



**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA**

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2021

TOWNSHIP OF HAVERFORD

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INDEPENDENT AUDITOR'S REPORT

June 24, 2022

Board of Commissioners
Township of Haverford
Havertown, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Haverford, Havertown, Pennsylvania, as of and for the year ended December 31, 2021, 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township of Haverford, Havertown, Pennsylvania, as of December 31, 2021, 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, a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Haverford Township Free Library, is based solely on the report of the other auditors.

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 audit contained in *Government Auditing Standards*, issued by the Comptroller general of the United States. Our responsibilities under those

standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Haverford Township Free Library were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the 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.

Responsibilities of Management for the Financial Statements

The 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 the Township of Haverford's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 the Township of Haverford's internal control. Accordingly, no such opinion is expressed.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 13; budgetary comparison schedule on page 65; and schedules of changes in the Township of Haverford's net pension liability, related ratios, and investment returns - police and non-uniformed pension plans; schedules of employer contributions - police and non-uniformed pension plans; notes to the schedules of employer contributions - police and non-uniformed pension plans; schedule of changes in the Township's net OPEB liability and related ratios; and notes to the schedule of changes in the Township's net OPEB liability and related ratios on pages 66 through 71, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Haverford's basic financial statements. The combining nonmajor governmental fund financial statements and combining fiduciary fund financial statements on pages 72 through 75 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements and combining fiduciary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of the 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 the Township of Haverford's internal control over financial reporting and compliance.

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

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
DECEMBER 31, 2021**

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 this narrative overview and analysis of the financial activities for the year ended December 31, 2021.

FINANCIAL HIGHLIGHTS

Government-wide

Government-wide net position of the Township at the close of the year was a deficit of (\$1,477,681). The total current year change in net position was \$4,216,388. This change was a result of a \$922,622 operational increase in our business-type activities and a \$3,293,766 increase recognized by our governmental activities. The increase in the governmental funds is largely a result of revenue overperformance. Challenged again in 2021 to emerge from the COVID-19 pandemic, the Township budgeted very conservatively and outperformed in almost every revenue area (Act 511 tax collections, licensing/permit fees, recreational programming) while also experiencing reduced recycling costs, health benefit costs, and deferment of several large equipment purchases due to supply chain issues. The increase in business-type activities was largely a result of underspending the budget by over \$1.1 million largely due to reduced treatment costs offset by reduced revenues due to a budgeted, but deemed unnecessary, use of net position in the amount of \$280,000.

Fund Level

At the close of the fiscal year, the Township reported combined ending fund balances in Governmental Funds of \$33,013,491, an increase of \$976,650 from the previous year. In the General Fund, the Township overperformed in its Act 511 collections and licensing/permit fees. These overachieving areas were also paired with overperformance in our recreational programs. The success of those programs was largely unknown due to the COVID-19 pandemic and whether indoor and group activities would again be curtailed or if further lockdowns would be ordered. Fortunately, the Township prepared for the worst but overperformed across all revenue streams with the exception of investment earnings and fines/forfeitures as the local court systems remained closed or backlogged for the first half of 2021. Especially for the first half of 2021, the Township continued to curtail spending where possible and deferred hiring for open positions. The Township also deferred a planned borrowing (thus reducing anticipated debt service) as large-scale construction projects were put on a temporary hold. The total General Fund balance amounted to \$28,788,138, an increase of \$3,088,226 and 60.2 percent of General Fund revenues. An amount of \$18,386,873 is reported as unassigned in the General Fund, or 38.5 percent of total General Fund revenues. A total of \$1,921,372 is reported as restricted in the General Fund due to various external requirements. An amount of \$234,417 is shown as non-spendable since the balance represents prepaid expenses. A total of \$31,106 is shown as assigned by management for maintenance of our artificial turf field/indoor recreational center facilities. An amount of \$8,214,370 is reported as committed - budgetary reserve in accordance with the financial policies resolution passed by the Board of Commissioners to maintain financial stability.

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The Statement of Net Position (page 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2021**

Fund Financial Statements

The fund financial statements begin on page 16 and provide detailed information about the major individual funds. A fund has a self-balancing set of accounts that the Township uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, statements for nonmajor funds begin on page 72. All of the funds of the Township can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds – Most of the Township's basic services are reported in the Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The Governmental Fund financial statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are provided (pages 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 a Custodial Fund to support the operating costs of the Township's local cable channel that supports Township-related services and another Custodial Fund that supports the operating costs for Merry Place Park. Additionally, the Township has three Pension Trust Funds – two for the civilian employees and one for the uniformed employees. These funds are reported using accrual accounting. The government-wide statements exclude Fiduciary Fund activities and balances because these assets are restricted in purpose and do not represent assets available to the Township to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 25 of this report.

Other Information

Other information includes combining financial statements for nonmajor Governmental Funds. The funds are added together by fund type and presented in single columns in the basic financial

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2021**

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 \$32,601,269 at the end of the year. As the Township utilizes those assets to provide services to its citizens, they are not available for future spending.

The component of our net position that pertains to the governmental activities has increased from a year ago by \$3,293,766. The increase in the governmental funds is largely a result of conservative budgeting in 2021 as we entered an unknown as to how much the COVID-19 pandemic would continue to impact our society. Fortunately, the Township outperformed its revenue projections and coupled that outperformance with savings from deferred capital projects, health benefit costs, and large equipment purchases as a result of supply chain issues. Additionally, the component of our net position that pertains to our business-type activities increased by \$922,622. This increase was largely a result of \$72,000 in reduced sewer construction costs, reduced sewage treatment/capital and pass-through costs (from the City of Philadelphia thru Upper Darby, of approximately \$215,000 and the Radnor-Haverford-Marple Sewer Authority, of approximately \$544,000).

TABLE 1 - NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 46,127,908	\$ 36,272,567	\$ 11,080,977	\$ 10,217,041	\$ 57,208,885	\$ 46,489,608
Capital assets	75,708,724	75,518,947	4,938,779	4,942,839	80,647,503	80,461,786
Total Assets	<u>121,836,632</u>	<u>111,791,514</u>	<u>16,019,756</u>	<u>15,159,880</u>	<u>137,856,388</u>	<u>126,951,394</u>
Deferred outflows	<u>18,263,755</u>	<u>12,982,567</u>	<u>180,024</u>	<u>21,658</u>	<u>18,443,779</u>	<u>13,004,225</u>
Noncurrent liabilities	123,608,901	119,967,632	348,156	231,429	123,957,057	120,199,061
Other liabilities	14,343,834	5,051,949	318,835	327,076	14,662,669	5,379,025
Total Liabilities	<u>137,952,735</u>	<u>125,019,581</u>	<u>666,991</u>	<u>558,505</u>	<u>138,619,726</u>	<u>125,578,086</u>
Deferred inflows	<u>18,980,702</u>	<u>19,881,316</u>	<u>177,420</u>	<u>190,286</u>	<u>19,158,122</u>	<u>20,071,602</u>
Net investment in						
capital assets	27,662,490	26,673,854	4,938,779	4,942,839	32,601,269	31,616,693
Restricted	6,146,725	8,906,143	-	-	6,146,725	8,906,143
Unrestricted (deficit)	(50,642,265)	(55,706,813)	10,416,590	9,489,908	(40,225,675)	(46,216,905)
Total Net Position (Deficit)	<u>\$ (16,833,050)</u>	<u>\$ (20,126,816)</u>	<u>\$ 15,355,369</u>	<u>\$ 14,432,747</u>	<u>\$ (1,477,681)</u>	<u>\$ (5,694,069)</u>

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HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2021**

Table 2 highlights the Township's revenues and expenses for the fiscal year ended December 31, 2021. These two main components are subtracted to yield the change in net position. This table utilizes the full-accrual method of accounting.

TABLE 2 - CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 9,018,850	\$ 7,707,840	\$ 4,775,349	\$ 4,400,597	\$ 13,794,199	\$ 12,108,437
Operating grants and contributions	4,493,910	4,633,750	64,600	-	4,558,510	4,633,750
General revenues:						
Property taxes	26,422,489	26,419,769	-	-	26,422,489	26,419,769
Act 511 taxes	5,608,780	4,568,820	-	-	5,608,780	4,568,820
Franchise fees	1,007,327	1,040,511	-	-	1,007,327	1,040,511
Interest and rents	598,226	823,839	26,704	74,758	624,930	898,597
Other revenues	1,902,819	1,571,019	-	-	1,902,819	1,571,019
Total Revenues	49,052,401	46,765,548	4,866,653	4,475,355	53,919,054	51,240,903
Expenses						
General government	4,063,869	3,840,613	-	-	4,063,869	3,840,613
Public safety	20,928,036	19,950,974	-	-	20,928,036	19,950,974
Public works - sanitation	4,596,628	5,074,473	-	-	4,596,628	5,074,473
Public works - highways and streets	4,785,742	6,589,755	-	-	4,785,742	6,589,755
Culture and recreation	4,959,768	4,730,205	-	-	4,959,768	4,730,205
Community development	5,312,875	2,071,324	-	-	5,312,875	2,071,324
Interest on long-term debt	1,711,717	1,923,615	-	-	1,711,717	1,923,615
Sewer	-	-	3,344,031	3,659,440	3,344,031	3,659,440
Total Expenses	46,358,635	44,180,959	3,344,031	3,659,440	49,702,666	47,840,399
Changes in Net Position (Deficit)						
before Transfers	2,693,766	2,584,589	1,522,622	815,915	4,216,388	3,400,504
Transfers	600,000	535,034	(600,000)	(535,034)	-	-
Changes in Net Position (Deficit)	3,293,766	3,119,623	922,622	280,881	4,216,388	3,400,504
Net Position (Deficit), Beginning	(20,126,816)	(23,246,439)	14,432,747	14,151,866	(5,694,069)	(9,094,573)
Net Position (Deficit), Ending	\$ (16,833,050)	\$ (20,126,816)	\$ 15,355,369	\$ 14,432,747	\$ (1,477,681)	\$ (5,694,069)

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

Governmental Funds

As the Township completed the fiscal year, its Governmental Funds reported healthy fund balances of \$33,013,491, an increase of \$976,650. Increased revenues paired with deferred purchases, lower than expected health benefit costs, lower than expected recycling costs, and overall reduced spending led

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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2021**

to an increase in the general fund of \$3,088,226. Offsetting the \$3.1 million positive net change in the general fund was planned usage of capital project funds in the amount of \$2.1 million for road resurfacing, park improvements, historical property, and stormwater improvements. Of the current ending fund balances, \$234,417 is shown as nonspendable since it represents prepaid items, \$31,106 is reported as assigned for particular purposes, \$8,214,370 is reported as committed for budgetary reserve in the General Fund, and \$1,921,372 is shown as restricted by external sources, while \$18,386,873 is shown as unassigned.

General Fund, Comparison to Final Budget – Revenue figures exceeded final budget expectations by \$3,409,340, or 7.7 percent. The overage in revenues is largely a result our Act 511 taxes (business privilege, mercantile, realty transfer) exceeding budget by a combined \$1.9 million, our licensing and permit fees exceed its budget by approximately \$374,000, and our recreational programs exceeding budget by approximately \$880,000. Realty transfer and licensing/permit fee production are continuing trends that demonstrate the popularity of our community which continues to keep real estate inventory relatively low and sales fast paced. License and permit revenues exceeded expectations mostly as a result of our residents investing in their own homes with improvements and expansions allowing them to stay in our community as their lives evolve. Business privilege, mercantile, and local service tax exceeded our 2021 expectations as we purposely budgeted conservatively due to our emergence from the COVID-19 pandemic (expecting the possibility of as much of a 25 percent reduction). Luckily, once our recreational offerings were able to safely open, we nearly reached pre-pandemic levels, but all of this was an unknown as we prepared the 2021 budget in the fall of 2020. As with budgeting for 2021 revenues, budgeting for 2021 expenditures was equally challenging as we faced unknowns as to the speed that “normalcy” would return as we emerged from a pandemic. While expenditures were somewhat reduced by curtailed spending directives, the reduction was also a result of supply chain issues. Specific savings were identified in the area of debt service by \$1.1 million due to the deferment of a new borrowing and a successful refunding of our 2018 GO bond issue, over \$500,000 in deferred capital purchases from supply chain issues, \$200,000 in reduced recycling costs, and \$300,000 in reduced health-related benefits such as prescription, dental, and vision. For the year, we are pleased to report that total expenditures were less than budget expectations by \$3,872,701, or 8.1 percent. This is not a trend that will continue and was largely a result of the issues discussed above.

Capital Projects Fund provides funding for capital improvements or other unique expenditures which are not normal operating or maintenance-type expenditures reportable within the General Fund or other governmental funds. Major revenue sources for the Capital Projects Fund are proceeds from bonds or municipal borrowings, transfers from the General Fund and grants. Capital expenditures financed out of this fund in 2021 totaled \$3,841,347. The total fund balance as of December 31, 2021, is \$4,220,496.

American Rescue Plan Fund – in May 2021, as an entitlement unit, the Township received its first direct payment in the amount of \$9.9 million. As of December 31, 2021, the Township shows \$9.5 million as deferred revenue yet to be spent. The Board of Commissioners solicited public opinion and adopted a general spending structure adopted in August 2021. The spending structure included \$3.25 million for economic impacts, \$265,000 for public health response, \$600,000 for services to disproportionately

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MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2021**

impacted communities, \$305,000 for essential worker premium pay, \$3.25 million for water and sewer infrastructure, and \$2 million for public sector revenue loss. Since the Township reported excess general fund revenues for 2021, we have yet to utilize any monies for public sector revenue loss. As of December 31, 2021, the Township has spent \$398,000 through several initiatives including Back to Business grants to local businesses which awarded \$233,000, premium pay for essential workers which awarded \$131,000, and \$30,000 for engineering and design on stormwater projects.

Nonmajor Governmental Funds – The activities in the nonmajor governmental activities are primarily funded by federal grants for specific federally approved projects. Any increase in expenditures is offset by a 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 \$922,622. This increase was largely a result of \$72,000 in reduced sewer construction costs, reduced sewage treatment/capital and pass-through costs (from the City of Philadelphia thru Upper Darby, of approximately \$215,000 and the Radnor-Haverford-Marple Sewer Authority, of approximately \$544,000).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2021, the Township had invested \$80,647,503, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation expense for this calendar year totaled \$3,966,158.

TABLE 3 - CAPITAL ASSETS

Programs	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 14,713,479	\$ 14,713,479	\$ -	\$ -	\$ 14,713,479	\$ 14,713,479
Construction-in-progress	2,414,445	2,573,023	-	-	2,414,445	2,573,023
Buildings and improvements	34,799,528	34,638,542	811,067	811,067	35,610,595	35,449,609
Machinery and equipment	27,764,849	25,728,801	761,359	761,359	28,526,208	26,490,160
Infrastructure and improvements	42,491,856	40,625,612	5,610,088	5,490,603	48,101,944	46,116,215
Accumulated depreciation	(46,475,433)	(42,760,510)	(2,243,735)	(2,120,190)	(48,719,168)	(44,880,700)
TOTAL	\$ 75,708,724	\$ 75,518,947	\$ 4,938,779	\$ 4,942,839	\$ 80,647,503	\$ 80,461,786

Additional information on the Township's capital assets is contained in Note 5 to the financial statements. Major capital assets acquisitions during 2021 include road repaving, large pieces of heavy equipment, police vehicles, various park improvements, improvements to basketball and tennis courts, streetscape projects, and various sanitary and storm water improvements throughout the Township.

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2021**

Long-term Debt

At the end of the current fiscal year, the Township had total bonded debt outstanding of \$45,765,000. All of this is backed by the full faith and credit of the government. The Township issued 2021 general obligations bonds (no new monies) to refund its 2016 Series and realized a net cash flow savings of approximately \$855,000. Governmental activities report \$45,765,000, and business-type activities report \$0 of general obligation bonds 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 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In 2021, every property in Delaware County, including all in the Township, was reassessed for property tax calculation purposes. Acknowledging both the impacts assumed to be felt by some property owners simply due to the reassessment coupled with the economic issues felt by some within our community due to the COVID-19 pandemic, the Board of Commissioners voted to NOT increase property tax rates in 2021. Again during the 2022 budget process, the Board of Commissioners were keenly aware of the continued financial impact felt by some property owners as a result of both the reassessment and ongoing economic recovery from the COVID-19 pandemic and voted again to NOT increase property tax rates.

To keep current with costs of operations, the Township increased the annual sewer rate from \$4.55/1,000g of water used to \$4.65/1,000g (or 2.2 percent). The Delaware County Solid Waste Authority, through which all trash is mandated to be processed, increased its 2022 tipping fee from \$53.00 per ton to \$78.00. As a result, the Township also increased the annual trash/recycling fee paid by each residential unit from \$245.00 to \$275.00.

In March 2021, The American Rescue Plan Act of 2021 ("the Rescue Plan"), a \$1.9 trillion economic stimulus bill was passed by the 117th United States Congress and signed into law by President Joseph Biden, intended to provide the resources needed to address the ongoing COVID-19 public health crisis and spur a strong economic recovery. The Rescue Plan was intended to provide needed relief to local governments enabling continued support in the public health response and also allow for the foundation of a strong and equitable economic recovery. The Township was identified as an entitlement unit and a direct recipient of funds. In May 2021, the Township received its first payment of \$9.9 million and received its second equal payment in June 2022. Future spending plans for these funds include a restricted grant initiative for senior citizens, façade improvement project for our business districts, business district improvements, park improvements, outdoor trail system enhancements, retroactive premium pay for essential workers, and additional sanitary and stormwater improvements.

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

**TOWNSHIP OF HAVERFORD
HAVERTOWN, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
DECEMBER 31, 2021**

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 regard to investment earnings, the uncertainty in regard 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 performed by our workforce and strives to find ways to do things better and more efficiently at lower costs. Those efforts will continue each and every year.

REQUESTS FOR INFORMATION

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

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

	Governmental Activities	Business-type Activities	Total	Component Unit Haverford Township Free Library
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current Assets:				
Cash and cash equivalents:				
Unrestricted	\$ 41,508,835	\$ 10,887,799	\$ 52,396,634	\$ 1,867,937
Restricted	1,921,372	-	1,921,372	-
Accounts receivable	1,279,139	188,739	1,467,878	2,994
Taxes receivable	691,370	-	691,370	-
Internal balances	7,114	(7,114)	-	-
Note receivable	95,717	-	95,717	-
Prepaid expenses	234,417	11,553	245,970	1,517
Total Current Assets	<u>45,737,964</u>	<u>11,080,977</u>	<u>56,818,941</u>	<u>1,872,448</u>
Noncurrent Assets:				
Note receivable	389,944	-	389,944	-
Capital assets:				
Land	14,713,479	-	14,713,479	-
Construction-in-progress	2,414,445	-	2,414,445	-
Capital assets, net	<u>58,580,800</u>	<u>4,938,779</u>	<u>63,519,579</u>	<u>813,941</u>
Total Noncurrent Assets	<u>76,098,668</u>	<u>4,938,779</u>	<u>81,037,447</u>	<u>813,941</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources relating to pensions	8,268,176	180,024	8,448,200	-
Deferred outflows of resources relating to OPEB	9,995,579	-	9,995,579	-
Total Deferred Outflows of Resources	<u>18,263,755</u>	<u>180,024</u>	<u>18,443,779</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 140,100,387</u>	<u>\$ 16,199,780</u>	<u>\$ 156,300,167</u>	<u>\$ 2,686,389</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES				
Current Liabilities:				
Accounts payable and other current liabilities	\$ 1,731,015	\$ 318,835	\$ 2,049,850	\$ 121,158
Accrued interest	119,453	-	119,453	-
Escrow deposits payable	406,729	-	406,729	-
Unearned revenues	9,901,878	-	9,901,878	-
Current portion of bonds payable, net	<u>2,184,759</u>	<u>-</u>	<u>2,184,759</u>	<u>-</u>
Total Current Liabilities	<u>14,343,834</u>	<u>318,835</u>	<u>14,662,669</u>	<u>121,158</u>
Noncurrent Liabilities:				
Bonds payable, net	46,541,369	-	46,541,369	-
Net OPEB liability	56,601,468	-	56,601,468	-
Net pension liability	17,562,046	314,120	17,876,166	-
Compensated absences	<u>2,904,018</u>	<u>34,036</u>	<u>2,938,054</u>	<u>-</u>
Total Noncurrent Liabilities	<u>123,608,901</u>	<u>348,156</u>	<u>123,957,057</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts on bond refunding	34,448	-	34,448	-
Deferred inflows relating to pensions	6,914,971	177,420	7,092,391	-
Deferred inflows relating to OPEB	<u>12,031,283</u>	<u>-</u>	<u>12,031,283</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>18,980,702</u>	<u>177,420</u>	<u>19,158,122</u>	<u>-</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	27,662,490	4,938,779	32,601,269	813,941
Restricted	6,146,725	-	6,146,725	-
Unrestricted (deficit)	<u>(50,642,265)</u>	<u>10,416,590</u>	<u>(40,225,675)</u>	<u>1,751,290</u>
Total Net Position (Deficit)	<u>(16,833,050)</u>	<u>15,355,369</u>	<u>(1,477,681)</u>	<u>2,565,231</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	<u>\$ 140,100,387</u>	<u>\$ 16,199,780</u>	<u>\$ 156,300,167</u>	<u>\$ 2,686,389</u>

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

**TOWNSHIP OF HAVERFORD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Net (Expense) Revenue and Changes in Net Position (Deficit)							
	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Haverford Township Free Library
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES:								
General government	\$ 4,063,869	\$ 661,700	\$ 99,475	\$ -	\$ (3,302,694)	\$ -	\$ (3,302,694)	\$ -
Public safety	20,928,036	1,790,969	1,300,626	-	(17,836,441)	-	(17,836,441)	-
Public works - sanitation	4,596,628	4,047,286	196,843	-	(352,499)	-	(352,499)	-
Public works - highways and streets	4,785,742	194,181	1,765,324	-	(2,826,237)	-	(2,826,237)	-
Culture and recreation	4,959,768	2,324,714	57,625	-	(2,577,429)	-	(2,577,429)	-
Community development	5,312,875	-	1,074,017	-	(4,238,858)	-	(4,238,858)	-
Interest on long-term debt and issuance costs	1,711,717	-	-	-	(1,711,717)	-	(1,711,717)	-
TOTAL GOVERNMENTAL ACTIVITIES	46,358,635	9,018,850	4,493,910	-	(32,845,875)	-	(32,845,875)	-
BUSINESS-TYPE ACTIVITIES:								
Sewer	3,344,031	4,775,349	64,600	-	-	1,495,918	1,495,918	-
TOTAL BUSINESS-TYPE ACTIVITIES	3,344,031	4,775,349	64,600	-	-	1,495,918	1,495,918	-
TOTAL PRIMARY GOVERNMENT	\$ 49,702,666	\$ 13,794,199	\$ 4,558,510	\$ -	(32,845,875)	1,495,918	(31,349,957)	-
COMPONENT UNIT:								
Free Library	\$ 1,580,556	\$ 25,050	\$ 1,715,686	\$ 78,629	-	-	-	238,809
TOTAL COMPONENT UNIT	\$ 1,580,556	\$ 25,050	\$ 1,715,686	\$ 78,629	-	-	-	238,809
GENERAL REVENUES AND TRANSFERS								
Taxes:								
Property taxes					26,422,489	-	26,422,489	-
Transfer taxes					2,645,440	-	2,645,440	-
Business privilege tax					1,386,759	-	1,386,759	-
Mercantile tax					925,929	-	925,929	-
Local service tax					650,652	-	650,652	-
Franchise fees					1,007,327	-	1,007,327	-
Fines and forfeits					170,565	-	170,565	-
Interest and rent					598,226	26,704	624,930	1,905
Other revenue					1,732,254	-	1,732,254	18
Interfund transfers					600,000	(600,000)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					36,139,641	(573,296)	35,566,345	1,923
CHANGE IN NET POSITION (DEFICIT)					3,293,766	922,622	4,216,388	240,732
NET POSITION (DEFICIT), BEGINNING OF YEAR					(20,126,816)	14,432,747	(5,694,069)	2,324,499
NET POSITION (DEFICIT), END OF YEAR					\$ (16,833,050)	\$ 15,355,369	\$ (1,477,681)	\$ 2,565,231

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

**TOWNSHIP OF HAVERFORD
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General Fund	Capital Projects Fund	American Rescue Plan Fund	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents:					
Unrestricted	\$ 27,505,351	\$ 4,470,044	9,530,220	\$ 3,220	\$ 41,508,835
Restricted	1,921,372	-	-	-	1,921,372
Accounts receivable	1,109,667	133,920	-	35,552	1,279,139
Taxes receivable	691,370	-	-	-	691,370
Due from other funds	-	45,023	-	-	45,023
Note receivable	485,661	-	-	-	485,661
Prepaid expenditures	234,417	-	-	-	234,417
TOTAL ASSETS	<u>\$ 31,947,838</u>	<u>\$ 4,648,987</u>	<u>\$ 9,530,220</u>	<u>\$ 38,772</u>	<u>\$ 46,165,817</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts payable and accrued expenses	\$ 1,489,496	\$ 199,491	6,476	\$ 35,552	\$ 1,731,015
Due to other funds	37,909	-	-	-	37,909
Escrows payable	406,729	-	-	-	406,729
Unearned revenues	150,771	229,000	9,522,107	-	9,901,878
TOTAL LIABILITIES	<u>2,084,905</u>	<u>428,491</u>	<u>9,528,583</u>	<u>35,552</u>	<u>12,077,531</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues:					
Property taxes	589,134	-	-	-	589,134
Loan proceeds	485,661	-	-	-	485,661
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,074,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,074,795</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>3,159,700</u>	<u>428,491</u>	<u>9,528,583</u>	<u>35,552</u>	<u>13,152,326</u>
FUND BALANCES					
Nonspendable	234,417	-	-	-	234,417
Restricted:					
Capital projects	-	4,220,496	-	-	4,220,496
Community development	-	-	1,637	3,220	4,857
Culture and recreation	520,573	-	-	-	520,573
Public safety	69,282	-	-	-	69,282
Public works - highways and streets	1,324,022	-	-	-	1,324,022
Scholarship fund	7,495	-	-	-	7,495
Committed, budgetary reserve	8,214,370	-	-	-	8,214,370
Assigned:					
Culture and recreation	31,106	-	-	-	31,106
Unassigned	18,386,873	-	-	-	18,386,873
TOTAL FUND BALANCES	<u>28,788,138</u>	<u>4,220,496</u>	<u>1,637</u>	<u>3,220</u>	<u>33,013,491</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 31,947,838</u>	<u>\$ 4,648,987</u>	<u>\$ 9,530,220</u>	<u>\$ 38,772</u>	<u>\$ 46,165,817</u>

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

**TOWNSHIP OF HAVERFORD
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
DECEMBER 31, 2021**

TOTAL GOVERNMENTAL FUND BALANCES \$ 33,013,491

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in the footnotes are included in the statement of net position. 75,708,724

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

Accrued interest	(119,453)
Bonds payable, net	(48,726,128)
Net OPEB liability	(56,601,468)
Net pension liability	(17,562,046)
Compensated absences	(2,904,018)

Certain revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenues in the funds. 1,074,795

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

Deferred outflows of resources relating to pensions	8,268,176
Deferred inflows of resources relating to pensions	(6,914,971)
Deferred outflows of resources relating to OPEB	9,995,579
Deferred inflows of resources relating to OPEB	(12,031,283)

Governmental funds report deferred amounts on bond refundings as other financing sources. However, these amounts are reported on the statement of net position as deferred inflows of resources and amortized over the life of the refunding debt. (34,448)

NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ (16,833,050)

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

TOWNSHIP OF HAVERFORD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Capital Projects Fund	American Rescue Plan Fund	Other Governmental Funds	Total
REVENUES					
Taxes:					
Property	\$ 26,551,295	\$ -	\$ -	\$ -	\$ 26,551,295
Transfer	2,645,440	-	-	-	2,645,440
Business privilege	1,386,759	-	-	-	1,386,759
Mercantile	925,929	-	-	-	925,929
Local services	650,652	-	-	-	650,652
Licenses and permits	2,649,078	-	-	-	2,649,078
Fines and forfeits	170,565	-	-	-	170,565
Interest and rent	686,045	1,703	1,637	-	689,385
Intergovernmental revenues	3,136,565	289,465	398,038	669,842	4,493,910
Charges for services	7,377,099	-	-	-	7,377,099
Other	1,631,911	13,829	-	75,625	1,721,365
TOTAL REVENUES	47,811,338	304,997	399,675	745,467	49,261,477
EXPENDITURES					
Current:					
General government	3,820,350	-	-	-	3,820,350
Public safety	20,879,577	-	-	-	20,879,577
Public works - sanitation	4,683,955	-	-	-	4,683,955
Public works - highways and streets	5,195,819	-	-	-	5,195,819
Culture and recreation	5,449,897	-	-	-	5,449,897
Community development	454,332	3,841,317	398,038	618,372	5,312,059
Debt service:					
Principal	1,920,000	-	-	-	1,920,000
Interest	1,633,269	-	-	-	1,633,269
Borrowing costs	-	188,280	-	-	188,280
TOTAL EXPENDITURES	44,037,199	4,029,597	398,038	618,372	49,083,206
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,774,139	(3,724,600)	1,637	127,095	178,271
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	600,000	1,433,433	-	695	2,034,128
Interfund transfers out	(1,285,913)	-	-	(148,215)	(1,434,128)
Proceeds from sale of assets	-	13,250	-	-	13,250
Proceeds from issuance of bonds including premium	-	9,275,645	-	-	9,275,645
Payment to refunding agent	-	(9,090,516)	-	-	(9,090,516)
TOTAL OTHER FINANCING SOURCES (USES)	(685,913)	1,631,812	-	(147,520)	798,379
NET CHANGE IN FUND BALANCES	3,088,226	(2,092,788)	1,637	(20,425)	976,650
FUND BALANCES, BEGINNING OF YEAR	25,699,912	6,313,284	-	23,645	32,036,841
FUND BALANCES, END OF YEAR	\$ 28,788,138	\$ 4,220,496	\$ 1,637	\$ 3,220	\$ 33,013,491

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

TOWNSHIP OF HAVERFORD
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 976,650

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

Capital outlays	\$ 4,034,751	
Depreciation expense	<u>(3,842,613)</u>	192,138

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the capital assets sold and the fair market value of capital assets traded in. (2,361)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (219,965)

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,839,630

Governmental funds report deferred amounts on bond refundings as other financing sources. However, these amounts are reported on the statement of net position as deferred outflows of resources and amortized over the shorter of the life of the old debt or the new debt. 111

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

Decrease in accrued interest payable	4,962	
Decrease in compensated absences	<u>87,572</u>	92,534

OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the Township's actuarial determined contribution, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (1,325,201)

Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the Township's actuarial determined contribution, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 1,740,230

CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ 3,293,766

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

TOWNSHIP OF HAVERFORD
STATEMENT OF NET POSITION - PROPRIETARY FUND
DECEMBER 31, 2021

	<u>Sewer Fund</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 10,887,799
Accounts receivable	188,739
Due from other funds	37,909
Prepaid expense	11,553
Total Current Assets	11,126,000
Noncurrent Assets:	
Buildings and improvements	811,066
Vehicles	761,359
Sewer system	5,610,089
Less: Accumulated depreciation	(2,243,735)
Total Noncurrent Assets	4,938,779
TOTAL ASSETS	16,064,779
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pension	180,024
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 16,244,803
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 318,835
Due to other funds	45,023
Total Current Liabilities	363,858
Noncurrent Liabilities:	
Net pension liability	314,120
Compensated absences	34,036
Total Noncurrent Liabilities	348,156
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pension	177,420
NET POSITION	
Investment in capital assets	4,938,779
Unrestricted	10,416,590
Total Net Position	15,355,369
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 16,244,803

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

**TOWNSHIP OF HAVERFORD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Sewer Fund
OPERATING REVENUES	
Charges for sewer services	\$ 4,724,630
Intergovernmental revenues	64,600
Other revenues	50,719
TOTAL OPERATING REVENUES	4,839,949
OPERATING EXPENSES	
Treatment and operational expenses	2,500,899
Salaries and benefits	651,033
General and administrative	68,554
Depreciation	123,545
TOTAL OPERATING EXPENSES	3,344,031
OPERATING INCOME	1,495,918
NONOPERATING REVENUES	
Interest and investment income	26,704
TOTAL NONOPERATING REVENUES	26,704
OPERATING TRANSFERS	
Transfers out	(600,000)
TOTAL OPERATING TRANSFERS	(600,000)
CHANGE IN NET POSITION	922,622
NET POSITION, BEGINNING OF YEAR	14,432,747
NET POSITION, END OF YEAR	\$ 15,355,369

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

**TOWNSHIP OF HAVERFORD
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from users	\$ 4,805,744
Payments to employees for services	(705,538)
Payments to suppliers	(2,528,776)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,571,430
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Interfund transfers	(600,000)
NET CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(600,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(119,485)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(119,485)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and investment income	26,704
NET CASH PROVIDED BY INVESTING ACTIVITIES	26,704
NET CHANGE IN CASH AND CASH EQUIVALENTS	878,649
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,009,150
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,887,799
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 1,495,918
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	123,545
(Increase) Decrease in assets:	
Accounts receivable	(34,205)
Due from other funds	(33,819)
Prepaid expense	1,620
Deferred outflows of resources - pension	(158,366)
Increase (Decrease) in liabilities:	
Accounts payable	(8,241)
Due to other funds	81,117
Net pension liability	130,791
Compensated absences	(14,064)
Deferred inflows of resources - pension	(12,866)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,571,430

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

TOWNSHIP OF HAVERFORD
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2021

	Pension Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 4,509,170	\$ 101,940
Investments	95,327,796	-
Members' contributions receivable	1,289	-
TOTAL ASSETS	\$ 99,838,255	\$ 101,940
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts payable	\$ -	\$ -
TOTAL LIABILITIES	-	-
NET POSITION		
Restricted for park improvements	-	62,158
Restricted for cable access enhancements	-	39,782
Held in trust for pension benefits	99,838,255	-
TOTAL NET POSITION	99,838,255	101,940
TOTAL LIABILITIES AND NET POSITION	\$ 99,838,255	\$ 101,940

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

**TOWNSHIP OF HAVERFORD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Pension Trust Funds	Custodial Funds
ADDITIONS		
Contributions:		
Employer contributions	\$ 4,636,619	\$ -
Member contributions	759,401	-
Private contributions	-	5,796
Commonwealth of Pennsylvania	1,208,915	-
Total Contributions	6,604,935	5,796
Investment Income:		
Net realized/unrealized gain on investments	8,380,549	-
Interest and dividends	2,006,126	22
Investment expenses	(240,451)	-
Net Investment Income	10,146,224	22
TOTAL ADDITIONS	16,751,159	5,818
DEDUCTIONS		
Cable access enhancements	-	390
Employee benefit payments	6,165,340	-
Administrative expenses	39,200	-
Insurance	13,300	-
Return of member contributions	419,676	-
TOTAL DEDUCTIONS	6,637,516	390
CHANGE IN FIDUCIARY NET POSITION	10,113,643	5,428
NET POSITION, BEGINNING OF YEAR	89,724,612	96,512
NET POSITION, END OF YEAR	\$ 99,838,255	\$ 101,940

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

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Component Unit

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

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

Government-wide and Fund Financial Statements

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

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

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The Township reports the following major governmental funds:

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

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

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

The Township reports the following major proprietary fund:

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Sewer 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:

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

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

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

The proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are charges to customers for sales and services. Operating expenses of the Sewer Fund include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Deposits and Investments

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

With the exception of pension trust funds, state law allows the Township to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Township to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation ("FDIC") or other like

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

insurance and that deposits in excess of such insurance are collateralized by the depository. Other permitted deposits include banker's acceptances, commercial paper, and negotiable certificates of deposit.

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

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

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

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

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

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

Restricted Cash

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

Interfund Transactions

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

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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

Prepaid Items

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

Capital Assets, Township

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

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

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

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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

Capital Assets, Free Library

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

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

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

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

Compensated Absences

Sick Pay – Civil employees are paid for up to 50 days of unused sick time, plus a maximum of \$3,000 for days in excess of the 50 days, upon retirement, disability, or layoff. For police employees, at the time of retirement, up to 90 unused sick days shall be paid at one half of one hundred percent 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.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has 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 and the net difference between actual and expected experience. 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.

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 four types of items that qualify for reporting in this category.

Unavailable revenues arise only under a modified accrual basis of accounting and are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and loans to other governments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

available. The second item is the deferred amount related to pensions, reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred amount related to pensions is the result of differences between actual and projected earnings on pension plan investments and changes in plan assumptions. The third item is the deferred amount related to OPEB, reported in the government-wide statement of net position. The deferred amount is the result of changes in plan assumptions. The fourth 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. The Board has delegated the authority to assign fund balance to the Township Manager.
- *Unassigned Fund Balance* – Amounts available for any purpose. Positive amounts are reported only in the General Fund.

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

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

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America 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

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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

The Township Board of Commissioners approves, by ordinance, total budget appropriations only. The Township Manager is authorized to transfer budget amounts between departments within the General Fund; however, any appropriations that exceed the total budget appropriations for the year of any fund are approved by the Board of Commissioners by resolution at the conclusion of the year.

Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.

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

Excess of Expenditures Over Appropriations

For the year ended December 31, 2021, the General Fund incurred expenditures in excess of appropriations in the following function:

Function	Expenditures Over Budget
General government	\$ 160,124

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

NOTE 3 DEPOSITS AND INVESTMENTS

Township Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township's policy is to require its banking institution to provide a letter

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

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.

As of December 31, 2021, the carrying amount of deposits was \$58,929,116 and the bank balance was \$59,483,594. Of the bank balance, \$1,248,529 was covered by federal depository insurance; \$30,675,165 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 \$27,559,900 was in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization (Standard & Poor's rating of AAAM as of December 31, 2021), and is subject to an independent annual audit.

Township Investments

Custodial Credit Risk

For an investment, this is the risk that, in the event of a failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in Note 1.

Interest Rate Risk

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

At year-end, investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>
Equity mutual funds	\$ 32,752,534	\$ 32,752,534
Fixed income mutual funds	15,986,479	15,986,479
Exchange traded funds	<u>46,588,783</u>	<u>46,588,783</u>
TOTAL	<u><u>\$ 95,327,796</u></u>	<u><u>\$ 95,327,796</u></u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

Credit Risk

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

Concentration of Credit Risk

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

Library Deposits

As of December 31, 2021, the total carrying amount of the Library's deposits was \$1,867,937, and the corresponding bank balance was \$1,880,911.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library diversifies cash to different banking institutions in order to limit deposits in excess of the Federal Deposit Insurance Corporation maximum of \$250,000 per institution. Periodically, the deposits may exceed the federal insured limit. As of December 31, 2021, \$1,380,911 of the Library's bank balances exceeded federal depository insurance and was subject to custodial credit risk.

NOTE 4 RECEIVABLES

Receivables as of December 31, 2021 for the Township are as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds	Sewer Fund	Fiduciary Funds
Accounts receivable	\$ 1,109,667	\$ 133,920	\$ 35,552	\$ 188,739	\$ -
Taxes receivable	691,370	-	-	-	-
Contributions receivable	-	-	-	-	1,289
Note receivable	485,661	-	-	-	-
	<u>\$ 2,286,698</u>	<u>\$ 133,920</u>	<u>\$ 35,552</u>	<u>\$ 188,739</u>	<u>\$ 1,289</u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 4 RECEIVABLES (cont'd)

Notes Receivable

On December 30, 2008, the Township granted the Oakmont Fire Company a loan in the principal amount of \$2,000,000 with a stated interest rate of five percent. Interest is payable to the Township semi-annually on June 1 and December 31 each year, and the loan matures on December 31, 2025. The loan is collateralized by property held by the Oakmont Fire Company in the event of default on the loan. The total principal and interest payments received on this loan for the year ended December 31, 2021 were \$91,159 and \$28,841, respectively, and the outstanding balance was \$485,661.

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 95,717	\$ 24,283	\$ 120,000
2023	100,503	19,497	120,000
2024	105,528	14,472	120,000
2025	<u>183,913</u>	<u>9,196</u>	<u>193,109</u>
TOTALS	<u>\$ 485,661</u>	<u>\$ 67,448</u>	<u>\$ 553,109</u>

NOTE 5 CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2021 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
General capital assets not being depreciated:				
Land	\$ 14,713,479	\$ -	\$ -	\$ 14,713,479
Construction-in-progress	<u>2,573,023</u>	<u>1,649,404</u>	<u>(1,807,982)</u>	<u>2,414,445</u>
Total general capital assets not being depreciated	<u>17,286,502</u>	<u>1,649,404</u>	<u>(1,807,982)</u>	<u>17,127,924</u>
General capital assets being depreciated:				
Roads	24,769,924	1,785,998	-	26,555,922
Storm sewers	11,749,341	-	-	11,749,341
Recreation equipment	7,819,029	1,693,111	-	9,512,140

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

<u>Governmental Activities</u> (cont'd)	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Traffic signals	1,593,052	124,254	-	1,717,306
Buildings	31,248,000	-	-	31,248,000
Vehicles	16,316,720	348,734	(130,051)	16,535,403
Buildings improvements	3,390,542	160,986	-	3,551,528
General improvements and equipment	<u>4,106,347</u>	<u>80,246</u>	<u>-</u>	<u>4,186,593</u>
Total general capital assets being depreciated	<u>100,992,955</u>	<u>4,193,329</u>	<u>(130,051)</u>	<u>105,056,233</u>
Accumulated depreciation:				
Roads	15,053,496	990,846	-	16,044,342
Storm sewers	2,252,244	156,658	-	2,408,902
Recreation equipment	3,829,871	439,243	-	4,269,114
Traffic signals	432,691	75,538	-	508,229
Buildings	5,826,840	735,868	-	6,562,708
Vehicles	10,685,144	1,101,848	(127,690)	11,659,302
Buildings improvements	1,699,261	171,085	-	1,870,346
General improvements and equipment	<u>2,980,963</u>	<u>171,527</u>	<u>-</u>	<u>3,152,490</u>
Total accumulated depreciation	<u>42,760,510</u>	<u>3,842,613</u>	<u>(127,690)</u>	<u>46,475,433</u>
Total general capital assets being depreciated, net	<u>58,232,445</u>	<u>350,716</u>	<u>(2,361)</u>	<u>58,580,800</u>
Governmental Activities, Net	<u>\$ 75,518,947</u>	<u>\$ 2,000,120</u>	<u>\$(1,810,343)</u>	<u>\$ 75,708,724</u>

Business-type activities capital asset activity for the year ended December 31, 2021, was as follows:

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Sanitary sewers	\$ 5,490,603	\$ 119,485	\$ -	\$ 5,610,088
Buildings	811,067	-	-	811,067
Vehicles	<u>761,359</u>	<u>-</u>	<u>-</u>	<u>761,359</u>
Total capital assets being depreciated	<u>7,063,029</u>	<u>119,485</u>	<u>-</u>	<u>7,182,514</u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

<u>Business-type Activities</u> (cont'd)	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated depreciation:				
Sanitary sewers	1,060,226	74,005	-	1,134,231
Buildings	475,406	15,258	-	490,664
Vehicles	584,558	34,282	-	618,840
Total accumulated depreciation	<u>2,120,190</u>	<u>123,545</u>	<u>-</u>	<u>2,243,735</u>
Business-type Activities, Net	<u>\$ 4,942,839</u>	<u>\$ (4,060)</u>	<u>\$ -</u>	<u>\$ 4,938,779</u>

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

Governmental Activities:

General government	\$ 272,635
Public safety	875,268
Public works - sanitation	238,066
Public works - highways and streets	1,585,398
Culture and recreation	859,383
Community development	<u>11,863</u>

Total Depreciation Expense - Governmental Activities \$ 3,842,613

Business-type Activities:

Sewer \$ 123,545

Capital asset activity for the Library for the year ended December 31, 2021, was as follows:

<u>Component Unit</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets:				
Leasehold improvements	\$ 245,871	\$ 8,425	\$ -	\$ 254,296
Furniture and equipment	139,341	25,276	-	254,296
Construction-in-progress	45,006	-	-	45,006
Total capital assets	<u>430,218</u>	<u>33,701</u>	<u>-</u>	<u>463,919</u>
Accumulated depreciation	<u>265,372</u>	<u>25,790</u>	<u>-</u>	<u>291,162</u>
Capital Assets, Net	<u>\$ 164,846</u>	<u>\$ 7,911</u>	<u>\$ -</u>	<u>\$ 172,757</u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (cont'd)

<u>Book Collection</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Exhaustible book collection	\$ 2,209,676	\$ 138,128	\$ -	\$ 2,347,804
Accumulated depreciation	<u>1,607,430</u>	<u>99,190</u>	<u>-</u>	<u>1,706,620</u>
Book Collection, Net	<u>\$ 602,246</u>	<u>\$ 38,938</u>	<u>\$ -</u>	<u>\$ 641,184</u>
Total Capital Assets, Net	<u>\$ 767,092</u>	<u>\$ 46,849</u>	<u>\$ -</u>	<u>\$ 813,941</u>

Depreciation expense for the year ended December 31, 2021 was \$124,980.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances and transfers as of December 31, 2021, is as follows:

Due To/From Other Funds

<u>Due From</u>		<u>Due To</u>	
Sewer Fund	\$ 37,909	General Fund	\$ 37,909
Capital Projects Fund	<u>45,023</u>	Sewer Fund	<u>45,023</u>
Total	<u>\$ 82,932</u>	Total	<u>\$ 82,932</u>

Interfund balances are primarily a result of:

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

Interfund Transfers

<u>Transfers Out</u>		<u>Transfers In</u>	
Sewer Fund	\$ 600,000	General Fund	\$ 600,000
General Fund	1,285,913	Capital Projects Fund	1,285,913
Other Governmental Funds	147,520	Capital Projects Fund	147,520
Other Governmental Funds	<u>695</u>	Other Governmental Funds	<u>695</u>
Total	<u>\$ 2,034,128</u>	Total	<u>\$ 2,034,128</u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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 7 LONG-TERM DEBT

At December 31, 2021, the Township had the following debt instruments outstanding:

<p>General Obligation Bonds, Series of 2018, issued in October 2018 in the amount of \$32,700,000 for the purpose of funding certain capital projects and to currently refund the balance of the General Obligation Bonds Series of 2010 and 2013. The bonds bear interest at 2.0% - 5.0%, payable semi-annually on June 1 and December 1, and mature on December 1, 2048.</p>	\$ 28,570,000
<p>General Obligation Bonds, Series of 2020, issued in May 2020 in the amount of \$8,740,000 for the purpose of funding certain capital projects and to currently refund the balance of the General Obligation Bonds Series of 2014. The bonds bear interest at 2.0% - 5.0%, payable semi-annually on June 1 and December 1, and mature on June 1, 2044.</p>	8,490,000
<p>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 December 1, 2046. The refunding of the bonds resulted in a cash flow savings of \$854,950 and an economic gain of \$688,234.</p>	<u>8,705,000</u>
Total	<u>\$ 45,765,000</u>

The total principal and interest maturities are as follows:

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 7 LONG-TERM DEBT (cont'd)

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,080,000	\$ 1,585,338	\$ 3,665,338
2023	2,315,000	1,480,713	3,795,713
2024	2,440,000	1,364,813	3,804,813
2025	2,550,000	1,243,063	3,793,063
2026	2,685,000	1,120,088	3,805,088
2027 - 2031	18,895,000	3,842,955	22,737,955
2032 - 2036	4,870,000	2,390,943	7,260,943
2037 - 2041	5,640,000	1,447,022	7,087,022
2042 - 2046	3,730,000	438,423	4,168,423
2047 - 2048	560,000	20,622	580,622
TOTALS	<u>\$ 45,765,000</u>	<u>\$ 14,933,980</u>	<u>\$ 60,698,980</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Bonds payable	\$ 47,665,000	\$ 8,995,000	\$10,895,000	\$ 45,765,000	\$2,080,000
Bond premium	2,903,307	280,645	222,824	2,961,128	104,759
Bonds payable, net	50,568,307	9,275,645	11,117,824	48,726,128	2,184,759
Net OPEB liability	54,442,472	2,158,996	-	56,601,468	-
Net pension liability	13,951,831	3,610,215	-	17,562,046	-
Compensated absences	2,991,590	-	87,572	2,904,018	-
TOTAL	<u>\$121,954,200</u>	<u>\$15,044,856</u>	<u>\$11,205,396</u>	<u>\$125,793,660</u>	<u>\$2,184,759</u>
<u>Business-type Activities:</u>					
Compensated absences	\$ 48,100	\$ -	\$ 14,064	\$ 34,036	\$ -
Net pension liability	183,329	130,791	-	314,120	-
TOTAL	<u>\$ 231,429</u>	<u>\$ 130,791</u>	<u>\$ 14,064</u>	<u>\$ 348,156</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 FINANCIAL STATEMENTS

NOTE 8 RISK MANAGEMENT

The Township self-insures an unemployment compensation program. Amounts are paid to the state as claims are filed. The Township paid \$8,813 in claims for the year ended December 31, 2021.

NOTE 9 DEFINED BENEFIT PENSION PLAN – POLICE PENSION PLAN

Summary of Significant Accounting Policies

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

Plan Description and Administration

The Haverford Township Police Pension Plan ("the 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, 2021, plan membership consisted of the following:

Active employees	64
Retirees and beneficiaries currently receiving benefits	101
Vested terminated members	<u>1</u>
TOTAL	<u><u>166</u></u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Benefits

The following is a summary of the plan benefit provisions:

Eligibility Requirements:

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

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

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 eight years, spouse receives 100 percent of benefit for remainder of eight years, then benefit is reduced to 50 percent.

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

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

Act 44 Deferred Retirement Option Program – An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 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

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,

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

and a credit equal to 10 percent of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The Commonwealth provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

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

In 2021, the MMO obligation for the Plan was \$3,784,770, 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 Commissioners and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement, which is revised periodically, provides more comprehensive details on investment strategy and authorized investments.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	49.00%	4.40%
International equities	21.00%	5.73%
Fixed income	27.00%	-1.22%
Cash	3.00%	-0.38%
 Total Net Blended Return		 3.44%*

* - Excludes 2.21% inflation assumption

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	39.00%	5.10%
International equity	15.00%	4.80%
Emerging markets	6.00%	5.42%
Core fixed income	20.00%	1.40%
Intermediate investment grade corp.	10.00%	1.40%
High yield	5.00%	2.50%
Emerging debt	5.00%	2.40%
Cash	0.00%	-0.30%
 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 in the Plan's target asset allocation as of December 31, 2021 are presented in the previous tables.

Concentrations

As of December 31, 2021, 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, 2021, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 11.32 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Discount Rate

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

Net Pension Liability of the Township

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

Total pension liability	\$ 69,033,008
Fiduciary net position	<u>(56,687,125)</u>
Net pension liability	<u>\$ 12,345,883</u>
Plan fiduciary net position as a percentage of the total pension liability	82.12%

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

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2020	<u>\$ 61,462,299</u>	<u>\$ 50,554,771</u>	<u>\$ 10,907,528</u>
Changes for the year:			
Service cost	1,198,594	-	1,198,594
Interest on total pension liability	4,946,540	-	4,946,540
Changes in assumptions	5,305,493	-	5,305,493
Differences between expected and actual experience	(145,123)	-	(145,123)
Contributions - employer	-	3,784,770	(3,784,770)
Contributions - employee	-	413,565	(413,565)
Net investment income	-	5,691,964	(5,691,964)
Benefit payments	(3,734,795)	(3,734,795)	-
Administrative expenses	-	(23,150)	23,150
Net changes	<u>7,570,709</u>	<u>6,132,354</u>	<u>1,438,355</u>
Balance at December 31, 2021	<u>\$ 69,033,008</u>	<u>\$ 56,687,125</u>	<u>\$ 12,345,883</u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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 percent, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability	\$ 20,082,071	\$ 12,345,883	\$ 5,840,353

Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended December 31, 2021, the Township recognized pension expense of \$2,716,099. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 198
Changes in assumptions	5,278,761	-
Difference between actual and projected investment returns	-	3,968,596
Total Deferred Outflows and Inflows	\$ 5,278,761	\$ 3,968,794

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

Year Ended December 31,

2022	\$ 893,607
2023	(165,473)
2024	68,400
2025	513,433
	\$ 1,309,967

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2021. Update procedures were used to roll forward to the Plan's fiscal year ended December 31, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	9 Years
Asset Valuation Method	Market value
Assumptions:	
Inflation	2.25 percent
Salary increases	5.25 percent
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Changes in Actuarial Assumptions

In 2021, the interest rate assumption was lowered from 8.0 percent to 7.5 percent per annum, and the mortality assumption was changed from the BC RP-2000 projected to 2017 using Scale AA to PubS-2010 projected 5 years past the valuation date with Scale MP-2020. Benefit Changes – In 2015, the 75 percent of salary COLA cap was eliminated for actives and inactive, and the Killed in Service Benefit was removed.

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

Deferred Retirement Option Plan

As of December 31, 2021, there were six members participating in the DROP with a total DROP account balance of \$483,856.

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

Summary of Significant Accounting Policies

Non-Uniformed Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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, 2021, plan membership consisted of the following:

Active employees	67
Retirees and beneficiaries currently receiving benefits	100
Vested terminated members	<u>9</u>
TOTAL	<u>176</u>

Benefits

The following is a summary of the plan benefit provisions:

Eligibility Requirements:

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

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Disability Benefit (Nonservice Related) – 70 percent of regular wages at date of disability, of which 30 percent will be paid through the pension and 40 percent will be paid through the Township's long-term disability policy. The maximum duration of the 70 percent benefit is until age 65. If the non-probationary employee has reached 65, the 40 percent benefit paid from the long-term disability policy will only be paid for the maximum months of disability as follows:

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

Postretirement Adjustments – None

Contributions

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

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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

In 2021, the MMO obligation for the Plan was \$1,970,764, 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 Commissioners and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement, which is revised periodically, provides more comprehensive details on investment strategy and authorized investments.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	49.00%	4.40%
International equities	21.00%	5.73%
Fixed income	27.00%	-1.22%
Cash	3.00%	-0.38%
 Total Net Blended Return		 3.44%*

* - Excludes 2.21% inflation assumption

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

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	39.00%	5.10%
International equity	15.00%	4.80%
Emerging markets	6.00%	5.42%
Core fixed income	20.00%	1.40%
Intermediate investment grade corp.	10.00%	1.40%
High yield	5.00%	2.50%
Emerging debt	5.00%	2.40%
Cash	0.00%	-0.30%
 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 in the Plan's target asset allocation as of December 31, 2021 are presented in the previous tables.

Concentrations

As of December 31, 2021, 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, 2021, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 11.37 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate is based on the long-term expected rate of return on plan investments that is expected to be used to finance the payments of benefits. The Plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania Act 205 of 1984. Pennsylvania Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100 percent funded status.

Net Pension Liability of the Township

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

Total pension liability	\$ 47,730,371
Fiduciary net position	(42,200,088)
Net pension liability	<u>\$ 5,530,283</u>
Plan fiduciary net position as a percentage of the total pension liability	88.41%

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

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2020	<u>\$ 41,610,911</u>	<u>\$ 33,750,295</u>	<u>\$ 3,227,632</u>
Changes for the year:			
Service cost	581,399	-	581,399
Interest on total pension liability	3,425,696	-	3,425,696
Changes in assumptions	3,680,735	-	3,680,735
Differences between expected and actual experience	1,174,161	-	1,174,161
Contributions - employer	-	1,970,764	(1,970,764)
Contributions - employee	-	244,705	(244,705)
Net investment loss	-	4,368,921	(4,368,921)
Benefit payments	(2,742,531)	(2,742,531)	-
Administrative expenses	-	(25,050)	25,050
Net changes	<u>6,119,460</u>	<u>3,816,809</u>	<u>2,302,651</u>
Balance at December 31, 2021	<u>\$ 47,730,371</u>	<u>\$ 42,200,088</u>	<u>\$ 5,530,283</u>

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

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 percent, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net pension liability	\$ 10,647,765	\$ 5,530,283	\$ 1,141,552

Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended December 31, 2021, the Township recognized pension expense of \$1,258,764. At December 31, 2021, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between actual and expected experience	\$ 456,366	\$ -
Changes in assumptions	2,713,073	-
Difference between actual and projected investment returns	-	3,123,597
Total Deferred Outflows and Inflows	\$ 3,169,439	\$ 3,123,597

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

Year Ended December 31,

2022	\$ 705,670
2023	83,753
2024	(434,014)
2025	(309,567)
	\$ 45,842

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2021. Update procedures were used to roll forward to the Plan's fiscal year ended December 31, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar
Remaining Amortization Period	9 Years
Asset Valuation Method	Market value
Assumptions:	
Inflation	2.25 percent
Salary increases	5.00 percent
Investment rate of return	7.5 percent, net of pension plan investment

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

Changes in Actuarial Assumptions

In 2021, the interest rate assumption was lowered from 8.0 percent to 7.5 percent per annum, and the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to PubG-2010 projected 5 years past the valuation date with Scale MP-2020.

NOTE 11 NON-UNIFORMED DEFINED CONTRIBUTION PENSION PLAN

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

Under the plan, the employer and employee contributions are negotiated through labor contracts. For 2021, both the employer and employee contribution rate was 3.5 percent of the employee's total compensation. Covered employees are fully vested in employer contributions after five years of service.

This plan was established effective January 1, 2011. Any person who became an eligible employee after January 1, 2011 would become a member on the last day of the plan year coincident with or next following completion of one-half year of service. For the year ended

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 11 NON-UNIFORMED DEFINED CONTRIBUTION PENSION PLAN (cont'd)

December 31, 2021, Township contributions of \$90,000 and employee contributions of \$101,131 were made to this plan.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

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

Contributions

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

Except in cases of retired civilians participating in COBRA or spouses of eligible retired civilians, retirees are not required to make contributions to either plan. The contribution requirements of plan members have been established and may be amended through Civilian and Police Labor Contracts.

Funding Policy

The Township has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of Supervisors. For fiscal year 2021, the Township paid \$1,271,332 to plan members eligible for receiving benefits.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Participants

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

Valuation Date

The total OPEB liability was determined as part of the bi-annual actuarial valuation as of December 31, 2020 and dated March 25, 2021. Update procedures were used to roll forward the total OPEB liability to the December 31, 2021 measurement date.

Discount Rate

The discount rate was 2.06 percent based on the Bond Buyer 20-year General Obligation Index at December 31, 2021, a decrease from the prior measurement date (2.12 percent).

Salary Increase Rate

The salary increase rate is 3.0 percent per annum.

Medical Consumer Price Index Trend

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

Inflation Rate

The inflation rate is 3.0 percent per annum.

Marriage Rate

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

Spouse Age

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

Medicare Eligibility

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

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Actuarial Cost Method

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

Amortization Method

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

Plan Participation Percentage

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

Mortality Rates

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

Disabled Mortality Rates

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

Healthcare Cost Trend Rate

The healthcare cost trend assumptions are used to project the cost of healthcare in future years. The following annual trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced 0.5 percent each year until reaching the ultimate trend rate.

<u>Expense Type</u>	<u>Select</u>	<u>Ultimate</u>
Pre-Medicare medical and Rx benefits	6.0%	4.5%
Medicare benefits	5.0%	4.5%
Stop loss fees	6.0%	4.5%
Administrative fees	4.5%	4.5%
Dental	4.0%	4.0%
Vision	3.0%	3.0%

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Per Capita Health Claim Cost

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

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

Non-claim Expenses

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

Age-based Morbidity

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

Termination

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

Retirement

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

Valuation of Excise Tax

A retiree pre-65 plan cost is projected at healthcare cost trend and compared to the excise tax cost threshold beginning in 2022 and continuing thereafter. On December 18, 2015, a bill was signed delaying the excise tax for two years. On January 22, 2018, a bill was signed delaying the implementation for an additional two years. The threshold is assumed to increase at health

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

CPI trend each year. The Township will be liable for 40 percent of the difference between plan costs and the cost threshold, when the plan costs are greater than the cost threshold. Excise tax is not applied to Medicare retiree coverage.

Excise Tax Thresholds

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

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

Participant Data

Participant data is based on census information as of March 25, 2021. The data is believed to be representative of the population for the 2020 year.

Sensitivity Analysis

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

	1% Decrease 1.06%	Current Discount Rate 2.06%	1% Increase 3.06%
Net OPEB liability	\$ 68,138,000	\$ 56,601,468	\$ 47,729,000

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

	1% Decrease	Current Healthcare Rate	1% Increase
Net OPEB liability	\$ 46,636,000	\$ 56,601,468	\$ 69,803,000

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

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

Changes in Total OPEB Liability

Total OPEB liability as of January 1, 2021	\$ 54,442,472
Service cost	1,916,825
Interest cost	1,178,539
Effect of assumption changes or inputs	599,336
Benefit payments	<u>(1,535,704)</u>
 Total OPEB liability as of December 31, 2021	 <u>\$ 56,601,468</u>

The amount of OPEB expense recognized by the Township was \$2,860,906 for the year ended December 31, 2021. At December 31, 2020, the Township reported \$12,031,283 in deferred inflows of resources and \$9,995,579 in deferred outflows of resources relating to actuarial changes in assumptions and differences between expected and actual experience.

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

Year Ending December 31,

2022	\$ (234,458)
2023	(234,458)
2024	(234,458)
2025	(234,458)
2026	(234,458)
Thereafter	<u>(863,414)</u>
	 <u>\$ (2,035,704)</u>

NOTE 13 HAVERFORD TOWNSHIP FREE LIBRARY REVENUES

The Haverford Township Free Library ("the Library") is considered a component unit of the Township. The majority of the Library Board is officially appointed by the Township Board of Commissioners. The Library receives a substantial amount of its support from the Township. During 2021, the contributions from the Township totaled \$1,236,929. A significant reduction in the level of this support, if this were to occur, may have an effect on the Library's programs and activities. In addition, the Township allows the Library free use of the building that houses the Library. The estimated value of the rental expense and other related expenses amounted to \$300,000 for the year ended December 31, 2021.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 14 COMMITMENTS

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

	Total Amount of Contracts	Paid/Accrued (Completed) as of 12/31/21	Commitment
Totals	\$ 2,404,005	\$ 402,208	\$ 2,001,797

In September 2014, the Township verbally committed to provide \$7,250,000 (which includes \$500,000 in matching grant funds) in future funding for a large-scale renovation project of the Library. This is a pending project put on temporary hold as the Board of Commissioners performs its due diligence regarding an alternate site. As of December 31, 2021, the Township has paid \$678,332 of the total committed amount.

In addition, the Township has incurred costs in the amount of \$1,333,905 not under formal commitments as of December 31, 2021.

NOTE 15 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 16 SUBSEQUENT EVENTS

In January 2022, the Township authorized and entered into a contract to purchase four 2022 Chevrolet Tahoe police vehicles in the amount of \$166,000.

In February 2022, the Township authorized and entered into several purchase agreements as follows: in the amount of \$91,833 for a 2023 International cab/chassis HV507 full-size dump truck (corrected in April 2022); in the amount of \$79,985 for a stainless steel dump body for said cab/chassis with plow and spreader; in the amount of \$93,463 for a 2023 international cab/chassis forestry truck; in the amount of \$52,537 for a body for said forestry truck cab/chassis; and in the amount of \$74,526 for a brush Bandit drum-Style Chipper.

TOWNSHIP OF HAVERFORD
NOTES TO FINANCIAL STATEMENTS

NOTE 16 SUBSEQUENT EVENTS (cont'd)

In February 2022, the Township authorized and entered into a purchase agreement for a server related to our information technology efforts in the amount of \$29,837.

In March 2022, the Township authorized and entered into several purchase agreements as follows: in the amount of \$93,664 for a Leach 20 yd recycling body; in the amount of \$107,983 for an international truck bases chassis rear leader; in the amount of \$80,500 for a 25 yd leaf collector; and in the amount of \$24,000 for 1,000 recycling containers. These purchases will be submitted for reimbursement in accordance with program parameters of the Commonwealth of Pennsylvania's Department of Environmental Protection Act 902 grant program. Additionally, the Township authorized and entered into other purchases agreements as follows: in the amount of \$16,499 for playground equipment at Powder Mill Park; in the amount of \$22,719 for LED lights to be installed in the Community Recreation and Environmental Center; and in the amount of \$30,067 for host servers related to our information technology efforts. Additionally, the Township authorized and entered into two construction contracts as follows: in the amount of \$329,289 for Haverford Road/Hathaway Lane Pedestrian Improvements and another in the amount of \$110,214 for Llanerch Park ADA Pedestrian Access Improvements. Both of these construction contracts to be funded with Community Development Block Grant monies.

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

The Township has evaluated all subsequent events through June 24, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**TOWNSHIP OF HAVERFORD
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original	Final	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 26,393,863	\$ 26,393,863	\$ 26,551,295	\$ 157,432
Transfer	1,225,000	1,225,000	2,645,440	1,420,440
Business privilege	1,085,000	1,092,000	1,386,759	294,759
Mercantile	716,875	716,875	925,929	209,054
Local services	600,000	600,000	650,652	50,652
Licenses and permits	2,275,500	2,275,500	2,649,078	373,578
Fines and forfeits	180,000	180,000	170,565	(9,435)
Interest and rent	735,617	735,617	686,045	(49,572)
Intergovernmental revenues	3,005,542	3,056,642	3,136,565	79,923
Charges for services	6,567,296	6,959,196	7,377,099	417,903
Other	1,167,305	1,167,305	1,631,911	464,606
TOTAL REVENUES	<u>43,951,998</u>	<u>44,401,998</u>	<u>47,811,338</u>	<u>3,409,340</u>
EXPENDITURES				
Current:				
General government	3,653,226	3,660,226	3,820,350	(160,124)
Public safety	20,629,469	21,013,469	20,879,577	133,892
Public works - sanitation	5,169,346	5,104,346	4,683,955	420,391
Public works - highways and streets	5,543,730	5,608,730	5,195,819	412,911
Culture and recreation	7,293,944	7,352,944	5,449,897	1,903,047
Community development	524,962	524,962	454,332	70,630
Debt service:				
Principal	2,430,000	2,430,000	1,920,000	510,000
Interest	2,215,223	2,215,223	1,633,269	581,954
TOTAL EXPENDITURES	<u>47,459,900</u>	<u>47,909,900</u>	<u>44,037,199</u>	<u>3,872,701</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,507,902)</u>	<u>(3,507,902)</u>	<u>3,774,139</u>	<u>7,282,041</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	600,000	600,000	600,000	-
Interfund transfers out	-	-	(1,285,913)	(1,285,913)
TOTAL OTHER FINANCING SOURCES	<u>600,000</u>	<u>600,000</u>	<u>(685,913)</u>	<u>(1,285,913)</u>
NET CHANGE IN FUND BALANCE	(2,907,902)	(2,907,902)	3,088,226	5,996,128
FUND BALANCE, BEGINNING OF YEAR	<u>25,699,912</u>	<u>25,699,912</u>	<u>25,699,912</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 22,792,010</u>	<u>\$ 22,792,010</u>	<u>\$ 28,788,138</u>	<u>\$ 5,996,128</u>

**TOWNSHIP OF HAVERFORD
REQUIRED SUPPLEMENTARY INFORMATION**

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

	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY								
Service cost	\$ 1,198,594	\$ 1,164,250	\$ 1,106,176	\$1,025,340	\$974,195	\$996,981	\$ 947,250	\$ 931,127
Interest on total pension liability	4,946,540	4,671,578	4,483,236	4,200,223	4,011,524	3,729,984	3,551,888	3,377,023
Changes of benefit terms	-	-	-	-	-	-	(24,282)	-
Differences between expected and actual experience	(145,123)	-	296,584	-	1,011,784	-	(515,826)	-
Changes in assumptions	5,305,493	-	2,752,212	-	129,008	-	1,836,891	-
Benefit payments, including refunds of member contributions	(3,734,795)	(3,207,999)	(3,378,437)	(3,074,633)	(2,424,566)	(2,440,176)	(2,340,070)	(2,255,036)
Net change in total pension liability	<u>7,570,709</u>	<u>2,627,829</u>	<u>5,259,771</u>	<u>2,150,930</u>	<u>3,701,945</u>	<u>2,286,789</u>	<u>3,455,851</u>	<u>2,053,114</u>
Total pension liability, beginning	61,462,299	58,834,470	53,574,699	51,423,769	47,721,824	45,435,035	41,979,184	39,926,070
Total pension liability, ending (a)	<u>\$ 69,033,008</u>	<u>\$ 61,462,299</u>	<u>\$ 58,834,470</u>	<u>\$53,574,699</u>	<u>\$51,423,769</u>	<u>\$47,721,824</u>	<u>\$ 45,435,035</u>	<u>\$ 41,979,184</u>
FIDUCIARY NET POSITION								
Employer contributions	\$ 3,784,770	\$ 3,775,794	\$ 3,465,636	\$3,472,178	\$3,121,717	\$3,113,035	\$ 2,859,475	\$ 2,819,919
Member contributions	413,565	395,575	388,396	378,102	360,674	357,193	363,562	340,793
Investment income (loss) of pension investments, net of investment expenses	5,691,964	6,439,000	6,791,947	(1,961,844)	4,500,380	1,883,126	(143,613)	1,606,146
Benefit payments, including refunds of member contributions	(3,734,795)	(3,207,999)	(3,378,437)	(3,074,633)	(2,424,566)	(2,440,176)	(2,340,070)	(2,255,036)
Administrative expense	(23,150)	(15,403)	(23,590)	(12,199)	(24,202)	(7,835)	(28,635)	(13,194)
Net change in fiduciary net position	<u>6,132,354</u>	<u>7,386,967</u>	<u>7,243,952</u>	<u>(1,198,396)</u>	<u>5,534,003</u>	<u>2,905,343</u>	<u>710,719</u>	<u>2,498,628</u>
Fiduciary net position, beginning	50,554,771	43,167,804	35,923,852	37,122,248	31,588,245	28,682,902	27,972,183	25,473,555
Fiduciary net position, ending (b)	<u>\$ 56,687,125</u>	<u>\$ 50,554,771</u>	<u>\$ 43,167,804</u>	<u>\$35,923,852</u>	<u>\$37,122,248</u>	<u>\$31,588,245</u>	<u>\$ 28,682,902</u>	<u>\$ 27,972,183</u>
Net pension liability [(a) - (b)]	<u>\$ 12,345,883</u>	<u>\$ 10,907,528</u>	<u>\$ 15,666,666</u>	<u>\$17,650,847</u>	<u>\$14,301,521</u>	<u>\$16,133,579</u>	<u>\$ 16,752,133</u>	<u>\$ 14,007,001</u>
Plan fiduciary net position as a percentage of the total pension liability	82.12%	82.25%	73.37%	67.05%	72.19%	66.19%	63.13%	66.63%
Covered payroll	\$ 7,746,858	\$ 7,656,098	\$ 7,165,068	\$7,238,232	\$6,915,142	\$6,819,296	\$ 6,888,822	\$ 6,468,876
Net pension liability as a percentage of covered payroll	159.37%	142.47%	218.65%	243.86%	206.81%	236.59%	243.18%	216.53%
Annual money-weighted return, net of investment expenses	11.32%	14.96%	19.14%	-5.28%	14.25%	6.57%	-0.62%	6.27%

Note on Cumulative Information

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

**TOWNSHIP OF HAVERFORD
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 3,784,770	\$ 3,775,794	\$ 3,465,636	\$ 3,472,178	\$ 3,121,717	\$ 3,113,035	\$ 2,859,475	\$ 2,819,919
Contributions in relation to the actuarially determined contribution	3,784,770	3,775,794	3,465,636	3,472,178	3,121,717	3,113,035	2,859,475	2,819,919
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 7,746,858	\$ 7,656,098	\$ 7,165,068	\$ 7,238,232	\$ 6,915,142	\$ 6,819,296	\$ 6,888,822	\$ 6,468,876
Contribution as a percentage of covered employee payroll	48.86%	49.32%	48.37%	48.46%	45.14%	45.02%	41.51%	43.59%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION PLAN

Actuarial Methods and Significant Assumptions

Valuation date	January 1, 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	5.25%
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 slace 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 Scale 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.

**TOWNSHIP OF HAVERFORD
REQUIRED SUPPLEMENTARY INFORMATION**

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

	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY								
Service cost	\$ 581,399	\$ 593,671	\$ 565,401	\$ 594,716	\$ 565,051	\$ 618,957	\$ 588,083	\$ 657,312
Interest on total pension liability	3,425,696	3,177,980	3,077,205	3,111,288	2,974,719	2,883,564	2,750,337	2,601,424
Differences between expected and actual experience	1,174,161	-	(1,562,039)	-	(618,019)	-	(354,668)	-
Changes in assumptions	3,680,735	-	757,853	-	118,492	-	1,492,372	-
Benefit payments, including refunds of member contributions	(2,742,531)	(2,583,634)	(2,238,747)	(2,001,287)	(1,826,831)	(1,861,536)	(1,647,297)	(1,542,261)
Net change in total pension liability	<u>6,119,460</u>	<u>1,188,017</u>	<u>599,673</u>	<u>1,704,717</u>	<u>1,213,412</u>	<u>1,640,985</u>	<u>2,828,827</u>	<u>1,716,475</u>
Total pension liability, beginning	41,610,911	40,422,894	39,823,221	38,118,504	36,905,092	35,264,107	32,435,280	30,718,805
Total pension liability, ending (a)	<u>\$ 47,730,371</u>	<u>\$ 41,610,911</u>	<u>\$ 40,422,894</u>	<u>\$ 39,823,221</u>	<u>\$ 38,118,504</u>	<u>\$ 36,905,092</u>	<u>\$ 35,264,107</u>	<u>\$ 32,435,280</u>
FIDUCIARY NET POSITION								
Employer contributions	\$ 1,970,764	\$ 1,990,647	\$ 1,997,083	\$ 1,995,152	\$ 1,606,054	\$ 1,617,081	\$ 1,508,073	\$ 1,515,034
Member contributions	244,705	243,731	267,502	267,859	265,277	280,513	282,347	299,084
Investment income (loss) of pension investments, net of investment expenses	4,368,921	4,996,443	5,424,087	(1,603,755)	3,750,278	1,607,488	(132,267)	1,378,721
Benefit payments, including refunds of member contributions	(2,742,531)	(2,583,634)	(2,238,747)	(2,001,287)	(1,826,831)	(1,861,536)	(1,647,297)	(1,542,261)
Administrative expense	(25,050)	(14,203)	(25,490)	(13,099)	(26,902)	(7,835)	(31,435)	(12,794)
Net change in fiduciary net position	<u>3,816,809</u>	<u>4,632,984</u>	<u>5,424,435</u>	<u>(1,355,130)</u>	<u>3,767,876</u>	<u>1,635,711</u>	<u>(20,579)</u>	<u>1,637,784</u>
Fiduciary net position, beginning	38,383,279	33,750,295	28,325,860	29,680,990	25,913,114	24,277,403	24,297,982	22,660,198
Fiduciary net position, ending (b)	<u>\$ 42,200,088</u>	<u>\$ 38,383,279</u>	<u>\$ 33,750,295</u>	<u>\$ 28,325,860</u>	<u>\$ 29,680,990</u>	<u>\$ 25,913,114</u>	<u>\$ 24,277,403</u>	<u>\$ 24,297,982</u>
Net pension liability [(a) - (b)]	<u>\$ 5,530,283</u>	<u>\$ 3,227,632</u>	<u>\$ 6,672,599</u>	<u>\$ 11,497,361</u>	<u>\$ 8,437,514</u>	<u>\$ 10,991,978</u>	<u>\$ 10,986,704</u>	<u>\$ 8,137,298</u>
Plan fiduciary net position as a percentage of the total pension liability	88.41%	92.24%	83.49%	71.13%	77.87%	70.22%	68.84%	74.91%
Covered payroll	\$ 5,205,680	\$ 5,959,544	\$ 6,116,834	\$ 6,077,096	\$ 6,529,110	\$ 6,764,196	\$ 7,400,260	\$ 7,547,780
Net pension liability as a percentage of covered payroll	106.24%	54.16%	109.09%	189.19%	129.23%	162.50%	148.46%	107.81%
Annual money-weighted return, net of investment expenses	11.37%	14.80%	19.15%	-5.40%	14.47%	6.62%	-0.56%	6.21%

Note on Cumulative Information

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

**TOWNSHIP OF HAVERFORD
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF EMPLOYER CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,970,764	\$ 1,990,647	\$ 1,997,083	\$ 1,995,152	\$ 1,606,054	\$ 1,617,081	\$ 1,508,073	\$ 1,515,034
Contributions in relation to the actuarially determined contribution	1,970,764	1,990,647	1,997,083	1,995,152	1,606,054	1,617,081	1,508,073	1,515,034
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 5,205,680	\$ 5,959,544	\$ 6,116,834	\$ 6,077,096	\$ 6,529,110	\$ 6,529,110	\$ 6,764,196	\$ 7,547,780
Contribution as a percentage of covered employee payroll	37.86%	33.40%	32.65%	32.83%	24.60%	24.77%	22.29%	20.07%

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

Actuarial Methods and Significant Assumptions

Valuation date	January 1, 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 Change - In 2015, the mortality assumption was changed from the RP-2000 Table to the 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 scale assumption was lowered from 5.50% to 5.25%. In 2017, the mortality assumption was changed from the RP-2000 Table projected to 2015 to the RP-2000 Table projected to 2017 using Scale AA. In 2019, the interest rate assumption was lowered from 8.25% to 8.00% per annum, and the salary scale assumption was lowered from 5.25% to 5.00%. In 2021, the interest rate assumption was lowered from 8.0% to 7.5% per annum, and the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to PubG-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 of service was added to the plan.

Note on Cumulative Information

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

**TOWNSHIP OF HAVERFORD
REQUIRED SUPPLEMENTARY INFORMATION**

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

	2021	2020	2019	2018
TOTAL OPEB LIABILITY				
Service cost	\$ 1,916,825	\$ 1,690,166	\$ 1,337,078	\$ 1,284,417
Interest on total OPEB liability	1,178,539	1,734,900	1,970,244	1,782,705
Difference between expected and actual experience	-	(10,165,877)	-	-
Change of assumptions	599,336	187,302	12,783,876	(5,869,422)
Benefit payments	<u>(1,535,704)</u>	<u>(1,262,748)</u>	<u>(1,100,228)</u>	<u>(936,352)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	2,158,996	(7,816,257)	14,990,970	(3,738,652)
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	<u>54,442,472</u>	<u>62,258,729</u>	<u>47,267,759</u>	<u>51,006,411</u>
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 56,601,468</u>	<u>\$ 54,442,472</u>	<u>\$ 62,258,729</u>	<u>\$ 47,267,759</u>
PLAN FIDUCIARY NET POSITION				
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOWNSHIP'S NET OPEB LIABILITY	<u>\$ 56,601,468</u>	<u>\$ 54,442,472</u>	<u>\$ 62,258,729</u>	<u>\$ 47,267,759</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 12,952,538	\$ 13,615,642	\$ 13,281,902	\$ 13,315,328
Township's net OPEB liability as a percentage of covered payroll	436.99%	399.85%	468.75%	354.99%
Expected average remaining service years of all participants	13.8	13.8	11	11

Note on Cumulative Information

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

**TOWNSHIP OF HAVERFORD
REQUIRED SUPPLEMENTARY INFORMATION**

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

Valuation Date: December 31, 2020

Actuarial Methods and Significant Assumptions

Actuarial cost method	Entry age
Asset valuation method	Market Value
Discount rate	2.06%
Projected salary increases	3.00%
Inflation	3.00%
Mortality	Pub-2010 mortality table with generational scale MP-2019
Healthcare trend rates	Pre-Medicare Trend Rate: Select 5.5%, Ultimate 4.5%
	Post-Medicare Trend Rate: Select 4.5%, Ultimate 4.5%

SUPPLEMENTARY INFORMATION

**TOWNSHIP OF HAVERFORD
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2021**

	Special Revenue Funds		Total Other Governmental Funds
	Community Development Fund	HOME Program Fund	
ASSETS			
Cash and cash equivalents	\$ 3,220	\$ -	\$ 3,220
Accounts receivable	35,552	-	35,552
TOTAL ASSETS	\$ 38,772	\$ -	\$ 38,772
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued expenses	\$ 35,552	\$ -	\$ 35,552
TOTAL LIABILITIES	35,552	-	35,552
FUND BALANCE			
Restricted:			
Community development	3,220	-	3,220
TOTAL FUND BALANCE	3,220	-	3,220
TOTAL LIABILITIES AND FUND BALANCE	\$ 38,772	\$ -	\$ 38,772

**TOWNSHIP OF HAVERFORD
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Special Revenue Funds</u>		Total Other Governmental Funds
	<u>Community Development Fund</u>	<u>HOME Program Fund</u>	
REVENUES			
Intergovernmental revenues	\$ 669,842	\$ -	\$ 669,842
Other	75,625	-	75,625
TOTAL REVENUES	<u>745,467</u>	<u>-</u>	<u>745,467</u>
EXPENDITURES			
Community development	618,372	-	618,372
TOTAL EXPENDITURES	<u>618,372</u>	<u>-</u>	<u>618,372</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>127,095</u>	<u>-</u>	<u>127,095</u>
OTHER FINANCING USES			
Transfers in	695	-	695
Transfers out	(147,520)	(695)	(148,215)
TOTAL OTHER FINANCING USES	<u>(146,825)</u>	<u>(695)</u>	<u>(147,520)</u>
NET CHANGE IN FUND BALANCES	(19,730)	(695)	(20,425)
FUND BALANCE, BEGINNING OF YEAR	<u>22,950</u>	<u>695</u>	<u>23,645</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,220</u>	<u>\$ -</u>	<u>\$ 3,220</u>

**TOWNSHIP OF HAVERFORD
COMBINING STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
DECEMBER 31, 2021**

	Pension Trust Funds			Total Pension Funds	Custodial Funds		Total Custodial Funds
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund		Merry Place Fund	Access Equipment Fund	
ASSETS							
Cash and cash equivalents	\$ 1,508,105	\$ 2,963,120	\$ 37,945	\$ 4,509,170	\$ 62,158	\$ 39,782	\$ 101,940
Investments	40,691,983	53,724,005	911,808	95,327,796	-	-	-
Members' contributions receivable	-	-	1,289	1,289	-	-	-
TOTAL ASSETS	<u>\$ 42,200,088</u>	<u>\$ 56,687,125</u>	<u>\$ 951,042</u>	<u>\$ 99,838,255</u>	<u>\$ 62,158</u>	<u>\$ 39,782</u>	<u>\$ 101,940</u>
LIABILITIES AND NET POSITION							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION							
Restricted for park improvements	-	-	-	-	62,158	-	62,158
Restricted for cable access enhancements	-	-	-	-	-	39,782	39,782
Held in trust for pension benefits	42,200,088	56,687,125	951,042	99,838,255	-	-	-
TOTAL NET POSITION	<u>42,200,088</u>	<u>56,687,125</u>	<u>951,042</u>	<u>99,838,255</u>	<u>62,158</u>	<u>39,782</u>	<u>101,940</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 42,200,088</u>	<u>\$ 56,687,125</u>	<u>\$ 951,042</u>	<u>\$ 99,838,255</u>	<u>\$ 62,158</u>	<u>\$ 39,782</u>	<u>\$ 101,940</u>

TOWNSHIP OF HAVERFORD
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Pension Trust Funds			Total Pension Funds	Custodial Funds		Total Custodial Funds
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund		Merry Place Fund	Access Equipment Fund	
ADDITIONS							
Contributions:							
Employer contributions	\$ 1,556,817	\$ 2,989,802	\$ 90,000	\$ 4,636,619	\$ -	\$ -	\$ -
Member contributions	244,705	413,565	101,131	759,401	-	-	-
Private contributions	-	-	-	-	600	5,196	5,796
Commonwealth of Pennsylvania	413,947	794,968	-	1,208,915	-	-	-
Total Contributions	<u>2,215,469</u>	<u>4,198,335</u>	<u>191,131</u>	<u>6,604,935</u>	<u>600</u>	<u>5,196</u>	<u>5,796</u>
Investment Income:							
Net realized/unrealized gain on investments	3,612,523	4,698,462	69,564	8,380,549	-	-	-
Interest and dividends	862,265	1,124,778	19,083	2,006,126	14	8	22
Investment expenses	(105,867)	(131,276)	(3,308)	(240,451)	-	-	-
Net Investment Income	<u>4,368,921</u>	<u>5,691,964</u>	<u>85,339</u>	<u>10,146,224</u>	<u>14</u>	<u>8</u>	<u>22</u>
TOTAL ADDITIONS	<u>6,584,390</u>	<u>9,890,299</u>	<u>276,470</u>	<u>16,751,159</u>	<u>614</u>	<u>5,204</u>	<u>5,818</u>
DEDUCTIONS							
Cable access enhancements	-	-	-	-	-	390	390
Employee benefit payments	2,742,531	3,422,809	-	6,165,340	-	-	-
Administrative expenses	18,400	16,500	4,300	39,200	-	-	-
Insurance	6,650	6,650	-	13,300	-	-	-
Return of member contributions	-	311,986	107,690	419,676	-	-	-
TOTAL DEDUCTIONS	<u>2,767,581</u>	<u>3,757,945</u>	<u>111,990</u>	<u>6,637,516</u>	<u>-</u>	<u>390</u>	<u>390</u>
CHANGE IN FIDUCIARY NET POSITION	3,816,809	6,132,354	164,480	10,113,643	614	4,814	5,428
NET POSITION, BEGINNING OF YEAR	<u>38,383,279</u>	<u>50,554,771</u>	<u>786,562</u>	<u>89,724,612</u>	<u>61,544</u>	<u>34,968</u>	<u>96,512</u>
NET POSITION, END OF YEAR	<u>\$ 42,200,088</u>	<u>\$ 56,687,125</u>	<u>\$ 951,042</u>	<u>\$ 99,838,255</u>	<u>\$ 62,158</u>	<u>\$ 39,782</u>	<u>\$ 101,940</u>