>-</u>	<u>498,759</u>
Accumulated depreciation	<u>(291,162)</u>	<u>(47,617)</u>	<u>-</u>	<u>(338,779)</u>
CAPITAL ASSETS, net	<u>\$ 202,557</u>	<u>\$ (42,577)</u>	<u>\$ -</u>	<u>\$ 159,980</u>
BOOK COLLECTION				
Exhaustible Book Collection	\$ 2,347,804	\$ 135,383	\$ -	\$ 2,483,187
TOTAL ACCUMULATED DEPRECIATION	<u>(1,706,620)</u>	<u>(112,865)</u>	<u>-</u>	<u>(1,819,485)</u>
BOOK COLLECTION, net	<u>\$ 641,184</u>	<u>\$ 248,248</u>	<u>\$ -</u>	<u>\$ 663,702</u>

NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2022, is as follows:

Due to/from Other Funds

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 30,663
Capital Projects Fund	-	579
Sewer Fund	<u>31,242</u>	<u>-</u>
	<u>\$ 31,242</u>	<u>\$ 31,242</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.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund Transfers

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ -	\$ 779,499
American Rescue Plan Fund	661,797	-
Sewer Fund	<u>600,000</u>	<u>482,298</u>
	<u>\$ 1,261,797</u>	<u>\$ 1,261,797</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.

NOTE G - LONG-TERM DEBT

General Obligation Bonds

General obligation bonds currently outstanding are as follows:

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.	\$ 27,010,000
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 1, 2044.	8,220,000
General Obligation Bonds, Series of 2021, issued in September 2021 in the amount of \$8,995,000 for the purpose of currently refunding the balance of the General Obligation Bonds Series of 2016. The bonds bear interest at 1.5% - 4.0%, payable semi-annually on June 1 and December 1, and mature on June 1, 2046.	<u>8,455,000</u>
	<u>\$ 43,685,000</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - LONG-TERM DEBT (Continued)

The total principal and interest maturities are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2023	\$ 2,315,000	\$ 1,480,713
2024	2,440,000	1,364,813
2025	2,550,000	1,243,063
2026	2,685,000	1,120,088
2027	2,805,000	995,788
2028 to 2032	11,580,000	3,392,260
2033 to 2037	6,785,000	2,216,515
2038 to 2042	7,760,000	1,236,834
2043 to 2047	4,480,000	293,367
2048	285,000	5,201
	<u>\$ 43,685,000</u>	<u>\$ 13,348,642</u>

Long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds payable	\$ 45,765,000	\$ -	(2,080,000)	\$ 43,685,000	\$ 2,315,000
Bond premium	2,961,128	-	(113,179)	2,847,949	113,179
TOTAL BONDS PAYABLE	<u>48,726,128</u>	<u>-</u>	<u>(2,193,179)</u>	<u>46,532,949</u>	<u>2,428,179</u>
Total OPEB obligation	56,601,468	-	(7,745,838)	48,855,630	-
Net pension liability	17,562,046	19,954,006	-	37,516,052	-
Compensated absences	2,904,018	-	(284,721)	2,619,297	-
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 125,793,660</u>	<u>\$ 19,954,006</u>	<u>\$ (10,223,738)</u>	<u>\$ 135,523,928</u>	<u>\$ 2,428,179</u>
BUSINESS-TYPE ACTIVITIES					
Compensated absences	\$ 34,036	\$ 1,380	-	\$ 35,416	\$ -
Net pension liability	314,120	512,872	-	826,992	-
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 348,156</u>	<u>\$ 514,252</u>	<u>\$ -</u>	<u>\$ 862,408</u>	<u>\$ -</u>

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.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - RISK MANAGEMENT

The Township self-insures an unemployment compensation program. Amounts are paid to the state as claims are filed. The Township paid \$6,828 on claims for the year ended December 31, 2022.

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE 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 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

Plan 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, 2022, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	101
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>60</u>
	<u><u>162</u></u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Benefits Provided

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 & 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

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, 2013, if death occurs within the first 8 years, spouse receives 100 percent of benefit for remainder of 8 years, then benefit is reduced to 50 percent.

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

Post Retirement 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 75percent 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 60 months upon attainment of age 52 and 25 years of service if hired prior to August 1, 2014 or if hired after August 1, 2014 upon attainment of age 53 and 25 years of service.

Contributions and Funding Policy - Act 205 of 1984, the Municipal Pension Plan Funding Standard and recovery Act, initiated actuarial funding requirements for Pennsylvania municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation ("MMO") to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

As a condition of participation, participants are required to make contributions to the Plan. Covered employees are required by statute to contribute 5% 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 2022, the MMO obligation for the Police Pension Plan was \$3,206,075, equal to the contributions 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 Supervisors 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 equities	42%	5.45%
International equities	18%	5.88%
Fixed income	37%	-0.01%
Cash	3%	-1.16%
Total Net Blended Return		3.31%*

* - Excludes 2.33% inflation assumption

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

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>
US Equity	39.0%	5.10%
International equity	15.0%	4.80%
Emerging equity	6.0%	5.42%
Core fixed income	20.0%	1.40%
Intermediate Inv. Grade Corp.	10.0%	1.40%
High yield	5.0%	2.50%
Emerging debt	5.0%	2.40%
Cash	0.0%	-0.3%
Total Net Blended Return		3.69%*

* - Excludes 2.50% inflation assumption

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 the Plan's target asset allocation as of December 31, 2022 are presented in the previous tables.

Concentrations - As of December 31, 2022, no investment in any one organization represented five percent or more of the Plan's fiduciary net position.

Rate of Return - For the year ended December 31, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -15.66%. 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 expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100 percent funded status.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Net Pension Liability of the Township - The components of the net pension liability of the Township at December 31, 2022, were as follows:

Total pension liability	\$ 71,738,866
Plan fiduciary net position	<u>(47,955,542)</u>
NET PENSION LIABILITY	<u>\$ 23,783,324</u>

Plan fiduciary net position as a percentage of the total pension liability	66.8%
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Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021. Update procedures were used to roll forward to the Plan's fiscal year ended December 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	5.25% annual increase
Investment rate of return	7.50%

Mortality rates were based on the PUBS-2010 Mortality projected 5 years past the valuation date using scale MP-2020.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at December 31, 2021	\$ 69,033,007	\$ 56,687,124	\$ 12,345,883
Changes for the year:			
Service cost	1,356,133	-	1,356,133
Interest cost	5,047,132	-	5,047,132
Changes for experience	(221,590)	-	(221,590)
Contributions			
Employer	-	3,206,075	(3,206,075)
Member	-	431,022	(431,022)
Net investment income	-	(8,878,727)	8,878,727
Benefit payments	(3,475,816)	(3,475,816)	-
Administrative expenses	-	(14,136)	14,136
Net changes	<u>2,705,859</u>	<u>(8,731,582)</u>	<u>11,437,441</u>
Balances at December 31, 2022	\$ <u>71,738,866</u>	\$ <u>47,955,542</u>	\$ <u>23,783,324</u>

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 7.50%, 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 (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
	<u> </u>	<u> </u>	<u> </u>
Net pension liability	\$ <u>31,829,874</u>	\$ <u>23,783,324</u>	\$ <u>17,038,357</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2022, the Township recognized pension expense of \$5,237,531. At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 54,476	\$ 247,141
Changes in assumptions	3,623,169	-
Net difference between projected and actual earnings on pension plan investments	<u>7,285,448</u>	<u>-</u>
Total	<u>\$ 10,963,093</u>	<u>\$ 247,141</u>

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

<u>Year Ended December 31,</u>	
2023	\$ 2,390,163
2024	2,624,036
2025	3,086,391
2026	2,615,362
2027	-
Thereafter	-

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 60 months upon attainment of age 52 and 25 years of service if hired prior to 8/1/14 or if hired after 8/1/14 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 DROP. As of December 31, 2022, there were 11 members participating in the DROP with a total DROP account balance of \$1,473,181.

TOWNSHIP OF HAVERFORD
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE J - 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 ("the 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.

Plan Membership - At December 31, 2022, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	104
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	<u>59</u>
	<u><u>173</u></u>

Benefits Provided

The following is a summary of the Plan benefit provisions:

Eligibility Requirements:

- Normal Retirement: Age 62 and 5 years of service or 60 and 25 years
- Early Retirement: Age 55 with 30 years of service with actuarial reduction
- Vesting: 100 percent vested after 5 years of service

Retirement Benefit: 2 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.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Disability Benefit Service Related: 50 percent of annual regular wages at the date of the disability offset by Worker's Compensation. The combination of monies received from the service connected disability benefits and Worker's 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 Non-Service Related: For civilian employees participating in the defined benefit pension plan, the disability benefit is 70 percent of salary of which 30% will be paid through the defined benefit pension plan and 40% will be paid through the Township's long-term disability policy, according to policy terms and limits. The maximum duration of the 70 percent benefit is until 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, or 2) between age 66 but before attaining 67: 18 monthly benefit payments, or 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 the time of disability, whichever is greater.

Post Retirement 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 4.50% 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 2022, the MMO obligation for the Non-Uniformed Pension Plan was \$1,638,542, equal to the contributions 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 THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

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:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equities	42%	5.45%
International equities	18%	5.88%
Fixed income	37%	-0.01%
Cash	3%	-1.16%
Total Net Blended Return		3.31%*

* - Excludes 2.33% 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
US Equity	39.0%	5.10%
International equity	15.0%	4.80%
Emerging equity	6.0%	5.42%
Core fixed income	20.0%	1.40%
Intermediate Inv. Grade Corp.	10.0%	1.40%
High yield	5.0%	2.50%
Emerging debt	5.0%	2.40%
Cash	0.0%	-0.3%
Total Net Blended Return		3.69%*

* - Excludes 2.50% inflation assumption

TOWNSHIP OF HAVERFORD
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Concentrations - At December 31, 2022, no investment in any one organization represented five percent or more of the Plan's fiduciary net position.

Rate of Return - For the year ended December 31, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -16.01%. 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 expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100 percent funded status.

Net Pension Liability of the Township - The components of the net pension liability of the Township at December 31, 2022, were as follows:

Total pension liability	\$ 48,938,530
Plan fiduciary net position	<u>(34,378,810)</u>
NET PENSION LIABILITY	<u>\$ 14,559,720</u>
total pension liability	70.2%

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation at January 1, 2021. Update procedures were used to roll forward to the Plan's fiscal year ended December 31, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	5.0% annual increase
Investment rate of return	7.50%

Mortality rates were based on the PUBS-2010 Mortality Table projected five years past the valuation date using scaled MP-2020.

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

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2021	\$ 47,730,371	\$ 42,200,088	\$ 5,530,283
Changes for the year:			
Service cost	656,254	-	656,254
Interest cost	3,470,337	-	3,470,337
Changes for experience	-	-	-
Changes for experience	-	-	-
Contributions			
Employer	-	1,638,542	(1,638,542)
Member	-	229,451	(229,451)
Net investment income	-	(6,755,803)	6,755,803
Benefit payments	(2,918,432)	(2,918,432)	-
Administrative expenses	-	(15,036)	15,036
Net Changes	<u>1,208,159</u>	<u>(7,821,278)</u>	<u>9,029,437</u>
Balances at December 31, 2022	\$ <u>48,938,530</u>	\$ <u>34,378,810</u>	\$ <u>14,559,720</u>

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 7.50%, 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 (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ <u>19,610,729</u>	\$ <u>14,559,720</u>	\$ <u>10,205,860</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2022, the Township recognized pension expense of \$3,493,073. At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 447,127	\$ -
Changes in assumptions	1,401,643	-
Net difference between projected and actual earnings on pension plan investments	<u>5,371,978</u>	<u>-</u>
Total	<u>\$ 7,220,748</u>	<u>\$ -</u>

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

<u>Year Ended December 31,</u>	
2023	\$ 2,053,898
2024	1,536,131
2025	1,660,578
2026	1,970,141
2027	-
Thereafter	-

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE K - 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 contributions are negotiated through labor contracts. For 2022, the employer contribution was 3.5% 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, 2022, Township contributions of \$167,198 and employee contributions of \$118,860 were made to this plan.

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Township sponsors a single employer defined postemployment benefit ("OPEB") plan that provides fully insured medical and self-insured prescription drug, dental and vision benefits to two groups of participants: Police and Civilian. 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 administrated by third-party administrators. The requirements for eligibility mirror the requirements for retirement.

Contributions

Retirement eligible civilians (and spouses) 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 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 plan members have been established and may be amended through Civilian and Police Labor Contracts.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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 2022, the Township paid \$1,325,582 to plan members eligible for receiving benefits.

Participants

As of December 31, 2022, the Plan had 248 participants, consisting of 193 active participants, 0 vested former participants, and 55 retired participants.

Valuation Date

The total OPEB liability was determined as part of the bi-annual actuarial valuation as of December 31, 2022.

Discount Rate

The discount rate was 3.72% based on the Bond Buyer 20-year General Obligation Index at December 31, 2022, an increase from the prior measurement date (2.06%).

Salary Increase Rate

The salary increase rate is 3.0% per annum.

Medical Consumer Price Index Trend

The medical consumer price index trend is 3% per annum.

Inflation Rate

The inflation rate is 2.5% 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.

Spouse Age

Spouse date of births 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.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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 10.4 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% of all pre- Medicare Police and Civilian 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

PUB-2010 headcount weighted base mortality table for employee, annuitant, or disabled, projected generationally using Scale MP-2021, applied on a gender-specific and job class 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 applied on a select and ultimate basis. Select trends are reduced 0.25 percent each year until reaching the ultimate trend rate.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Expense Type	Select	Ultimate
Pre-Medicare Medicare and RX Benefits	7.0%	4.0%
Medicare Benefits	6.0%	4.0%
Stop Loss Fees	7.0%	4.0%
Administrative Fees	6.0%	4.0%
Dental Benefits	4.0%	4.0%
Vision Benefits	4.0%	4.0%

Per Capital Health Claim Cost

Per capital 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 capital health claim costs are presented in the table below.

Per Capita Cost	Age 60	Age 70
Medical	\$ 11,815	\$ n/a
Prescription Drug	3,489	3,039

Non-claim Expenses

Non-claim expenses are based on the current amounts charged per retired employee.

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, 2021. The rate of withdrawal for reasons other than death and retirement is dependent on an employee's age and years of service.

Retirement

Retirement ages and associated probabilities are based on the Haverford Police/Civil Employees Pension Valuation as of January 1, 2021.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Assumption Changes: Assumption changes since the prior valuation account for a decrease of \$16.6 million to the total OPEB liability. These include:

- The discount rate was updated from 2.06% to 3.72%.
- The trend rates were reset to an initial rate of 7.00% (6.00% for post-Medicare), grading down by 0.25% per year until reaching the ultimate rate of 4.00% based on current Healthcare Analytics (HCA) Consulting trend study; current economic environment suggests a longer period until reaching the ultimate rate.
- The mortality projection scale was updated from MP-2019 to MP-2021 to reflect the Society of Actuaries' recent mortality study.

Sensitivity Analysis

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

	1% Decrease <u>2.72%</u>	Current Discount Rate <u>3.72%</u>	1% Increase <u>4.72%</u>
Total OPEB liability	\$ <u>57,815,000</u>	\$ <u>48,856,000</u>	\$ <u>41,824,000</u>

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

	1% Decrease <u> </u>	Current Healthcare Rate <u> </u>	1% Increase <u> </u>
Total OPEB liability	\$ <u>40,880,000</u>	\$ <u>48,856,000</u>	\$ <u>59,237,000</u>

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB Liability as of January 1, 2022	\$ 56,601,468
Service cost	1,955,163
Interest cost	1,192,613
Differences between projected and actual experience	7,046,548
Changes in assumptions or other inputs	(16,614,580)
Benefit payments	<u>(1,325,582)</u>
Total OPEB Liability as of December 31, 2022	\$ <u>48,855,630</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

The amount of OPEB expense recognized by the Township was \$1,994,918 for the year ended December 31, 2022. At December 31, 2022, the Township reported the following deferred inflows and outflows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 6,370,175	\$ (7,360,279)
Changes of assumptions/inputs	<u>8,761,434</u>	<u>(18,222,207)</u>
	<u>\$ 15,131,609</u>	<u>\$ (25,582,486)</u>

Deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

2023	\$ (1,152,859)
2024	(1,152,859)
2025	(1,152,859)
2026	(1,152,859)
2027	(1,152,859)
Thereafter	<u>(4,686,582)</u>
	<u>\$ (10,450,877)</u>

NOTE M - LEASES

Lease Receivable

During the year, the Township of Haverford leases a portion of their land. The leases are for the following:

<u>Description</u>	<u>Term</u>	<u>Payment</u>
Land	Annually through 2063	\$80,000
Land	Monthly through May 2027	\$1,673 to \$1,924
Land	Monthly through November 2047	\$6,417 to \$10,334
Land	Monthly through April 2057	\$4,521 to \$5,560
Land	Monthly through August 2050	\$1,989 to \$3,463

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE M - LEASES (Continued)

As of December 31, 2022, the Township of Haverford's receivable for lease payments was \$4,674,292. Also, the Township of Haverford has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$4,591,510. Lease related revenues recognized as of December 31, 2022 were as follows:

<u>Lease-related Revenue</u>	<u>Year Ending December 31, 2022</u>
Lease Revenue	
Land	\$ 79,510
Interest Revenue	<u>178,817</u>
TOTAL	<u>\$ 258,327</u>

Current year interest revenues were \$178,817. This is included on interest and rent financial statement line.

The future maturity of lease receivables is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Receipts</u>
2023	\$ 63,796	\$ 199,882	\$ 263,678
2024	71,607	197,053	268,660
2025	75,139	194,021	269,160
2026	78,830	190,840	269,670
2027	70,761	187,785	258,546
2028-2032	405,453	890,895	1,296,347
2033-2037	576,571	789,762	1,366,333
2038-2042	793,796	648,974	1,442,771
2043-2047	1,056,973	457,953	1,514,925
2048-2052	551,816	279,274	831,091
2052-2057	523,495	165,616	689,111
2058-2062	329,865	70,135	400,000
2063	<u>76,190</u>	<u>3,810</u>	<u>80,000</u>
TOTAL FUTURE RECEIPTS	<u>\$ 4,674,292</u>	<u>\$ 4,275,999</u>	<u>\$ 8,950,291</u>

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE M - LEASES (Continued)

Free Library - Right of Use Leases

The Library routinely leases various equipment instead of purchasing the assets. These payments are recognized as expenses in the period that they occur. There were no termination penalties or residual guarantee payments expensed for the fiscal year ended December 31, 2022. Interest expense on these leases for the fiscal year ended December 31, 2022, totaled \$591.

The following schedule provided future minimum principal and interest payments to maturity for right of use leases.

<u>Year Ending December 31,</u>	<u>Right to Use Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2023	\$ 8,780	\$ 269	\$ 9,049
2024	933	45	978
2025	720	17	737
Total	<u>\$ 10,433</u>	<u>\$ 331</u>	<u>\$ 10,764</u>

The following summary provided aggregated information reported for December 31, 2022 on right of use lease liabilities including additions, reductions and reported liabilities for the years then ended.

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2022</u>
Lease Liability, Third Parties	\$ <u>19,215</u>	\$ <u>-</u>	\$ <u>(8,772)</u>	\$ <u>10,443</u>

NOTE N - HAVERFORD TOWNSHIP FREE LIBRARY REVENUES

Haverford Township Free Library is considered a component unit of the Township of Haverford, Delaware County, Pennsylvania. 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 2022, the contributions from the Township totaled \$1,261,290, including a minimum municipal obligation appropriation of \$58,614. 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 \$300,002 for the year ended December 31, 2022.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE O - 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:

	<u>Total Amount of Contracts</u>	<u>Paid/Accrued (Completed) as of 12/31/22</u>	<u>Commitment</u>
Totals	\$ <u>4,539,010</u>	\$ <u>1,719,158</u>	\$ <u>2,819,852</u>

NOTE P - UNCERTAINTIES

Economically, there is world-wide uncertainty with geo-political, supply chain and inflationary concerns. With its strong cash position, the Township is positioned to withstand many challenges that may surface as a result of these uncertainties, but some are clearly out of the control of local government leadership. Township pension plans are diversified but heavily invested in equities and bonds both of which are currently in a highly volatile state. While the Federal Reserve Bank’s philosophy in taming inflation by raising interest rates will bode well for the Township in regards to investment earnings, the uncertainty in regards to supply chain and inflationary concerns cannot be reasonably estimated at this time.

NOTE Q - PRIOR PERIOD RESTATEMENT

Leases

The Township implemented GASB Statement No. 87, *Leases*, effective January 1, 2022. The objective of GASB 87 is to better meet the information needs of the financial statement user by improving accounting and financial reporting for leases by governments. The Statement requires recognition of lease assets and liabilities using the foundational principle that leases are financings of the right to use an underlying asset.

The Township has treated the beginning of the year assets and deferred inflow for leases in which the Township is a lessor as having been recognized in the period incurred. As part of the implementation, the Township has adjusted the beginning balance of Lease Receivables and Lease related deferred inflows from \$0 to \$4,753,802.

Special Revenue Funds

The Township made a prior period adjustment to restate beginning fund balance for other governmental funds. The Township has reevaluated Fiduciary Funds in accordance with GASB Statement No. 84, *Fiduciary Activities* and has determined Merry Place and Access Equipment Funds were reclassified to special revenue funds. Fund balance at beginning of year for Total Other Governmental Funds was restated from \$3,220 to \$105,160 and total Custodial Funds was restated from \$101,940 to \$0.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE Q - PRIOR PERIOD RESTATEMENT (Continued)

Free Library

During the fiscal year, the Library implemented GASB 87 which resulted in a restatement of the December 31, 2021 net position from \$2,565,231 to \$2,565,820.

NOTE R - SUBSEQUENT EVENTS

In January 2023, the Township authorized and entered into a professional services contract in the amount of \$65,047 for engineering services required for the Burmont Road and Glendale Road Intersection Improvements Project.

In January 2023, the Township received notification that it was the recipient of EDI/Community Project Funding from the federal government through the FY23 Omnibus in the amount of \$2,000,000. These monies are restricted to the library renovation project planned to begin in 2023.

In February 2023, the Township engaged an underwriter to assist in a planned borrowing for future capital projects including the library renovation, installation of solar panels, acquisition of emergency apparatus and improvements to the Skatium facility.

In February 2023, the Township authorized and entered into several purchase agreements as follows: in the amount of \$125,000 for a new constituent response/code enforcement/public works management software; in the amount of \$213,000 for (4) police vehicles; in the amount of \$60,400 for (2) electric vehicles to be used in meter enforcement and parks & recreation; in the amount of \$119,875 for a cab/chassis for sanitation & recycling operations; in the amount of \$100,077 for a sanitation/recycling body for said cab/chassis; in the amount of \$267,029 (amended at March 13, 2023 meeting from original price of \$196,400) for (1) camera and inspection truck; in the amount of \$56,210 for (1) cab/chassis for dump truck; in the amount of \$61,255 for (1) public works passenger truck with plow; in the amount of \$241,167 for (1) leaf and debris collection unit; in the amount of \$58,810 for park maintenance vehicle with plow; in the amount of \$55,535 for (1) park maintenance passenger truck with crew cab; in the amount of \$56,300 for (1) cab and chassis for ambulance upfit; in the amount of \$128,410 for refurbishment and remount of ambulance body and controls for upfit on said cab/chassis; in the amount of \$326,400 for the replacement of the Skatium cooling towers; and in the amount of \$395,000 as a Township contribution in conjunction with PennDot for the extension of the Pennsy Trail System.

In February 2023, the Township entered into a bill of sale for the cellular tower assets located at 3500 Darby Rd, as well, as an assignment of future lease payments from the current carriers. As part of the transaction, the Township retains ownership of the land and entered into an exclusive Easement Agreement for permitted use with the purchaser for a term of ninety-nine (99) years. The total purchase price was \$3,450,000.

TOWNSHIP OF HAVERFORD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE R - SUBSEQUENT EVENTS (Continued)

In March 2023, the Township adopted Resolution 2298-2023 approving \$302,500 in ARPA funds for a program entitled, Economic Recovery Payments for Seniors, Widowed, and Disabled Residents. Residents who qualify for the Commonwealth Pennsylvania's property Tax/Rent Rebate would also qualify for the Township's one-time \$500 incentive payment program.

In April 2023, the Township Board of Commissioners authorized a contract closeout settlement with the general contractor of the building project located at 1014 Darby Road. The settlement included a lump sum final payment in the amount of \$190,000 to the contractor.

In April 2023, the Township adopted Resolution 2305-2023 approving \$3,000,000 in ARPA funds for the Haverford Township Free Library renovation and expansion project.

In April 2023, the Township adopted Resolution 2307-2023 approving an amount not to exceed \$375,000 in ARPA funds for engineering and construction of the Brookline Boulevard sanitary sewer replacement project. Related to this Resolution was the approval of a contract for said work on Brookline Boulevard in the amount of \$331,785.

In April 2023, the Township adopted the first reading of Ordinance P4-2023 authorizing the issuance of non-electoral debt at an amount not to exceed \$24,500,000 for the renovation and expansion of the Haverford Township Free Library, the acquisition of fire and emergency apparatus, the purchase and installation of solar panels and renovations/equipment purchases at the Haverford Skatium. Closing of said bond issuance is scheduled to occur in June 2023.

On April 17, 2023, Haverford Township was the victim of a ransom cybercrime despite robust proactive internal controls. Immediately upon discovery, the Township's Information Technology Department implemented its disaster recovery plan and the Township was fully operational within 5 calendar days. Essential systems, such as police and finance, were fully operational within 36 hours. It appears that no permanent damage was done to the Township's Information Technology system. An insurance claim was immediately filed with the insurance carrier under the Township's Cyber/Network Liability & Incident Response Coverage. As a result, and in collaboration with the Township's insurance carrier, the Township has engaged the services of several independent cybersecurity and data privacy professional service providers, including a cyber-breach coach/law firm, forensic investigation vendor to confirm that the environment is contained and restored safely. We will comply with any legal and compliance requirements should that be necessary. No such obligations have been identified given that no evidence has yet been discovered to indicate that sensitive data has been compromised. The investigation is on-going.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF HAVERFORD
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property	\$ 26,403,029	\$ 26,403,029	\$ 26,531,654	\$ 128,625
Transfer	1,400,000	1,400,000	2,205,466	805,466
Business privilege	1,400,000	1,400,000	1,696,870	296,870
Mercantile	900,000	900,000	984,403	84,403
Local services	610,000	610,000	674,586	64,586
Licenses and permits	2,250,100	2,260,100	2,561,270	301,170
Fines and forfeits	172,000	172,000	184,693	12,693
Interest and rent	685,738	685,738	1,100,832	415,094
Intergovernmental revenues	3,237,416	3,297,416	3,392,028	94,612
Charges for services	7,441,597	8,291,597	8,889,010	597,413
Other	1,208,687	1,208,687	1,260,925	52,238
TOTAL REVENUES	<u>45,708,567</u>	<u>46,628,567</u>	<u>49,481,737</u>	<u>2,853,170</u>
EXPENDITURES				
Current				
General government	3,991,449	4,031,449	3,895,953	135,496
Public safety	20,978,367	21,648,367	21,527,072	121,295
Highways and streets	5,724,334	5,739,334	5,293,609	445,725
Parks and recreation	5,827,146	6,077,146	6,064,838	12,308
Public works, sanitation	5,756,933	5,701,933	5,192,462	509,471
Debt service				
Principal retirement	2,822,000	2,822,000	2,080,000	742,000
Interest	2,153,338	2,153,338	1,585,338	568,000
TOTAL EXPENDITURES	<u>47,253,567</u>	<u>48,173,567</u>	<u>45,639,272</u>	<u>2,534,295</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,545,000)</u>	<u>(1,545,000)</u>	<u>3,842,465</u>	<u>5,387,465</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	600,000	600,000	779,499	179,499
NET CHANGE IN FUND BALANCE	(945,000)	(945,000)	4,621,964	5,566,964
FUND BALANCE AT BEGINNING OF YEAR				
	<u>28,788,138</u>	<u>28,788,138</u>	<u>28,788,138</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 27,843,138</u>	<u>\$ 27,843,138</u>	<u>\$ 33,410,102</u>	<u>\$ 5,566,964</u>

TOWNSHIP OF HAVERFORD
SCHEDULE OF CHANGES IN THE NET POLICE
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 1,356,133	\$ 1,198,593	\$ 1,164,250
Interest	5,047,132	4,946,540	4,671,578
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(221,590)	(145,123)	-
Changes of assumptions	-	5,305,493	-
Benefit payments	<u>(3,475,816)</u>	<u>(3,734,795)</u>	<u>(3,207,999)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	2,705,859	7,570,708	2,627,829
TOTAL PENSION LIABILITY, BEGINNING	<u>69,033,007</u>	<u>61,462,299</u>	<u>58,834,470</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 71,738,866</u>	<u>\$ 69,033,007</u>	<u>\$ 61,462,299</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 3,206,075	\$ 3,784,770	\$ 3,775,794
Member	431,022	413,565	395,575
Net investment income (loss)	(8,878,727)	5,691,963	6,439,000
Benefit payments, including refunds of member contributions	(3,475,816)	(3,734,795)	(3,207,999)
Administrative expense	<u>(14,136)</u>	<u>(23,150)</u>	<u>(15,403)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(8,731,582)	6,132,353	7,386,967
Plan fiduciary net position, beginning	<u>56,687,124</u>	<u>50,554,771</u>	<u>43,167,804</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 47,955,542</u>	<u>\$ 56,687,124</u>	<u>\$ 50,554,771</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 23,783,324</u>	<u>\$ 12,345,883</u>	<u>\$ 10,907,528</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>66.85%</u>	<u>82.12%</u>	<u>82.25%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 7,392,328</u>	<u>\$ 7,746,858</u>	<u>\$ 7,656,098</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>321.73%</u>	<u>159.37%</u>	<u>142.47%</u>

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.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	1,106,176	\$ 1,025,340	\$ 974,195	\$ 996,981	\$ 947,250	\$ 931,127
	4,483,236	4,200,223	4,011,524	3,729,984	3,551,888	3,377,023
	-	-	-	-	(24,282)	-
	296,584	-	1,011,784	-	(515,826)	-
	2,752,212	-	129,008	-	1,836,891	-
	<u>(3,378,437)</u>	<u>(3,074,633)</u>	<u>(2,424,566)</u>	<u>(2,440,176)</u>	<u>(2,340,070)</u>	<u>(2,255,036)</u>
	5,259,771	2,150,930	3,701,945	2,286,789	3,455,851	2,053,114
	<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>	<u>39,926,070</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>
\$	3,465,636	\$ 3,472,178	\$ 3,121,717	\$ 3,113,035	\$ 2,859,475	\$ 2,819,919
	388,396	378,102	360,674	357,193	363,562	340,793
	6,791,947	(1,961,844)	4,500,380	1,883,126	(143,613)	1,606,146
	(3,378,437)	(3,074,633)	(2,424,566)	(2,440,176)	(2,340,070)	(2,255,036)
	<u>(23,590)</u>	<u>(12,199)</u>	<u>(24,202)</u>	<u>(7,835)</u>	<u>(28,635)</u>	<u>(13,194)</u>
	7,243,952	(1,198,396)	5,534,003	2,905,343	710,719	2,498,628
	<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>	<u>25,473,555</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>
\$	<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>
	<u>73.37%</u>	<u>67.05%</u>	<u>72.19%</u>	<u>66.19%</u>	<u>63.13%</u>	<u>66.63%</u>
\$	<u>7,165,068</u>	<u>7,238,232</u>	<u>6,915,142</u>	<u>6,819,296</u>	<u>6,888,822</u>	<u>6,468,876</u>
	<u>218.65%</u>	<u>243.86%</u>	<u>206.81%</u>	<u>236.59%</u>	<u>243.18%</u>	<u>216.53%</u>

TOWNSHIP OF HAVERFORD
SCHEDULE OF POLICE PENSION PLAN CONTRIBUTIONS
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 3,206,075	\$ 3,784,770	\$ 3,775,794
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>3,206,075</u>	<u>3,784,770</u>	<u>3,775,794</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 7,392,328</u>	<u>\$ 7,746,858</u>	<u>\$ 7,656,098</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>43.37%</u>	<u>48.86%</u>	<u>49.32%</u>

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. The interest rate assumption was lowered from 8.50% to 8.25% per annum, and the salary 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. In 2021, the interest rate assumption was lowered from 8.0% to 7.5% per annum, and the mortality assumption was changed from the BC RP-2000 projected to 2017 using Scaled AA to PubS-2010 projected 5 years past the valuation date with Scale MP-2020.

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.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	3,465,636	\$ 3,472,178	\$ 3,121,717	\$ 3,113,035	\$ 2,859,475	\$ 2,819,919
	<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>
\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>7,165,068</u>	<u>7,238,232</u>	<u>6,915,142</u>	<u>6,819,296</u>	<u>6,888,822</u>	<u>6,648,876</u>
	<u>48.37%</u>	<u>47.97%</u>	<u>45.14%</u>	<u>45.65%</u>	<u>41.51%</u>	<u>42.41%</u>

TOWNSHIP OF HAVERFORD
SCHEDULE OF POLICE PENSION PLAN
INVESTMENT RETURNS
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>-15.66%</u>	<u>11.32%</u>	<u>14.96%</u>

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.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>19.14%</u>	<u>-5.28%</u>	<u>14.25%</u>	<u>6.57%</u>	<u>-0.62%</u>	<u>6.27%</u>

TOWNSHIP OF HAVERFORD
SCHEDULE OF CHANGES IN THE NET NON-UNIFORMED
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 656,254	\$ 581,399	\$ 593,671
Interest	3,470,337	3,425,696	3,177,980
Differences between expected and actual experience	-	1,174,161	-
Changes of assumptions	-	3,680,735	-
Benefit payments	<u>(2,918,432)</u>	<u>(2,742,531)</u>	<u>(2,583,634)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	1,208,159	6,119,460	1,188,017
TOTAL PENSION LIABILITY, BEGINNING	<u>47,730,371</u>	<u>41,610,911</u>	<u>40,422,894</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 48,938,530</u>	<u>\$ 47,730,371</u>	<u>\$ 41,610,911</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 1,638,542	\$ 1,970,764	\$ 1,990,647
Member	229,451	244,705	243,731
Net investment income (loss)	(6,755,803)	4,368,921	4,996,443
Benefit payments, including refunds of member contributions	<u>(2,918,432)</u>	<u>(2,742,531)</u>	<u>(2,583,634)</u>
Administrative expense	<u>(15,036)</u>	<u>(25,050)</u>	<u>(14,203)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(7,821,278)	3,816,809	4,632,984
Plan fiduciary net position, beginning	<u>42,200,088</u>	<u>38,383,279</u>	<u>33,750,295</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 34,378,810</u>	<u>\$ 42,200,088</u>	<u>\$ 38,383,279</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 14,559,720</u>	<u>\$ 5,530,283</u>	<u>\$ 3,227,632</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>70.25%</u>	<u>88.41%</u>	<u>92.24%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 5,248,708</u>	<u>\$ 5,205,680</u>	<u>\$ 5,959,544</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>277.40%</u>	<u>106.24%</u>	<u>54.16%</u>

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.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	565,401	\$ 594,716	\$ 565,051	\$ 618,957	\$ 588,083	\$ 657,312
	3,077,205	3,111,288	2,974,719	2,883,564	2,750,337	2,601,424
	(1,562,039)	-	(618,019)	-	(354,668)	-
	757,853	-	118,492	-	1,492,372	-
	<u>(2,238,747)</u>	<u>(2,001,287)</u>	<u>(1,826,831)</u>	<u>(1,861,536)</u>	<u>(1,647,297)</u>	<u>(1,542,261)</u>
	599,673	1,704,717	1,213,412	1,640,985	2,828,827	1,716,475
	<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>
\$	<u><u>40,422,894</u></u>	<u><u>39,823,221</u></u>	<u><u>38,118,504</u></u>	<u><u>36,905,092</u></u>	<u><u>35,264,107</u></u>	<u><u>32,435,280</u></u>
\$	1,997,083	\$ 1,995,152	\$ 1,606,054	\$ 1,617,081	\$ 1,508,073	\$ 1,515,034
	267,502	267,859	265,277	280,513	282,347	299,084
	5,424,087	(1,603,755)	3,750,278	1,607,488	(132,267)	1,378,721
	(2,238,747)	(2,001,287)	(1,826,831)	(1,861,536)	(1,647,297)	(1,542,261)
	<u>(25,490)</u>	<u>(13,099)</u>	<u>(26,902)</u>	<u>(7,835)</u>	<u>(31,435)</u>	<u>(12,794)</u>
	5,424,435	(1,355,130)	3,767,876	1,635,711	(20,579)	1,637,784
	<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>
\$	<u><u>33,750,295</u></u>	<u><u>28,325,860</u></u>	<u><u>29,680,990</u></u>	<u><u>25,913,114</u></u>	<u><u>24,277,403</u></u>	<u><u>24,297,982</u></u>
\$	<u><u>6,672,599</u></u>	<u><u>11,497,361</u></u>	<u><u>8,437,514</u></u>	<u><u>10,991,978</u></u>	<u><u>10,986,704</u></u>	<u><u>8,137,298</u></u>
	<u>83.49%</u>	<u>71.13%</u>	<u>77.87%</u>	<u>70.22%</u>	<u>68.84%</u>	<u>74.91%</u>
\$	<u><u>6,116,834</u></u>	<u><u>6,077,096</u></u>	<u><u>6,529,110</u></u>	<u><u>6,764,196</u></u>	<u><u>7,400,260</u></u>	<u><u>7,547,780</u></u>
	<u>109.09%</u>	<u>189.19%</u>	<u>129.23%</u>	<u>162.50%</u>	<u>148.46%</u>	<u>107.81%</u>

TOWNSHIP OF HAVERFORD
SCHEDULE OF NON-UNIFORMED PENSION PLAN CONTRIBUTIONS
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 1,638,542	\$ 1,970,764	\$ 1,990,647
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>1,638,542</u>	<u>1,970,764</u>	<u>1,990,647</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 5,248,708</u>	<u>\$ 5,205,680</u>	<u>\$ 5,595,544</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>31.22%</u>	<u>37.86%</u>	<u>35.58%</u>

Notes to the Schedule:

Actuarial Methods and Significant Assumptions

Valuation date	January 1, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	9 years
Asset valuation method	Market Value

Actuarial Assumptions:

Investment rate of return	7.50%
Discount rate	7.50%
Projected salary increases	5.00%
Inflation	2.25%
Mortality	PUBS-2010 Mortality Table projected 5 years past the valuation date using Scale MP-2020

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. The interest rate assumption was lowered from 8.50% to 8.25% per annum, and the salary 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. In 2021, the interest rate assumption was lowered from 8.0% to 7.5% per annum, and the mortality assumption was changed from the BC RP-2000 projected to 2017 using Scaled AA to PubS-2010 projected 5 years past the valuation date with Scale MP-2020.

Benefit Changes - In 2019, an actuarially reduced early retirement benefit at age 55 and 30 years 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.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	1,997,083	\$ 1,995,152	\$ 1,606,054	\$ 1,617,081	\$ 1,508,073	\$ 1,515,034
	<u>1,997,083</u>	<u>1,995,152</u>	<u>1,606,054</u>	<u>1,617,081</u>	<u>2,859,475</u>	<u>1,515,034</u>
\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>6,116,834</u>	<u>6,077,096</u>	<u>6,529,110</u>	<u>6,764,196</u>	<u>7,400,260</u>	<u>7,547,780</u>
	<u>32.65%</u>	<u>32.83%</u>	<u>24.60%</u>	<u>23.91%</u>	<u>20.38%</u>	<u>20.07%</u>

TOWNSHIP OF HAVERFORD
SCHEDULE OF NON-UNIFORMED PENSION PLAN
INVESTMENT RETURNS
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>-16.01%</u>	<u>11.37%</u>	<u>14.80%</u>

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.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>19.15%</u>	<u>-5.40%</u>	<u>14.47%</u>	<u>6.62%</u>	<u>-0.56%</u>	<u>6.21%</u>

TOWNSHIP OF HAVERFORD
SCHEDULE OF CHANGES IN THE TOTAL OPEB
LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY					
Service cost	\$ 1,955,163	\$ 1,916,825	\$ 1,690,166	\$ 1,337,078	\$ 1,284,417
Interest on total OPEB liability	1,192,613	1,178,539	1,734,900	1,970,224	1,782,705
Differences between expected and actual experience	7,046,548	-	(10,165,877)	-	-
Changes of assumptions	(16,614,580)	599,336	187,302	12,783,876	(5,869,422)
Benefit payments	(1,325,582)	(1,535,704)	(1,262,748)	(1,100,228)	(936,352)
NET CHANGE IN TOTAL OPEB LIABILITY	<u>(7,745,838)</u>	<u>2,158,996</u>	<u>(7,816,257)</u>	<u>14,990,950</u>	<u>(3,738,652)</u>
TOTAL OPEB LIABILITY, BEGINNING	<u>56,601,468</u>	<u>54,442,472</u>	<u>62,258,729</u>	<u>47,267,759</u>	<u>51,006,411</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 48,855,630</u>	<u>\$ 56,601,468</u>	<u>\$ 54,442,472</u>	<u>\$ 62,258,709</u>	<u>\$ 47,267,759</u>
PLAN FIDUCIARY NET POSITION					
Plan fiduciary net position, beginning	-	-	-	-	-
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET OPEB LIABILITY, ENDING (a)-(b)	<u>\$ 48,855,630</u>	<u>\$ 56,601,468</u>	<u>\$ 54,442,472</u>	<u>\$ 62,258,709</u>	<u>\$ 47,267,759</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 12,641,036</u>	<u>\$ 12,952,538</u>	<u>\$ 13,615,642</u>	<u>\$ 13,281,902</u>	<u>\$ 13,315,328</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>386.48%</u>	<u>436.99%</u>	<u>399.85%</u>	<u>468.75%</u>	<u>354.99%</u>

Notes to Schedule:

Valuation Date	December 31, 2021
Actuarial cost method	Entry Age
Asset valuation method	Market Value
Discount rate	3.72%
Projected salary increases	3.00%
Inflation	2.50%
Mortality	Pub-2010 mortality table with generational scale MP-2021

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.

Assumption Changes

Assumption changes since the prior valuation account for a decrease of \$16.6 million to the total OPEB liability. These include:

- The discount rate was updated from 2.06% to 3.72%.
- The trend rates were reset to an initial rate of 7.00% (6.00% for post-Medicare), grading down by 0.25% per year until reaching the ultimate rate of 4.00% based on current Healthcare Analytics (HCA) Consulting trend study; current economic environment suggests a longer period until reaching the ultimate rate.
- The mortality projection scale was updated from MP-2019 to MP-2021 to reflect the Society of Actuaries' recent mortality study.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF HAVERFORD
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Special Revenue Funds			Total Other Governmental Funds
	Community Development Fund	Merry Place Fund	Access Equipment Fund	
ASSETS				
Cash and cash equivalents	\$ 3,220	\$ 64,628	\$ 10,695	\$ 78,543
Receivables	<u>304,860</u>	<u>-</u>	<u>-</u>	<u>304,860</u>
TOTAL ASSETS	<u>\$ 308,080</u>	<u>\$ 64,628</u>	<u>\$ 10,695</u>	<u>\$ 383,403</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	<u>\$ 304,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,860</u>
FUND BALANCES				
Restricted, park improvements	-	64,628	-	64,628
Restricted, cable access enhancements	-	-	10,695	10,695
Restricted, community development	<u>3,220</u>	<u>-</u>	<u>-</u>	<u>3,220</u>
TOTAL FUND BALANCES	<u>3,220</u>	<u>64,628</u>	<u>10,695</u>	<u>78,543</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 308,080</u>	<u>\$ 64,628</u>	<u>\$ 10,695</u>	<u>\$ 383,403</u>

TOWNSHIP OF HAVERFORD

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds			Total Other Governmental Funds
	Community Development Fund	Merry Place Fund	Access Equipment Fund	
REVENUES				
Interest and rent	\$ -	\$ 970	\$ 174	\$ 1,144
Intergovernmental revenues	1,038,259	-	-	1,038,259
Other	302,155	1,500	4,804	308,459
TOTAL REVENUES	<u>1,340,414</u>	<u>2,470</u>	<u>4,978</u>	<u>1,347,862</u>
EXPENDITURES				
Community development	1,340,414	-	-	1,340,414
Miscellaneous	-	-	34,065	34,065
TOTAL EXPENDITURES	<u>1,340,414</u>	<u>-</u>	<u>34,065</u>	<u>1,374,479</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>2,470</u>	<u>(29,087)</u>	<u>(26,617)</u>
FUND BALANCES AT BEGINNING OF YEAR, restated*	<u>3,220</u>	<u>62,158</u> *	<u>39,782</u> *	<u>105,160</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,220</u>	<u>\$ 64,628</u>	<u>\$ 10,695</u>	<u>\$ 78,543</u>

TOWNSHIP OF HAVERFORD
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Pension Trust Funds			
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund	Total Pension Trust Funds
ASSETS				
Cash	\$ 1,847,242	\$ 4,682,454	\$ 49,212	\$ 6,578,908
Investments, mutual funds, fair value	32,527,809	43,263,390	987,717	76,778,916
Members' contribution receivable	-	2,460	28,412	30,872
Accrued interest receivable	3,759	7,238	-	10,997
TOTAL ASSETS	34,378,810	47,955,542	1,065,341	83,399,693
NET POSITION				
Restricted for pension benefits	34,378,810	47,955,542	1,065,341	83,399,693
TOTAL NET POSITION	\$ 34,378,810	\$ 47,955,542	\$ 1,065,341	\$ 83,399,693

TOWNSHIP OF HAVERFORD
COMBINING SCHEDULE OF CHANGES IN
FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Pension Trust Funds			Total Fiduciary Funds
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund	
ADDITIONS				
Employer contributions	\$ 1,209,271	\$ 2,366,136	\$ 167,198	\$ 3,742,605
Member contributions	229,451	431,022	118,860	779,333
Commonwealth of Pennsylvania	429,271	839,939	-	1,269,210
Other income	-	6,946	-	6,946
Investment earnings				
Net depreciation in fair market value of investments	(7,628,808)	(12,014,474)	(168,048)	(19,811,330)
Interest and dividends	974,904	3,264,815	21,452	4,261,171
Investment expenses	(101,899)	(129,071)	(1,769)	(232,739)
TOTAL ADDITIONS	<u>(4,887,810)</u>	<u>(5,234,687)</u>	<u>137,693</u>	<u>(9,984,804)</u>
DEDUCTIONS				
Employee benefit payments	2,918,432	3,482,762	17,599	6,418,793
Administrative expenses	8,300	7,400	4,700	20,400
Insurance	6,736	6,734	-	13,470
Return of member contributions	-	-	1,095	1,095
TOTAL DEDUCTIONS	<u>2,933,468</u>	<u>3,496,896</u>	<u>23,394</u>	<u>6,453,758</u>
CHANGE IN NET POSITION	(7,821,278)	(8,731,583)	114,299	(16,438,562)
NET POSITION AT BEGINNING OF YEAR	<u>42,200,088</u>	<u>56,687,125</u>	<u>951,042</u>	<u>99,838,255</u>
NET POSITION AT END OF YEAR	<u>\$ 34,378,810</u>	<u>\$ 47,955,542</u>	<u>\$ 1,065,341</u>	<u>\$ 83,399,693</u>

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Commissioners
Township of Haverford
Havertown, Pennsylvania

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Haverford as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township of Haverford's basic financial statements and have issued our report thereon dated May 1, 2023. Our report includes a reference to other auditors who audited the financial statements of the Haverford Township Free Library, as described in our report on the Township of Haverford's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance or other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of Commissioners
Township of Haverford
Havertown, Pennsylvania

Report on Compliance and Other Matters

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

Purpose of this Report

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



Limerick, Pennsylvania
May 1, 2023