

TOWNSHIP OF NORTH HUNTINGDON

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**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

**TOWNSHIP OF  
NORTH HUNTINGDON  
WESTMORELAND COUNTY, PENNSYLVANIA**

**AUDIT OF FINANCIAL STATEMENTS**

**WITH REPORT BY**

**CERTIFIED PUBLIC ACCOUNTANT**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

**TOWNSHIP OF NORTH HUNTINGDON  
WESTMORELAND COUNTY, PENNSYLVANIA**

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**TOWNSHIP OF NORTH HUNTINGDON  
WESTMORELAND COUNTY, PENNSYLVANIA**

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**Board of Commissioners  
Township of North Huntingdon**

## **Independent Auditor's Report**

### **Report on Financial Statements**

I have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of North Huntingdon as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Basis for Qualification**

The financial statements do not include the financial data for the Township's legally separate component unit – The North Huntingdon Township Municipal Authority. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the Township's primary government. Because of this departure from accounting principles generally accepted in the United States of America, the assets and deferred outflow of resources, liabilities and deferred inflow of resources, net position, revenues and expenses of the aggregate discretely presented component unit, the North Huntingdon Township Municipal Authority, as of its latest fiscal year-end April 30, 2019, would have been presented as \$55,219,528, \$4,246,828, \$50,972,900, \$10,283,108, and \$7,354,017 respectively.

### **Modified Opinion**

In my opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Township of North Huntingdon as of December 31, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Township of North Huntingdon as of December 31, 2019 and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv-x and required supplementary information on pages 50-56 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Supplementary Information***

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

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



Mark C. Turnley, CPA

July 29, 2020  
New Brighton, Pennsylvania

**TOWNSHIP OF NORTH HUNTINGDON  
WESTMORELAND COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2019**

The discussion and analysis of the Township of North Huntingdon's (Township) financial performance provides an overall review of the Township's financial activities for the fiscal year ended December 31, 2019. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2019 are as follows:

- The assets and deferred outflows of Township of North Huntingdon exceeded its liabilities and deferred inflows at the close of the year ended December 31, 2019 by \$1,681,965 (Net Position). Overall, net position decreased \$1,787,439 (52%) from December 31, 2018, primarily due to 1) the results of operations from the Township's governmental funds whose 'fund balance' decreased \$928,591 for the current calendar year, and 2) the impact of updated actuarial information received regarding the Township's pension and other post-employment benefit (OPEB) plans in conformity with Governmental Accounting Standards Board (GASB) Statements No. 68 and 75.
- Total revenues were \$15,315,665 for 2019 compared to \$14,945,830 for 2018. General revenues, which include taxes, investment earnings, and miscellaneous revenues accounted for \$12,222,819 or 80% of all revenues. Program specific revenues in the form of charges for services and grants accounted for \$3,092,846 or 20% of total revenues.
- The Township had \$17,103,104 in expenses related to governmental activities compared to \$15,414,054 in 2018. The increase in expenses is mainly related to the results from the aforementioned pension and OPEB actuarial valuations for the Township's police and non-uniform personnel, and slide repair costs incurred by the Township's public works department totaling \$619,800. The 2019 expenses were offset by the program specific charges for services and operating grants of \$3,092,846, leaving the remaining net cost of operations totaling \$14,010,258 to be covered by general revenues (primarily taxes).
- As of December 31, 2019, the combined fund balance of the Township's governmental funds totaled \$4,191,030, representing a decrease of \$928,591 (18%) over the previous calendar year. As of December 31, 2019, the Township's General Fund balance was \$3,862,405, a decrease of \$879,464 (18.5%) from calendar year 2018, mainly as a result of the aforementioned slide repair costs incurred by the Township's public works department.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis serve as an introduction to Township of North Huntingdon's basic financial statements. The Township's basic financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes other supplementary information (schedules) and required supplementary information.

**TOWNSHIP OF NORTH HUNTINGDON  
WESTMORELAND COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2019**

## **OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Government-Wide Financial Statements** are designed to provide readers with a broad overview of Township of North Huntingdon in a manner similar to a private sector business.

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

**The Statement of Activities** presents information showing how the Township's net position changed during the most recent 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 the statement for some items that will result in cash flows in future periods.

The government-wide financial statements distinguish functions of the Township that are principally supported by taxes (property and local enabling) after related charges for services and operating grants. The governmental activities of the Township include public safety, streets, culture and recreation and general administrative support.

### **Fund Financial Statements**

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. All of the funds are included in one category: governmental funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the calendar year. Such information may be useful in evaluating the Township's near-term financial requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Township's near-term financing decisions.

Both the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliations to the government-wide statements in order to facilitate this comparison between governmental funds and governmental activities.

The Township maintains individual governmental funds for financial reporting purposes. Information is presented separately in the governmental funds, Balance Sheet, and Statement of Revenues, Expenditures, and Changes in Fund Balances. The General Fund is always considered to be a major fund.

**TOWNSHIP OF NORTH HUNTINGDON  
WESTMORELAND COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Governmental Funds: (Continued)**

Non-major governmental fund information for the Liquid Fuels Fund, Light Fund, Water Fund, Fire Fund, Park Fund, and Capital Project Fund is aggregated in a single column for financial reporting purposes and is broken down in greater detail in the other supplementary information (schedules) to the financial statements.

**Fiduciary Funds**

The Township offers two pension plans for all full-time employees (police and non-uniform pension plans). Financial statements for these funds are not required to be reported as they are considered to be agent multi-employer plans held by the Pennsylvania Municipal Retirement System.

**Notes to the 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.

**Other Supplementary and Required Supplementary Information**

The Township adopts an annual appropriated budget for its General Fund, Special Revenue Funds, and Capital Projects Fund. Budgetary comparison statements have been provided for the General Fund (Exhibit G), and for the other non-major governmental funds in the other supplementary information. In addition, a combining balance sheet and a combining statement of revenues, expenditures and changes in fund balances are presented for the Township's non-major governmental funds. Lastly, the Township presents historical information related to its pension plans and post-employment benefit plan in the required supplementary information section of the audit report.

**TOWNSHIP OF NORTH HUNTINGDON  
WESTMORELAND COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2019**

**Government-Wide Financial Analysis**

A condensed version of the Statement of Net Position follows:

**TOWNSHIP OF NORTH HUNTINGDON  
Statement of Net Position  
December 31, 2019 and 2018**

|                                                                                  | <b>2019</b>          | <b>2018</b>          | <b>Increase<br/>(Decrease)</b> | <b>%<br/>Change</b> |
|----------------------------------------------------------------------------------|----------------------|----------------------|--------------------------------|---------------------|
| Current Assets                                                                   | \$ 6,449,103         | \$ 7,552,238         | \$ (1,103,135)                 | -14.6%              |
| Capital Assets                                                                   | 7,990,249            | 7,990,216            | 33                             | 0.0%                |
| <b>TOTAL ASSETS</b>                                                              | <b>\$ 14,439,352</b> | <b>\$ 15,542,454</b> | <b>\$ (1,103,102)</b>          | <b>-7.1%</b>        |
| Deferred Outflows of Resources                                                   | \$ 4,542,672         | \$ 2,781,076         | \$ 1,761,596                   | 63.3%               |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b>                       | <b>\$ 18,982,024</b> | <b>\$ 18,323,530</b> | <b>\$ 658,494</b>              | <b>3.6%</b>         |
| Current Liabilities                                                              | \$ 769,457           | \$ 1,026,039         | \$ (256,582)                   | -25.0%              |
| Long-term Liabilities                                                            | 15,728,487           | 11,061,980           | 4,666,507                      | 42.2%               |
| <b>TOTAL LIABILITIES</b>                                                         | <b>\$ 16,497,944</b> | <b>\$ 12,088,019</b> | <b>\$ 4,409,925</b>            | <b>36.5%</b>        |
| Deferred Inflows of Resources                                                    | \$ 802,115           | \$ 2,766,107         | \$ (1,963,992)                 | -71.0%              |
| Net Investment in<br>in Capital Assets                                           | \$ 7,990,249         | \$ 7,990,216         | \$ 34                          | 0.0%                |
| Restricted and Unrestricted                                                      | (6,308,284)          | (4,520,812)          | (1,787,473)                    | 39.5%               |
| <b>TOTAL NET POSITION</b>                                                        | <b>\$ 1,681,965</b>  | <b>\$ 3,469,404</b>  | <b>\$ (1,787,439)</b>          | <b>-51.5%</b>       |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLows OF RESOURCES AND<br/>NET POSITION</b> | <b>\$ 18,982,024</b> | <b>\$ 18,323,530</b> | <b>\$ 658,494</b>              | <b>3.6%</b>         |

Current assets decreased primarily in the area of cash, due to excess expenditures over revenues for the Township's governmental funds totaling \$928,591. The main decrease in current liabilities is related to a reduction in 'refundable deposits' from \$700,835 in 2018 to \$313,698 as of December 31, 2019. The increases and decreases in long-term liabilities, deferred outflows of resources, and deferred inflows of resources are directly related to 1) the updated pension actuarial valuation information received from PMRS for the current calendar year as required by GASB Statement No. 68, and 2) an OPEB actuarial information received in connection with the Township's other post-employment benefits liability as required by GASB Statement No. 75.

A portion of the Township's net position, \$263,057, represents resources that are subject to external restrictions on how they may be used. The major restrictions on net position are funding source restrictions. The remaining balance of total net position (except for net investments in capital assets) has a negative balance of \$6,571,341 as of December 31, 2019. The negative unrestricted net position is mainly the result of the net effects of the combined net pension and net OPEB liabilities previously mentioned. These liabilities as of December 31, 2019 are \$6,871,421 and \$8,415,011 respectively. At December 31, 2019, the Township reported an overall positive net position of \$1,681,965.

**TOWNSHIP OF NORTH HUNTINGDON  
WESTMORELAND COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2019**

**Government-Wide Financial Analysis (Continued)**

A condensed version of the changes in net position follows:

**TOWNSHIP OF NORTH HUNTINGDON  
Year ended December 31, 2019 and 2018  
Changes in Net Position**

|                                            | 2019                  | 2018                 | Increase<br>(Decrease) | %<br>Change    |
|--------------------------------------------|-----------------------|----------------------|------------------------|----------------|
| <b>REVENUES</b>                            |                       |                      |                        |                |
| Program Revenues:                          |                       |                      |                        |                |
| Charges for Services                       | \$ 1,148,072          | \$ 1,235,639         | \$ (87,567)            | -7.09%         |
| Grants and Contributions                   | 1,944,774             | 1,775,698            | 169,076                | 9.52%          |
| General Revenues:                          |                       |                      |                        |                |
| Property Taxes                             | 4,819,893             | 4,669,534            | 150,359                | 3.22%          |
| Local Enabling Taxes                       | 6,916,802             | 6,822,596            | 94,206                 | 1.38%          |
| Miscellaneous Revenue                      | 349,830               | 435,744              | (85,914)               | -19.72%        |
| Gain (Loss) on Sale of Fixed Assets        | 54,460                | (6,600)              | 61,060                 | -925.15%       |
| Unrestricted Investment Earnings           | 81,834                | 13,216               | 68,618                 | 519.20%        |
| <b>TOTAL REVENUES</b>                      | <b>\$ 15,315,665</b>  | <b>\$ 14,945,827</b> | <b>\$ 369,838</b>      | <b>2.47%</b>   |
| <b>EXPENSES</b>                            |                       |                      |                        |                |
| General Government                         | \$ 1,807,071          | \$ 1,765,198         | \$ 41,873              | 2.37%          |
| Public Safety                              | 8,162,920             | 7,104,742            | 1,058,178              | 14.89%         |
| Public Works                               | 6,270,436             | 5,572,855            | 697,581                | 12.52%         |
| Culture and Recreation                     | 846,650               | 934,582              | (87,932)               | -9.41%         |
| Community Development                      | 16,027                | 36,677               | (20,650)               | -56.30%        |
| <b>TOTAL EXPENSES</b>                      | <b>\$ 17,103,104</b>  | <b>\$ 15,414,054</b> | <b>\$ 1,689,050</b>    | <b>10.96%</b>  |
| <b>INCREASE (DECREASE) IN NET POSITION</b> | <b>\$ (1,787,439)</b> | <b>\$ (468,227)</b>  | <b>\$ (1,319,212)</b>  | <b>281.75%</b> |

The most significant revenues of the Township are taxes (77%), which include property taxes (31%), and local enabling taxes (45%), (principally earned income taxes). Program revenues are (20%) of the total revenue, which include charges for services (7%) and operating grants and contributions (13%).

Public safety is the most significant (48%) of all government activities expenses, followed by highways and roads (37%), general government (10%), and culture and recreation is (5%). Included in these expenses is \$597,366 of depreciation expense, which is (3.5%) of the total expenses.

**TOWNSHIP OF NORTH HUNTINGDON  
WESTMORELAND COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2019**

**Government-Wide Financial Analysis (Continued)**

**CAPITAL ASSETS**

At December 31, 2019, the Township had \$7,990,249 invested in capital assets, including land, land improvements, buildings and improvements, infrastructure, equipment and vehicles net of depreciation, and work in progress. This amount represents a net increase (including additions, deletions and depreciation) of \$33 from last year.

The Township had approximately \$610,924 in capital additions during the 2019 year, comprised of the purchase of public safety and public works equipment and vehicles, park improvements, and bathroom renovations and improvements.

A summary of the Township's capital assets net of accumulated depreciation for the past two years is as follows:

|                            | <b>2019</b>         | <b>2018</b>         | <b>INCREASE<br/>&lt;DECREASE&gt;</b> |
|----------------------------|---------------------|---------------------|--------------------------------------|
| Land                       | \$ 1,255,908        | \$ 1,255,908        | \$ -                                 |
| Land Improvements          | 232,312             | 29,100              | 203,212                              |
| Buildings and Improvements | 2,968,660           | 2,513,603           | 455,057                              |
| Machinery and Equipment    | 2,320,607           | 2,496,115           | (175,508)                            |
| Infrastructure             | 1,212,762           | 1,218,399           | (5,637)                              |
| Work in Progress           | -<br>477,091        | 477,091             | (477,091)                            |
|                            | <b>\$ 7,990,249</b> | <b>\$ 7,990,216</b> | <b>\$ 33</b>                         |

**GOVERNMENTAL FINANCIAL ANALYSIS**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. *The General Fund* is the primary fund utilized by the Township to account for most service and departmental expenditures. Therefore, its performance is essential to the financial well-being of the Township. Outlined below are the significant events that occurred in 2019 with respect to the General Fund.

**General Fund Revenues (Budgetary Basis)**

In 2019, revenues in the General Fund were stronger than projected. \$13,220,202 was received in the General Fund, which is \$654,132 more than projected. Earned income and deed transfer tax revenues were the main revenue streams that exceeded budget projections by \$678,989.

**General Fund Expenditures (Budgetary Basis)**

In general, all expenditure categories in the General Fund came in under the 2019 budget with the exception of unallocated health insurance and pension expense totaling approximately \$121,414 over budget. Total budgeted expenditures for 2019 was \$14,920,445 compared to actual expenditures of \$14,099,666, a difference of \$820,779. The most significant line-items under budget were public safety expenditures of \$171,337, public works of \$276,844, and culture and recreation expenditures of \$185,250 for calendar year 2019.

**TOWNSHIP OF NORTH HUNTINGDON  
WESTMORELAND COUNTY, PENNSYLVANIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
DECEMBER 31, 2019**

**GOVERNMENTAL FINANCIAL ANALYSIS (Continued)**

**General Fund Conclusions**

Overall, the General Fund performed more favorably than predicted in 2019 by approximately \$1,474,911. The year-end fund balance was \$3,862,405 (budgetary basis), which is very positive when it is compared to the overall annual General Fund budget of the Township (26%).

In calendar year 2019, expenditures exceeded annual revenues in the General Fund. In 2019, \$14,099,666 (budgetary basis) was expended in the General Fund while \$13,220,202 (budgetary basis) in revenue was collected in the General Fund. This translates into \$879,464 more in expenditures than revenues earned.

**Non-Major Funds**

In addition to the General Fund, the Township maintains the following funds: Liquid Fuels; Light; Water; Fire Service; Parks; and Capital Projects. Contrary to the General Fund, these funds have been established for specific purposes. The purposes of each fund are further defined in the financial statements. In 2019, all of the non-major funds operated as predicted.

**Other Funds Conclusions**

All funds are self-sufficient and are operating as predicted.

**CONTACTING THE TOWNSHIP FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show the Commissioners' accountability for the money they administer on behalf of the residents of Township of North Huntingdon. If you have questions about this report or wish to request additional financial information, please contact the Township of North Huntingdon offices at 11279 Center Highway, North Huntingdon, PA 15642, (724)-863-3806.

**TOWNSHIP OF NORTH HUNTINGDON**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

**EXHIBIT A**

|                                                                              | <b>Governmental<br/>Activities</b> |
|------------------------------------------------------------------------------|------------------------------------|
| <b>ASSETS</b>                                                                |                                    |
| <b>Current Assets:</b>                                                       |                                    |
| Cash and Cash Equivalents                                                    | \$ 4,358,165                       |
| Taxes Receivable                                                             | 1,549,484                          |
| Due from other Governments                                                   | 7,327                              |
| Other Accounts Receivable                                                    | 170,307                            |
| Prepaid Expenses                                                             | 363,820                            |
| <b>Total Current Assets</b>                                                  | <b>\$ 6,449,103</b>                |
| <b>Noncurrent Assets:</b>                                                    |                                    |
| Land                                                                         | \$ 1,255,908                       |
| Land Improvements (Net)                                                      | 232,312                            |
| Buildings and Improvements (Net)                                             | 2,968,660                          |
| Machinery and Equipment (Net)                                                | 2,320,607                          |
| Infrastructure (Net)                                                         | 1,212,762                          |
| <b>Total Noncurrent Assets</b>                                               | <b>\$ 7,990,249</b>                |
| <b>TOTAL ASSETS</b>                                                          | <b>\$ 14,439,352</b>               |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                                       |                                    |
| Deferred Outflows of Resources - Pensions                                    | \$ 3,907,916                       |
| Deferred Outflows of Resources - OPEB                                        | 634,756                            |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                                  | <b>\$ 4,542,672</b>                |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                       | <b>\$ 18,982,024</b>               |
| <b>LIABILITIES</b>                                                           |                                    |
| <b>Current Liabilities:</b>                                                  |                                    |
| Accounts Payable                                                             | \$ 128,882                         |
| Accrued Payroll                                                              | 265,336                            |
| Payroll Tax Liabilities                                                      | 16,541                             |
| Accrued Compensated Absences - Current                                       | 45,000                             |
| Refundable Deposits                                                          | 313,698                            |
| <b>Total Current Liabilities</b>                                             | <b>\$ 769,457</b>                  |
| <b>Noncurrent Liabilities:</b>                                               |                                    |
| Accrued Compensated Absences - Long Term                                     | \$ 442,055                         |
| Net Pension Liability                                                        | 6,871,421                          |
| Net OPEB Liability                                                           | 8,415,011                          |
| <b>Total Noncurrent Liabilities</b>                                          | <b>\$ 15,728,487</b>               |
| <b>TOTAL LIABILITIES</b>                                                     | <b>\$ 16,497,944</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                        |                                    |
| Deferred Inflows of Resources - Pensions                                     | \$ 279,152                         |
| Deferred Inflows of Resources - OPEB                                         | 522,963                            |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                   | <b>\$ 802,115</b>                  |
| <b>NET POSITION</b>                                                          |                                    |
| Net Investment in Capital Assets                                             | \$ 7,990,249                       |
| Restricted (Schedule 3)                                                      | 263,057                            |
| Unrestricted (Deficit)                                                       | (6,571,341)                        |
| <b>TOTAL NET POSITION</b>                                                    | <b>\$ 1,681,965</b>                |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES<br/>AND NET POSITION</b> | <b>\$ 18,982,024</b>               |

**EXHIBIT B**

**TOWNSHIP OF NORTH HUNTINGDON**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

| Functions/Programs                                   | Program Revenues     |                      |                          | Net (Expense) Revenue and Changes in Net Position |                         |
|------------------------------------------------------|----------------------|----------------------|--------------------------|---------------------------------------------------|-------------------------|
|                                                      | Expenses             | Charges for Services |                          | Capital Grants and Contributions                  | Governmental Activities |
|                                                      |                      | Operating            | Grants and Contributions |                                                   |                         |
| <b>Governmental Activities:</b>                      |                      |                      |                          |                                                   |                         |
| General Government                                   | \$ 1,807,071         | \$ 763,402           | \$ 40,388                | \$ -                                              | \$ (1,003,281)          |
| Public Safety - Police                               | 6,513,168            | 59,633               | 352,068                  | -                                                 | (6,101,467)             |
| Public Safety - Fire                                 | 948,836              | -                    | 179,735                  | -                                                 | (769,101)               |
| Public Safety - Other                                | 700,916              | 182,667              | 32,904                   | -                                                 | (485,345)               |
| Public Works                                         | 6,270,436            | 55,196               | 1,317,743                | -                                                 | (4,897,497)             |
| Culture and Recreation                               | 846,650              | 87,174               | 21,936                   | -                                                 | (737,540)               |
| Community Development                                | 16,027               | -                    | -                        | -                                                 | (16,027)                |
| <b>Total Governmental Activities</b>                 | <b>\$ 17,103,104</b> | <b>\$ 1,148,072</b>  | <b>\$ 1,944,774</b>      | <b>\$ -</b>                                       | <b>\$ (14,010,258)</b>  |
| <b>General Revenues:</b>                             |                      |                      |                          |                                                   |                         |
| Taxes:                                               |                      |                      |                          |                                                   |                         |
| Property Taxes, Levied for General Purposes (net)    |                      |                      |                          | \$                                                | \$ 4,819,893            |
| Act 511 Taxes                                        |                      |                      |                          |                                                   | 6,884,249               |
| PURTA/Alcohol Beverage tax/Payments in Lieu of Taxes |                      |                      |                          |                                                   | 32,553                  |
| Investment Earnings                                  |                      |                      |                          |                                                   | 81,834                  |
| Gain (Loss) on Disposition of Fixed Assets           |                      |                      |                          |                                                   | 54,460                  |
| Miscellaneous                                        |                      |                      |                          |                                                   | 349,830                 |
| <b>Total General Revenues</b>                        |                      |                      |                          |                                                   | <b>\$ 12,222,819</b>    |
| <b>Change in Net Position</b>                        |                      |                      |                          |                                                   |                         |
| Net Position — January 1, 2019                       |                      |                      |                          |                                                   | <b>(1,787,439)</b>      |
| Prior Period Adjustments                             |                      |                      |                          |                                                   | 3,338,404               |
| <b>Net Position — December 31, 2019</b>              |                      |                      |                          |                                                   | <b>\$ 1,681,965</b>     |

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF NORTH HUNTINGDON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

**EXHIBIT C**

|                            | <b>GENERAL<br/>FUND</b> | <b>NON-MAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|----------------------------|-------------------------|---------------------------------------------|-----------------------------------------|
| <b>ASSETS:</b>             |                         |                                             |                                         |
| Cash and Cash Equivalents  | \$ 4,003,560            | \$ 354,605                                  | \$ 4,358,165                            |
| Taxes Receivable           | 1,549,484               | -                                           | 1,549,484                               |
| Due From Other Funds       | -                       | 28,556                                      | 28,556                                  |
| Due From Other Governments | 7,327                   | -                                           | 7,327                                   |
| Other Accounts Receivable  | 170,307                 | -                                           | 170,307                                 |
| Prepaid Expenses           | 363,820                 | -                                           | 363,820                                 |
| <b>TOTAL ASSETS</b>        | <b>\$ 6,094,498</b>     | <b>\$ 383,161</b>                           | <b>\$ 6,477,659</b>                     |

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**

|                                                                                | <b>GENERAL<br/>FUND</b> | <b>NON-MAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--------------------------------------------------------------------------------|-------------------------|---------------------------------------------|-----------------------------------------|
| <b>LIABILITIES:</b>                                                            |                         |                                             |                                         |
| Accounts Payable                                                               | \$ 74,346               | \$ 54,536                                   | \$ 128,882                              |
| Due to Other Funds                                                             | 28,556                  | -                                           | 28,556                                  |
| Accrued Payroll                                                                | 265,336                 | -                                           | 265,336                                 |
| Payroll Tax Liabilities                                                        | 16,541                  | -                                           | 16,541                                  |
| Accrued Compensated Absences - Current                                         | 45,000                  | -                                           | 45,000                                  |
| Refundable Deposits                                                            | 313,698                 | -                                           | 313,698                                 |
| <b>TOTAL LIABILITIES</b>                                                       | <b>\$ 743,477</b>       | <b>\$ 54,536</b>                            | <b>\$ 798,013</b>                       |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                          |                         |                                             |                                         |
| Delinquent Real Estate and Wage Taxes                                          | \$ 1,488,616            | \$ -                                        | \$ 1,488,616                            |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                     | <b>\$ 1,488,616</b>     | <b>\$ -</b>                                 | <b>\$ 1,488,616</b>                     |
| <b>FUND BALANCES:</b>                                                          |                         |                                             |                                         |
| Nonspendable                                                                   | \$ 363,820              | \$ -                                        | \$ 363,820                              |
| Restricted                                                                     | -                       | 263,057                                     | 263,057                                 |
| Assigned                                                                       | -                       | 65,568                                      | 65,568                                  |
| Unassigned                                                                     | 3,498,585               | -                                           | 3,498,585                               |
| <b>TOTAL FUND BALANCES</b>                                                     | <b>\$ 3,862,405</b>     | <b>\$ 328,625</b>                           | <b>\$ 4,191,030</b>                     |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> | <b>\$ 6,094,498</b>     | <b>\$ 383,161</b>                           | <b>\$ 6,477,659</b>                     |

EXHIBIT D

TOWNSHIP OF NORTH HUNTINGDON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2019

**Total Fund Balances - Governmental Funds**

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from amounts reported for governmental funds on the balance sheet (Exhibit C) because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$19,413,821, and the accumulated depreciation is \$11,423,572.

Property and wage taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds.

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

|                                                    |           |
|----------------------------------------------------|-----------|
| Deferred outflows of resources related to pensions | 3,907,916 |
| Deferred outflows of resources related to OPEB     | 634,756   |
| Deferred inflows of resources related to pensions  | (279,152) |
| Deferred inflows of resources related to OPEB      | (522,963) |

Long term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds.  
Long-term liabilities at year end consist of:

|                       |                            |
|-----------------------|----------------------------|
| Net OPEB Liability    | \$ 8,415,011               |
| Net Pension Liability | 6,871,421                  |
| Compensated absences  | <u>442,055</u>             |
|                       | <u>(15,728,487)</u>        |
|                       | <b><u>\$ 1,681,965</u></b> |

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES**

**NORTH HUNTINGDON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                              | <b>GENERAL FUND</b>   | <b>NON-MAJOR<br/>GOVERNMENTAL<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--------------------------------------------------------------|-----------------------|---------------------------------------------|-----------------------------------------|
| <b>REVENUES</b>                                              |                       |                                             |                                         |
| Taxes                                                        | \$ 10,522,828         | \$ 1,099,277                                | \$ 11,622,105                           |
| Licenses and Permits                                         | 719,258               | -                                           | 719,258                                 |
| Fines and Forfeitures                                        | 59,633                | -                                           | 59,633                                  |
| Interest and Rents                                           | 117,837               | 2,293                                       | 120,130                                 |
| Intergovernmental                                            | 865,173               | 1,110,404                                   | 1,975,577                               |
| Charges for Services                                         | 304,261               | 27,625                                      | 331,886                                 |
| Miscellaneous                                                | 83,416                | -                                           | 83,416                                  |
| <b>Total Revenue</b>                                         | <b>\$ 12,672,406</b>  | <b>\$ 2,239,599</b>                         | <b>\$ 14,912,005</b>                    |
| <b>EXPENDITURES</b>                                          |                       |                                             |                                         |
| General Government                                           | \$ 1,488,257          | \$ 73,700                                   | \$ 1,561,957                            |
| Public Safety                                                | 5,692,542             | 625,230                                     | 6,317,772                               |
| Public Works                                                 | 4,314,021             | 1,223,058                                   | 5,537,079                               |
| Culture and Recreation                                       | 783,399               | 255,226                                     | 1,038,625                               |
| Community Development                                        | 16,027                | -                                           | 16,027                                  |
| Insurance                                                    | 371,692               | -                                           | 371,692                                 |
| Employee Benefits                                            | 1,332,592             | -                                           | 1,332,592                               |
| <b>Total Expenditures</b>                                    | <b>\$ 13,998,530</b>  | <b>\$ 2,177,214</b>                         | <b>\$ 16,175,744</b>                    |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b>\$ (1,326,124)</b> | <b>\$ 62,385</b>                            | <b>\$ (1,263,739)</b>                   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                       |                                             |                                         |
| Refund Prior Year Revenue                                    | \$ (1,136)            | \$ -                                        | \$ (1,136)                              |
| Refund Prior Year Expense                                    | 268,299               | -                                           | 268,299                                 |
| Sale of Fixed Assets                                         | 67,985                | -                                           | 67,985                                  |
| Operating Transfers In                                       | 211,512               | 100,000                                     | 311,512                                 |
| Operating Transfers (Out)                                    | (100,000)             | (211,512)                                   | (311,512)                               |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$ 446,660</b>     | <b>\$ (111,512)</b>                         | <b>\$ 267,163</b>                       |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>\$ (879,464)</b>   | <b>\$ (49,127)</b>                          | <b>\$ (928,591)</b>                     |
| <b>FUND BALANCE - JANUARY 1, 2019</b>                        | <b>4,741,869</b>      | <b>377,752</b>                              | <b>5,119,621</b>                        |
| <b>FUND BALANCE - DECEMBER 31, 2019</b>                      | <b>\$ 3,862,405</b>   | <b>\$ 328,625</b>                           | <b>\$ 4,191,030</b>                     |

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF NORTH HUNTINGDON**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ (928,591)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$610,924) exceeds depreciation expense (\$597,366) in the period.

13,558

Proceeds received from the sale of fixed assets are reported as revenues in the governmental fund financial statements. The gain or (loss) on the disposition of fixed assets is reported on the government-wide financial statements.

(13,524)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(583,003)

Because certain property and wage taxes will not be collected for several months after the Township's year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflow of resources from these taxes decreased by this amount in 2019.

82,037

The net other post-employment benefits obligation is not considered a current liability in the governmental funds, but is recognized as a long-term obligation in the government-wide financial statements.

(338,686)

In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This is the amount by which compensated absences earned exceeded the amount paid in 2019.

(19,230)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**

\$ (1,787,439)

**TOWNSHIP OF NORTH HUNTINGDON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                               | Budgeted Amounts      |                       |                       | Actual              |  | Variance with<br>Final Budget<br>Positive<br>(Negative) |  |
|---------------------------------------------------------------|-----------------------|-----------------------|-----------------------|---------------------|--|---------------------------------------------------------|--|
|                                                               | Original              |                       | Final                 | (Budgetary Basis)   |  |                                                         |  |
|                                                               |                       |                       |                       |                     |  |                                                         |  |
| <b>REVENUES</b>                                               |                       |                       |                       |                     |  |                                                         |  |
| Taxes                                                         | \$ 9,765,000          | \$ 9,765,000          | \$ 10,522,828         | \$ 757,828          |  |                                                         |  |
| Licenses and Permits                                          | 712,000               | 712,000               | 719,258               | 7,258               |  |                                                         |  |
| Fines and Forfeitures                                         | 75,000                | 75,000                | 59,633                | (15,367)            |  |                                                         |  |
| Interest and Rents                                            | 40,100                | 40,100                | 117,837               | 77,737              |  |                                                         |  |
| Intergovernmental                                             | 743,970               | 743,970               | 865,173               | 121,203             |  |                                                         |  |
| Charges for Services                                          | 330,000               | 330,000               | 304,261               | (25,739)            |  |                                                         |  |
| Miscellaneous                                                 | 50,000                | 50,000                | 83,416                | 33,416              |  |                                                         |  |
| <b>Total Revenues</b>                                         | <b>\$ 11,716,070</b>  | <b>\$ 11,716,070</b>  | <b>\$ 12,672,406</b>  | <b>\$ 956,336</b>   |  |                                                         |  |
| <b>EXPENDITURES</b>                                           |                       |                       |                       |                     |  |                                                         |  |
| General Government                                            | \$ 1,571,841          | \$ 1,571,841          | \$ 1,488,257          | \$ 83,584           |  |                                                         |  |
| Public Safety                                                 | 5,863,879             | 5,863,879             | 5,692,542             | 171,337             |  |                                                         |  |
| Public Works                                                  | 4,590,865             | 4,590,865             | 4,314,021             | 276,844             |  |                                                         |  |
| Culture and Recreation                                        | 968,649               | 968,649               | 783,399               | 185,250             |  |                                                         |  |
| Community Development                                         | 47,030                | 47,030                | 16,027                | 31,003              |  |                                                         |  |
| Insurance                                                     | 448,800               | 448,800               | 371,692               | 77,108              |  |                                                         |  |
| Employee Benefits                                             | 1,223,531             | 1,223,531             | 1,332,592             | (109,061)           |  |                                                         |  |
| <b>Total Expenditures</b>                                     | <b>\$ 14,714,595</b>  | <b>\$ 14,714,595</b>  | <b>\$ 13,998,530</b>  | <b>\$ 716,065</b>   |  |                                                         |  |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ (2,998,525)</b> | <b>\$ (2,998,525)</b> | <b>\$ (1,326,124)</b> | <b>\$ 1,672,401</b> |  |                                                         |  |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                       |                       |                       |                     |  |                                                         |  |
| Refund of Prior Year Expense                                  | \$ 200,000            | \$ 200,000            | \$ 268,299            | \$ 68,299           |  |                                                         |  |
| Refund Prior Year Revenue                                     | (4,000)               | (4,000)               | (1,136)               | 2,864               |  |                                                         |  |
| Sale of Fixed Assets                                          | -                     | -                     | 67,985                | 67,985              |  |                                                         |  |
| Loan Proceeds - PIB                                           | 650,000               | 650,000               | -                     | (650,000)           |  |                                                         |  |
| Operating Transfers In                                        | -                     | -                     | 211,512               | 211,512             |  |                                                         |  |
| Operating Transfers Out                                       | (201,850)             | (201,850)             | (100,000)             | 101,850             |  |                                                         |  |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ 644,150</b>     | <b>\$ 644,150</b>     | <b>\$ 446,660</b>     | <b>\$ (197,490)</b> |  |                                                         |  |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ (2,354,375)</b> | <b>\$ (2,354,375)</b> | <b>\$ (879,464)</b>   | <b>\$ 1,474,911</b> |  |                                                         |  |
| <b>FUND BALANCE - JANUARY 1, 2019</b>                         | <b>2,354,375</b>      | <b>2,354,375</b>      | <b>4,741,869</b>      | <b>2,387,494</b>    |  |                                                         |  |
| <b>FUND BALANCE - DECEMBER 31, 2019</b>                       | <b>\$ -</b>           | <b>\$ -</b>           | <b>\$ 3,862,405</b>   | <b>\$ 3,862,405</b> |  |                                                         |  |

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Township of North Huntingdon, located in Westmoreland County, Pennsylvania, was incorporated in 1753 under the provisions governing the creation of municipal corporations in the Commonwealth of Pennsylvania and became a First-Class Township in 1953. The administration of the Township consists of a seven-member Board of Commissioners and a Township Manager. Members of the Board of Commissioners are elected by the voting public. The Commissioners appoint a Township Manager to administer the day-to-day operations of the Township. The major functions of the Township include public safety, maintenance of Township infrastructure (roads), maintenance of parks and other recreational facilities for use by Township residents, and general administrative functions necessary to facilitate Township responsibilities and resident needs.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of The Township of North Huntingdon consists of all funds, departments, boards and agencies that are not legally separate from the Township. As defined by GASB, component units are legally separate entities that are included in the Township's reporting entity because of the significance of their operating or financial relationships with the Township. In accordance with this guidance, a legally separate organization should be reported as a component unit of a reporting entity if the nature and significance of their relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. The main criteria that the Township uses to determine the existence of a component unit is Financial Accountability described as follows:

- **Financial Accountability** – Elected officials are accountable for an organization if they appoint a voting majority of the potential component unit's governing board. In addition, financial accountability exists when there is a potential for the component unit to provide specific benefits to or impose specific financial burdens on the primary government.

Based on the application of the above criteria, the Township of North Huntingdon Municipal Authority is considered a component unit of the Township of North Huntingdon. The financial accountability criteria and description of the Authority is as follows:

**TOWNSHIP OF NORTH HUNTINGDON MUNICIPAL AUTHORITY**

The Township of North Huntingdon 1) appoints all members of the Township of North Huntingdon Municipal Authority governing board and 2) The Township guarantees the debt service payments of the North Huntingdon Township Municipal Authority under its Variable Rate Demand Revenue Bonds, Series of 2011 (Note 10).

The Township of North Huntingdon Sanitary Authority (the Authority) was created by the Township of North Huntingdon pursuant to the Pennsylvania Municipal Authorities Act of 1945 as amended. The Authority is authorized to acquire, hold, construct, improve, own, maintain, and operate sewage collection and treatment facilities within the Township.

The financial statements of the Authority are not included as part of the accompanying financial statements. A copy of the Township of North Huntingdon Municipal Authority audited financial statements for the years ended April 30, 2019 and 2020 are available at the Township offices.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FINANCIAL STATEMENT PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities. The Township does not currently operate any business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. That is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations (Exhibits D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for each function of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Borough. General revenue consists mainly of taxes, unrestricted grants, and other miscellaneous receipts not earmarked for a specific function. The comparison of direct disbursements with program receipts identifies the extent to which the government function is self-financing or draws from the general revenues of the Township.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the Township. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Major funds represent the Township's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. On Exhibits C and E, each major fund is presented in a separate column. Non-major funds are segregated and presented in a single column.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The financial statements of the Township of North Huntingdon have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government activities in the government-wide financial statements use the accrual basis of accounting.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year. For the Township, available means expected to be received within sixty days of fiscal year-end.

Revenue resulting from non-exchange transactions, in which the Township receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

The management of the Township of North Huntingdon has determined that the revenues most susceptible to accrual at December 31, 2019 are 1) real estate taxes collected within 60 days of Township's calendar year-end, 2) certain taxpayer Act 511 taxes, 3) cable franchise fees for the fourth quarter of 2019 and 4) other miscellaneous items of income pertaining to the 2019 calendar year received subsequent to December 31, 2019. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflow of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at December 31, 2019 are those for which the Board of Commissioner's intention was to expense these items as budgeted for in the 2019 official budget, and for which the Township has incurred an obligation during 2019 but has not paid as of December 31, 2019.

Allocations of cost, such as depreciation, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities.

**FUND ACCOUNTING**

The Township uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Township functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds for North Huntingdon Township are classified as governmental. Fund categories are defined as follows:

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING (Continued)**

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the Township's major and non-major governmental funds:

**MAJOR GOVERNMENTAL FUND:**

**GENERAL FUND** - Established under 'The First-Class Township Code' of the Commonwealth of Pennsylvania and is used for the general operations of the Township. Income in this fund is derived mainly from assessed revenue such as real estate taxes, local taxes established under Act 511 and other miscellaneous revenues not designated for other restricted fund purposes. These revenues are used for general ongoing government services such as public safety, public works, general administration of the Township and other miscellaneous operating expenses.

**NON-MAJOR GOVERNMENTAL FUNDS:**

**LIQUID FUELS FUND (SPECIAL REVENUE)** - Established and restricted under Act 655 of the Commonwealth of Pennsylvania. Funding is received from the Commonwealth and is restricted in use for the maintenance, repair and construction of roads, streets and bridges for which the Township is responsible.

**LIGHT FUND (SPECIAL REVENUE)** - The Light Fund accounts for the portion of real estate tax proceeds designated for street lighting.

**WATER FUND (SPECIAL REVENUE FUND)** - The Water Fund accounts for the portion of real estate tax proceeds designated for fire hydrants.

**FIRE FUND (SPECIAL REVENUE FUND)** - The Fire Fund accounts for the portion of real estate tax proceeds designated for the Township's volunteer fire companies and medic company.

**PARK FUND (SPECIAL REVENUE FUND)** - The Park Fund accounts for a portion of its building permit fees for parks renovation which is designated in developer's agreement.

**CAPITAL PROJECT FUND** - The Capital Project Fund is used to account for the portion of real estate taxes collected for the acquisition and construction of capital projects.

**BUDGETS**

On December 20, 2018, the Township of North Huntingdon adopted its 2019 annual budget for its General Fund totaling \$14,920,445 in accordance with the provisions of the Commonwealth of Pennsylvania Township Code. The budget is prepared utilizing the modified accrual method of accounting in accordance with generally accepted accounting principles. Budgetary transfers among various expenditure line items are performed, if necessary, as approved by the Board of Commissioners. The adjusted budgetary amounts, if any, are reflected in these financial statements (Exhibit G).

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BUDGETS (Continued)**

The Township also adopts budgets for its special revenue and capital project funds. A comparison of the actual and budgeted amounts for these funds is reflected as part of other supplementary information. All appropriations of the General and Other Funds lapse at the end of each calendar year.

The Township uses the following procedures in establishing this budgetary data:

- a. In accordance with the First-Class Township Code, the Board of Commissioners each year, at least 30 days prior to the adoption of the annual budget, begin preparation of a proposed budget for all funds showing an estimate of the several amounts of money which will be required for the several specific purposes of Township government and expenses for the ensuing calendar year, and by ordinance appropriate, out of the revenues available for the year, the specific sums required as shown by the budget, as finally adopted. At the option of the Township Commissioners, such budget may be prepared and adopted prior to the first Monday of January of the calendar year to which the budget shall apply. With this option, the first reading of the budget shall take place in November and the final budget shall be finally adopted in the month of December prior to the calendar year to which such budget shall apply.
- b. Final action shall not be taken on the proposed budget until after at least 10 days public notice. The proposed budget shall be published, or otherwise made available for public inspection at least 20 days prior to the date set for adoption of the budget. The Township Commissioners, after making such revisions and changes therein, as appear advisable, shall adopt the budget not later than the 31<sup>st</sup> day of December.
- c. During the month of January, after the municipal election, the Commissioners may amend the budget and levy a tax rate to conform with its amended budget. A period of 10 days public inspection at the office of the Township Secretary, after notice to that effect is published once in a newspaper of general circulation. Any amended budget must be adopted by the Commissioners on or before the 15<sup>th</sup> day of February.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Township's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposit accounts and all highly liquid short-term investments with original maturity terms of less than three months.

**RECEIVABLES**

Receivables, as reflected in Exhibits A and C, are shown at net realizable value as of December 31, 2019.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if any, are classified as 'due from/to other funds' on the governmental funds balance sheet (see Note 6). For the purposes of the government-wide statement of net position, governmental inter-fund receivables and payables have been eliminated.

**CAPITAL ASSETS AND DEPRECIATION**

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets are reported as part of governmental activities on the government-wide statement of net position.

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The Township maintains a capitalization dollar threshold of \$5,000. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities. The Township began to report infrastructure prospectively in calendar year 2004. The Township has elected not to report infrastructure retroactively as provided for under Governmental Accounting Standards. All reported capital assets, except land, are depreciated using the straight-line method over the following useful lives:

| <b>CATEGORY</b>            | <b>YEARS</b> |
|----------------------------|--------------|
| Site Improvements          | 5 years      |
| Buildings and Improvements | 20-50 years  |
| Equipment and Vehicles     | 10-20 years  |
| Infrastructure             | 10-40 years  |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements, is reflected in the reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**COMPENSATED ABSENCES**

The Township reports compensated absences in accordance with the provisions of GASB Statement No. 16, 'Accounting for Compensated Absences'. Employees accrue sick leave each year in varying amounts depending on Township policy as well as collective bargaining agreements. Employees covered by the AFSCME collective bargaining agreement are eligible to receive a payment (in the subsequent year) of \$35.00 per day for any sick leave in excess of 185 days. Upon retirement or separation from employment, the Township will pay \$35.00 per day for unused sick leave. Employees covered by the Police Association collective bargaining agreement are eligible to receive a payment (in the subsequent year) in the amount of 25% of their hourly rate of pay for any sick leave in excess of 1440 hours of accumulated sick leave. Upon retirement, the Township will pay 35% of the hourly rate for unused sick leave. For all other employees eligible to receive sick leave (currently full-time non-union employees), there is no payment for any unused or accumulated sick leave.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**COMPENSATED ABSENCES (Continued)**

These amounts are recorded in the government-wide financial statements. The vested amount of accumulated compensated absences is \$487,055 at December 31, 2019 and is recorded in the government-wide financial statements. Of this amount, \$45,000 is estimated to be a short-term liability that will be paid out in 2019 and is reflected in the fund statements as well.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment within 60 days of the end of the fiscal year-end, are considered to be paid with current available financial resources. Long-term obligations, if any, that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The Township's General Fund is typically used to liquidate long-term liability obligations.

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these obligations as an expenditure in the fund financial statements, is reflected in the reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**UNEARNED REVENUE**

Unearned revenue arises when the Township receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**LONG-TERM DEBT FINANCING COSTS**

Bond issue costs are recorded as expenditures in the governmental fund financial statements in the year paid. The Township did not incur any bond issue costs during the 2019 calendar year.

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy Township obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**NET POSITION (Continued)**

- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets.
- Unrestricted – Consists of net position that does not meet the definition of 'restricted' or 'net investment in capital assets'.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Township's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets and liabilities, the statement of net position and/or the balance sheet reports a separate section for deferred outflows and/or inflows of resources. These separate financial statement elements represent a decrease and/or increase in net position that applies to a future period and so will not be recognized as an outflow and/or inflow of resources (expense/expenditure or income/revenue) in the current period.

**PENSIONS**

- For the purposes 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, and additions to/deductions from the pension's plan (the plan) fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value.

**OTHER POST-EMPLOYMENT BENEFITS**

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the OPEB plans (Plans), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**FUND BALANCE**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity's fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in spendable form (such as prepaid expenses) or are required to be maintained intact. The Township's non-spendable fund balance of \$363,820 represents prepaid expenses for calendar year 2020.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND BALANCE (Continued)**

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. The Township's restricted fund amounts are detailed by Fund in Schedule 3 on page 46.
- Committed fund balance – amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government 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 governing body or by an official or body to which the governing body delegates the authority. The Township's assigned fund balance of \$65,568 represents the fund balance of the Park Fund.
- Unassigned fund balance – amounts that are available for any purpose.

The Township of North Huntingdon establishes (and modifies and rescinds) fund equity commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget.

A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. The Board of Commissioners has given authority to the Township Manager to assign fund balance.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it the Township's general policy to spend the committed resources first, followed by assigned amounts and then unassigned amounts.

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements were adopted for the Township's 2019 financial statements where applicable. Except where noted, the adoption of these pronouncements did not have a significant impact on the Township's financial statements.

GASB Statement No. 88, '*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*'. The primary objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt (See Note 8).

**PENDING GASB PRONOUNCEMENTS**

GASB Statement No. 83, '*Certain Asset Retirement Obligations*'. The primary objective of this Statement is to provide financial statement users with information about 'asset retirement obligations (ARO) that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations. The provisions of this Statement are effective for the Township's December 31, 2020 financial statements.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENDING GASB PRONOUNCEMENTS (Continued)**

GASB Statement No. 84, '*Fiduciary Activities*'. The primary objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The provisions of this Statement are effective for the Township's December 31, 2020 financial statements.

In June of 2017, the GASB issued Statement No. 87, '*Leases*'. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The provisions of this Statement are effective for the Township's December 31, 2022 financial statements.

In June of 2018, the GASB issued Statement No. 89, '*Accounting for Interest Cost Incurred before the end of a Construction Period*'. The primary objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and, (b) to simplify accounting for certain interest costs. The provisions of this Statement are effective for the Township's December 31, 2021 financial statements.

GASB Statement No. 90, '*Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)*'. The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The provisions of this Statement are effective for the Township's December 31, 2020 financial statements.

In May of 2019, the GASB issued Statement No. 91, '*Conduit Debt Obligations*'. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of this Statement are effective for the Township's December 31, 2022 financial statements.

In June of 2019, the GASB issued Statement No. 92, '*Omnibus 2020*'. The primary objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of GASB Statement Nos. 73, 74, 84, and 87. In addition the Statement addresses various topics and includes specific provisions concerning the following:

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (ARO') in a government acquisition
- Reporting by entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENDING GASB PRONOUNCEMENTS (Continued)**

In March of 2020, the GASB issued Statement No. 93, '*Replacement of Interbank Offered Rates*'. The primary objectives of this Statement are to address the accounting and financial reporting implications that result from the replacement of an interbank offering rate (IBOR). The provisions of this Statement are effective for the Township's December 31, 2022 financial statements.

In March of 2020, the GASB issued Statement No. 94, '*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*'. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs), and provide guidance for accounting and financial reporting for availability payment arrangements (APAs). The provisions of this Statement are effective for the Township's December 31, 2023 financial statements.

The implementation dates of the aforementioned pending GASB Statements have been updated to include the delayed implementation dates as set forth in recently issued (May 2020) GASB Statement No. 95. The effects of implementing these Statements on the Township's financial statements have not yet been determined.

**NOTE 2 - CASH DEPOSITS**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury Bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes do not prescribe regulations related to demand deposits however they do allow the pooling of governmental funds for investment purposes. The deposit and investment policy of the Township adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either state statutes or the policy of the Township.

At December 31, 2019, the Township of North Huntingdon had the following carrying values on its cash and cash equivalent accounts:

|                              | <b>Bank Balance</b>        | <b>(Memo Only)<br/>Book Balance</b> |
|------------------------------|----------------------------|-------------------------------------|
| General Fund                 | \$ 4,318,577               | \$ 4,003,560                        |
| Non Major Governmental Funds | 542,498                    | 354,605                             |
|                              | <b><u>\$ 4,861,075</u></b> | <b><u>\$ 4,358,165</u></b>          |

The difference between the bank balance and the book balance represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and saving accounts, money market deposit accounts, and certificates of deposit.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 2 – CASH DEPOSITS (Continued)**

**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 does not have a separate policy for custodial credit risk in addition to the requirements of the Township Code. As of December 31, 2019, \$4,611,075 of the Township's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the Township's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**Interest Rate Risk:**

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**NOTE 3 - PROPERTY TAXES**

The Township of North Huntingdon levies property taxes March 1 of each calendar year. The calendar dates for payment of these taxes is as follows:

**PAYMENT PERIOD**

|                          |                   |
|--------------------------|-------------------|
| March 1 – April 30, 2019 | (Discount period) |
| May 1 – June 30, 2019    | (Face period)     |
| July 1 and after         | (Penalty period)  |

Taxpayers are entitled to a 2% discount if taxes are paid prior to April 30<sup>th</sup>. Collections after June 30<sup>th</sup> are assessed a 10% penalty.

By January 15<sup>th</sup> of the year following billing, uncollected taxes are returned to the Tax Claim Bureau of Westmoreland County who collects and liens the delinquent real estate taxes on behalf of the Township. Unpaid taxes as of December 31, 2019 for the General, Capital Reserve, and Fire Fund totaled \$108,725 which represent 2.4% of the original assessment for 2019 of \$4,528,940.

The tax millage assessment for the 2019 calendar year is 11.55 mills on the assessed value of land and buildings, which represents \$11.55 of revenue for every \$1,000 of assessed value. Tax millage is allocated as follows:

|                  |            |
|------------------|------------|
| General purposes | 9.23 mills |
| Capital          | 1.00 mills |
| Fire safety      | 1.32 mills |

In addition to the millage levied on the total assessed valuation, certain properties are levied 0.07 mills to be used for the upkeep of the fire hydrant system in the Township. Also, a light tax is charged on a cents per foot basis for those properties within 250 feet of a street light.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 3 - PROPERTY TAXES (Continued)**

Taxes receivable as shown in the government-wide statement of net position includes prior year property and earned income taxes of \$1,488,616. For purposes of the governmental fund financial statements, the above property and earned income taxes receivable, although measurable, does not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off-set as a credit to deferred inflow of resources in the fund financial statements (Exhibit C).

The effect of recognizing property tax revenue when taxes are levied and estimating the amount of delinquent earned income taxes receivable, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

Taxes receivable are comprised of the following at December 31, 2019:

|                                  |                            |
|----------------------------------|----------------------------|
| Real Estate Taxes - Delinquent   | \$ 231,264                 |
| Earned Income Taxes - Delinquent | 1,261,966                  |
| Earned Income Taxes - Current    | 7,185                      |
| Earned Income Taxes - Prior      | 2,842                      |
| Deed Transfer Taxes              | 44,741                     |
| Per Capita Taxes                 | 520                        |
| Local Services Tax               | 966                        |
|                                  | <b><u>\$ 1,549,484</u></b> |

**NOTE 4 – DUE FROM OTHER GOVERNMENTAL UNITS**

The 'Due from other Governmental Units' total of \$7,327, as reflected in Exhibit A, represents amounts earned by and due the Township of North Huntingdon for 2019 from other governmental agencies for 1) vehicle code violations and ordinance fines totaling \$4,780 and 2) grant funds due from the Commonwealth of Pennsylvania for task force reimbursement totaling \$2,547.

**NOTE 5 – OTHER ACCOUNTS RECEIVABLE**

The 'Other Accounts Receivable' total of \$170,307, as reflected in Exhibit A, represents amounts earned by and due the Township of North Huntingdon for 2019 for 1) Cable Franchise Fees totaling \$164,749 and 2) other miscellaneous accounts receivable totaling \$5,558.

**NOTE 6 – INTER-FUND OBLIGATIONS AND TRANSFERS**

At December 31, 2019, the General Fund was indebted to the Fire Fund, Capital Project Fund, Water Fund and Light Fund for real estate tax collections totaling \$12,426, \$9,413, \$484, and \$6,233 respectively. During 2019, the General Fund transferred \$100,000 to the Capital Project Fund to fund various capital expenses and the Liquid Fuels Fund transferred \$211,512 to the General Fund for salt purchases.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 7 - CAPITAL ASSETS**

A summary of the governmental fixed asset activity for the 2019 calendar year was as follows:

|                                       | <b>Balance</b>             |                          |                          | <b>Balance</b>             |
|---------------------------------------|----------------------------|--------------------------|--------------------------|----------------------------|
|                                       | <b>1/1/2019</b>            | <b>Additions</b>         | <b>Deductions</b>        | <b>12/31/2019</b>          |
| Land                                  | \$ 1,255,908               | \$ -                     | \$ -                     | \$ 1,255,908               |
| Land Improvements                     | 1,584,081                  | 222,612                  | -                        | 1,806,693                  |
| Buildings and Improvement:            | 4,594,953                  | 566,847                  | -                        | 5,161,800                  |
| Machinery and Equipment               | 7,729,492                  | 298,556                  | 242,688                  | 7,785,360                  |
| Infrastructure                        | 3,404,060                  | -                        | -                        | 3,404,060                  |
| Work in Progress                      | 477,091                    | -                        | 477,091                  | -                          |
|                                       | <u>\$ 19,045,585</u>       | <u>\$ 1,088,015</u>      | <u>\$ 719,779</u>        | <u>\$ 19,413,821</u>       |
| <b>Less: Accumulated depreciation</b> |                            |                          |                          |                            |
| Land Improvements                     | \$ (1,554,981)             | \$ (19,400)              | \$ -                     | \$ (1,574,381)             |
| Building and Improvements             | (2,081,350)                | (111,790)                | -                        | (2,193,140)                |
| Machinery and Equipment               | (5,233,377)                | (460,539)                | (229,163)                | (5,464,753)                |
| Infrastructure                        | (2,185,661)                | (5,637)                  | -                        | (2,191,298)                |
|                                       | <u>\$ (11,055,369)</u>     | <u>\$ (597,366)</u>      | <u>\$ (229,163)</u>      | <u>\$ (11,423,572)</u>     |
| <b>Governmental Activities</b>        |                            |                          |                          |                            |
| <b>Capital Assets, Net</b>            | <b><u>\$ 7,990,216</u></b> | <b><u>\$ 490,649</u></b> | <b><u>\$ 490,616</u></b> | <b><u>\$ 7,990,249</u></b> |

Depreciation expense was allocated to governmental functions as follows:

|                        |                          |
|------------------------|--------------------------|
| General Government     | \$ 61,210                |
| Public Safety          | 59,541                   |
| Public Works           | 459,691                  |
| Culture and Recreation | 16,924                   |
|                        | <b><u>\$ 597,366</u></b> |

**NOTE 8 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

Deferred outflows of resources are comprised of the following at December 31, 2019:

|                   | <b>GOVERNMENTAL</b>        | <b>GOVERNMENTAL</b> |
|-------------------|----------------------------|---------------------|
|                   | <b>ACTIVITIES</b>          | <b>FUNDS</b>        |
| Pension (Note 11) | \$ 3,907,916               | \$ -                |
| OPEB (Note 12)    | 634,756                    | -                   |
|                   | <b><u>\$ 4,542,672</u></b> | <b><u>\$ -</u></b>  |

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019

**NOTE 8 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES (Continued)**

Deferred inflows of resources are comprised of the following at December 31, 2019:

|                                    | <b>GOVERNMENTAL<br/>ACTIVITIES</b> | <b>GOVERNMENTAL<br/>FUNDS</b> |
|------------------------------------|------------------------------------|-------------------------------|
| Delinquent Property Taxes (Note 3) | \$ -                               | \$ 226,650                    |
| Delinquent Wage Taxes (Note 3)     | - -                                | 1,261,966                     |
| Pension (Note 11)                  | 279,152                            | -                             |
| OPEB (Note 12)                     | 522,963                            | -                             |
|                                    | <b><u>\$ 802,115</u></b>           | <b><u>\$ 1,488,616</u></b>    |

**NOTE 9 – CHANGES IN TOWNSHIP'S LONG-TERM DEBT OBLIGATIONS**

The following represents the changes in the Township's long-term liabilities during the 2019 year:

|                       | <b>BALANCE</b>              |                            |                          | <b>BALANCE</b>              | <b>DUE WITHIN</b>       |  |
|-----------------------|-----------------------------|----------------------------|--------------------------|-----------------------------|-------------------------|--|
|                       | <b>1/1/2019</b>             | <b>ADDITIONS</b>           | <b>REDUCTIONS</b>        | <b>12/31/2019</b>           | <b>ONE YEAR</b>         |  |
| Compensated Absences  | \$ 467,825                  | \$ 19,230                  | \$ -                     | \$ 487,055                  | \$ 45,000               |  |
| Net Pension Liability | 1,992,926                   | 4,878,495                  | - -                      | 6,871,421                   | -                       |  |
| Net OPEB Liability    | 8,646,229                   | - -                        | 231,218                  | 8,415,011                   | -                       |  |
|                       | <b><u>\$ 11,106,980</u></b> | <b><u>\$ 4,897,725</u></b> | <b><u>\$ 231,218</u></b> | <b><u>\$ 15,773,487</u></b> | <b><u>\$ 45,000</u></b> |  |

**NOTE 10 – GUARANTEED DEBT**

The Township guarantees the debt service payments of the North Huntingdon Township Municipal Township under its Variable Rate Demand Revenue Bonds, Series of 2011 (original issue amount \$9,525,000). During 2019, the Township made no contributions to the Authority. Township management does not anticipate any contributions being required in the future. The remaining annual debt service requirements for these bonds are as follows:

| <b>Year-End</b> |                            |                         |                            |
|-----------------|----------------------------|-------------------------|----------------------------|
| <b>31-Dec</b>   | <b>Principal</b>           | <b>Interest</b>         | <b>Total</b>               |
| 2020            | <b><u>\$ 1,045,000</u></b> | <b><u>\$ 55,280</u></b> | <b><u>\$ 1,100,280</u></b> |

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 11 - TOWNSHIP PENSION PLANS**

**DESCRIPTION OF PLANS**

The Police Pension Plan was established as a defined benefit pension plan on December 21, 1954 to provide retirement and death benefits to qualified police department employees under the provisions governing police pension plans in the Commonwealth of Pennsylvania and local Township Ordinances. The Non-Uniform Pension Plan was established as a defined benefit pension plan on April 12, 1962. Both plans participate in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained by contacting the PMRS accounting office or visiting their website at pmrs.state.pa.us.

**PLAN MEMBERSHIP**

Plan membership as of January 1, 2019 (latest available from PMRS) was comprised of:

|                                                                       | <b>POLICE</b> | <b>NON<br/>UNIFORM</b> |
|-----------------------------------------------------------------------|---------------|------------------------|
| Active employees                                                      | 25            | 44                     |
| Retirees and beneficiaries currently receiving benefits               | 20            | 29                     |
| Inactive employees entitled to benefits<br>but not yet receiving them | -             | 3                      |
| Total                                                                 | <u>45</u>     | <u>76</u>              |

**PLAN BENEFITS**

The Police Pension Plan provides retirement and death benefits to eligible plan members and their beneficiaries. All participants are eligible for retirement benefits provided that they have attained the normal retirement age of 55 with 12 years of credited service. Early retirement provisions are available after completion of 24 years of service. Monthly pension benefits are equal to 2% times credited service times final average salary (FAS), but in no event is the basic benefit greater than 50% of FAS. The plan provides the surviving spouse fifty percent of a deceased members pension benefit. Participants are fully vested upon completion of twelve (12) years of service.

The Non-Uniform Pension Plan provides retirement and death benefits to eligible plan members and their beneficiaries. All participants are eligible for retirement benefits provided that they have attained the normal retirement age of 60. Early retirement provisions are available after completion of 20 years of service. Monthly pension benefits are equal to 1.75% times credited service times final average salary (FAS), but in no event is the basic benefit greater than 75% of FAS. The plan provides the beneficiary with present value of accrued benefits. Participants are fully vested upon completion of five (5) years of service.

**PLAN CONTRIBUTION REQUIREMENTS**

Employer contributions are actuarially determined reflecting a payment equal to annual Normal Cost, the expected Administrative Expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level dollar amount over a closed period. This contribution is based upon the Minimum Municipal Obligation (MMO) as defined in Act 205. For the calendar year 2019, the Township contributed \$677,294 and \$329,607 respectively to the Police and Non-Uniform Pension Plans. Participants of both pension plans were required to contribute 5% of compensation to the plans during calendar year 2019.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 11 - TOWNSHIP PENSION PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES**  
**AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

The Township's total pension liability (TPL) was measured as of December 31, 2018 based upon the actuarial valuation as of the same date. The actuarial valuation does not reflect changes in benefits or assumptions after January 1, 2019. Because the beginning and end of year TPL are based upon different actuarial valuation dates, there is a difference between expected and actual experience. The beginning of year TPL is based on the January 1, 2017 actuarial valuation, with liabilities rolled forward to December 31, 2017 and reflecting the impact of plan changes if applicable. The end of year TPL is based on the January 1, 2019 actuarial valuation with liabilities measured at December 31, 2018.

The following shows the changes in the Total Pension Liability (TPL), the Plan Fiduciary Net Position (fair value of plan assets), and the Net Pension Liability (NPL) as of the Measurement date.

**POLICE PENSION PLAN:**

|                                                       | <b>Total Pension<br/>Liability<br/>( a )</b> | <b>Plan Fiduciary<br/>Net Position<br/>( b )</b> | <b>Net Pension<br/>Liability<br/>( c )</b> |
|-------------------------------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------|
| <b>Balances at 12/31/17</b>                           | \$ 23,384,047                                | \$ 22,058,949                                    | \$ 1,325,098                               |
| <b>Changes for the year:</b>                          |                                              |                                                  |                                            |
| Service cost                                          | 529,463                                      | -                                                | 529,463                                    |
| Interest                                              | 1,233,708                                    | -                                                | 1,233,708                                  |
| Changes of benefits                                   | -                                            | -                                                | -                                          |
| Changes of assumptions                                | -                                            | -                                                | -                                          |
| Differences between expected<br>and actual experience | 1,467,654                                    | -                                                | 1,467,654                                  |
| Contributions - employer                              | -                                            | 656,344                                          | (656,344)                                  |
| Contributions - PMRS Assessment                       | -                                            | 940                                              | (940)                                      |
| Contributions - member                                | -                                            | 147,860                                          | (147,860)                                  |
| PMRS investment income                                | -                                            | 1,060,322                                        | (1,060,322)                                |
| Market value investment income*                       | -                                            | (2,120,071)                                      | 2,120,071                                  |
| Transfers                                             | -                                            | -                                                | -                                          |
| Benefit payments                                      | (839,368)                                    | (839,368)                                        | -                                          |
| PMRS administrative expense                           | -                                            | (860)                                            | 860                                        |
| Additional administrative expense                     | -                                            | (47,318)                                         | 47,318                                     |
| Net changes                                           | <u>\$ 2,391,457</u>                          | <u>\$ (1,142,151)</u>                            | <u>\$ 3,533,608</u>                        |
| <b>Balances at 12/31/18</b>                           | <b>\$ 25,775,504</b>                         | <b>\$ 20,916,798</b>                             | <b>\$ 4,858,706</b>                        |

\* Reflects the net investment income/(loss) of (\$2,044,545) and income/(loss) due to the difference between expected and actual asset values of (\$75,526) which includes the impact from allocation of assets in support of the underlying retiree liabilities.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 11 - TOWNSHIP PENSION PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES  
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

**NON-UNIFORM PENSION PLAN:**

|                                                       | <b>Total Pension<br/>Liability<br/>( a )</b> | <b>Plan Fiduciary<br/>Net Position<br/>( b )</b> | <b>Net Pension<br/>Liability<br/>( c )</b> |
|-------------------------------------------------------|----------------------------------------------|--------------------------------------------------|--------------------------------------------|
| <b>Balances at 12/31/17</b>                           | <b>\$ 12,133,004</b>                         | <b>\$ 11,465,176</b>                             | <b>\$ 667,828</b>                          |
| <b>Changes for the year:</b>                          |                                              |                                                  |                                            |
| Service cost                                          | 308,756                                      | -                                                | 308,756                                    |
| Interest                                              | 636,786                                      | -                                                | 636,786                                    |
| Changes of benefits                                   | -                                            | -                                                | -                                          |
| Changes of assumptions                                | -                                            | -                                                | -                                          |
| Differences between expected<br>and actual experience | 376,016                                      | -                                                | 376,016                                    |
| Contributions - employer                              | -                                            | 283,839                                          | (283,839)                                  |
| Contributions - PMRS Assessment                       | -                                            | 1,480                                            | (1,480)                                    |
| Contributions - member                                | -                                            | 145,725                                          | (145,725)                                  |
| PMRS investment income                                | -                                            | 561,488                                          | (561,488)                                  |
| Market value investment income*                       | -                                            | (989,404)                                        | 989,404                                    |
| Transfers                                             | -                                            | -                                                | -                                          |
| Benefit payments                                      | (633,113)                                    | (633,113)                                        | -                                          |
| PMRS administrative expense                           | -                                            | (1,400)                                          | 1,400                                      |
| Additional administrative expense                     | -                                            | (25,057)                                         | 25,057                                     |
| Net changes                                           | <u>688,445</u>                               | <u>(656,442)</u>                                 | <u>1,344,887</u>                           |
| <b>Balances at 12/31/18</b>                           | <b>\$ 12,821,449</b>                         | <b>\$ 10,808,734</b>                             | <b>\$ 2,012,715</b>                        |

\* Reflects the net investment income/(loss) of (1,082,679) and income/(loss) due to the difference between expected and actual asset values of \$93,275, which includes the impact from allocation of assets in support of the underlying retiree liabilities.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 11 - TOWNSHIP PENSION PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES**  
**AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

The TPL as of December 31, 2018 was based upon the following actuarial assumptions:

- **Actuarial Cost Method** – Entry Age Normal
- **Rates of Pre-Retirement Mortality** – Males: RP 2000 male non-annuitant table projected 15 years with Scale AA; Females: RP 2000 female non-annuitant table projected 15 years with Scale AA and then setback 5 years
- **Rates of Post-Retirement Mortality** – Males: RP 2000 male annuitant table projected 5 years with Scale AA; Females: female annuitant table projected 10 years with Scale AA
- **Disabled Life Mortality Rates**: Males and females: RP 2000 with 10 year set forward
- **Termination Rates Before Retirement**: Less than 25 active members – sliding scale 1 year 15% down to 10 plus years at 2.5%. More than 25 active members – sliding scale 1 year 18% down to 10 plus years at 4%.
- **Disability Incidence Rates**: 40% of 1964 OASDI (Social Security)
- **Workers Compensation**: Service-related disability benefits payable from municipal plans are offset by 25% of final average salary
- **Salary Scale**: Sliding scale - age 25 (7.05%) down to age 65 (2.80%)
- **Rates of Retirement**: Under age 45 (2%), age 45 (8%), age 46 (10%), age 47-50 (15%), age 51-54 (17%), age 55 (22%), age 56-59 (14%), age 60-64 (18%), age 65 (25%), age 66-74 (20%), age 75 (100%)
- **Marital Status and Spouse's Age (if applicable)**: 85% of active members, and are assumed to be married for retirees with the 50% J&S form of payment. Male spouses are assumed to be 3 years older than female spouses
- **Social Security Projections (if applicable)**: Social security wage base will increase 3.3% compounded annually. CPI will increase 2.8% compounded annually, average total wages will increase 3.3% compounded annually
- **Post-Retirement Cost of Living Increases**: 2.8% per year, subject to plan limitations
- **Investment Return**: 5.25% compounded annually, net of expenses
- **Administrative expenses**: The expense assumption is based upon the expected expenses for the current year

These assumptions are based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013 issued by the actuary in July 2015, covering the defined benefit plan participants and all retirees, as well as subsequent Board approved assumption changes. These assumptions were first used for the December 31, 2015 measurement date. Effective with the December 31, 2016 measurement date, the Investment Return Assumption for municipal assets decreased from 5.50% to 5.25%.

According to Governmental Accounting Standards Board (GASB) Statements No. 67 and 68, PMRS is required to allocate/distribute all funds to the respective participating employers for financial reporting purposes, to determine the respective employer 'plan fiduciary net position.' PMRS has determined that net investment income or loss and administrative expenses will be allocated to the employer/municipality accounts pro-rata based on their beginning Fiduciary Net Position balance adjusted for cash flows throughout the year. The 'Additional administrative expenses' are the expenses in excess of the 'PMRS administrative expense' (i.e. \$20 per participant expense paid by each plan). The 'PMRS investment income' is based upon the regular and excess interest used to credit accounts annually.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 11 - TOWNSHIP PENSION PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES  
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

The 'Market value investment income' reflects the investment income/loss during the year net of PMRS investment income and the income/loss due to the difference between expected and actual asset values, including the impact from allocation of assets in support of the underlying retiree liabilities.

The impact of investment gains or losses for expensing is recognized over a period of five years. The impact of experience gains or losses and assumption changes on the TPL are recognized in the pension expense over the average expected remaining service live of all active and inactive members of the Plan. There were experience gains or losses between the beginning of the year and end of year liabilities because the liabilities are based upon two different actuarial valuation dates.

The following is a schedule of collective deferred inflows and outflows as of December 31, 2018:

**POLICE PENSION PLAN:**

|                                                                                  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|----------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Differences between expected and actual experience                               | \$ 1,384,637                                  | \$ -                                         |
| Changes of assumptions                                                           | 331,357                                       | 279,152                                      |
| Net difference between projected and actual earnings on pension plan investments | 477,901                                       | -                                            |
| Contributions after measurement date                                             | 677,294                                       | -                                            |
| <b>TOTAL</b>                                                                     | <b><u>\$ 2,871,189</u></b>                    | <b><u>\$ 279,152</u></b>                     |

**NON-UNIFORM PENSION PLAN:**

|                                                                                  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|----------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Differences between expected and actual experience                               | \$ 436,437                                    | \$ -                                         |
| Changes of assumptions                                                           | 185,925                                       | -                                            |
| Net difference between projected and actual earnings on pension plan investments | 84,758                                        | -                                            |
| Contributions after measurement date                                             | 329,607                                       | -                                            |
| <b>TOTAL</b>                                                                     | <b><u>\$ 1,036,727</u></b>                    | <b><u>\$ -</u></b>                           |

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 11 - TOWNSHIP PENSION PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES  
AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

Amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions, prior to recognition of the contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

| <b>Year ended<br/>December 31,</b> | <b>POLICE</b>       |                     | <b>NON-UNIFORM</b>  |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                    | <b>PENSION PLAN</b> | <b>PENSION PLAN</b> | <b>PENSION PLAN</b> | <b>PENSION PLAN</b> |
| 2019                               | \$ 512,174          |                     | \$ 200,636          |                     |
| 2020                               | 147,736             |                     | 86,633              |                     |
| 2021                               | 341,600             |                     | 96,631              |                     |
| 2022                               | 668,624             |                     | 260,549             |                     |
| 2023                               | 244,609             |                     | 62,671              |                     |
| Thereafter                         |                     | -                   | -                   | -                   |

The annual pension expense recognized can be calculated two different ways. First, it is the change in the amounts reported on for the Employer's Statement of Net Position that relate to the plan and are not attributable to employer contributions. That is, the change in Net Pension Liability (NPL) plus the changes in deferred outflows and deferred inflows plus employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. Although not required by GASB, PMRS provides an example of this calculation at [pmrs.state.pa.us/yearendrptg](http://pmrs.state.pa.us/yearendrptg).

**INVESTMENT ASSET ALLOCATION**

The PMRS System's long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expenses 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 pension plan's target asset allocation as of December 31, 2018 are summarized in the table below labeled "System Nominal and Real Rates of Return by Asset Class." These are three steps to the method as follows:

There are three steps to the method as follows:

1. Expected future real rates of return are based primarily on the 20-year historic nominal rates of return as reflected by applicable return indexes and may be adjusted for specific asset classes if, in the Board's opinion, any such asset classes are expected in the future to significantly vary from its 20 year historical returns.
2. The nominal rates of return by asset class are adjusted by a constant rate of expected future annual inflation rate of 2.2% to produce real rates of return.
3. The long term expected real rates of return are further adjusted by weighing each asset class using the PMRS portfolio target asset allocations.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2019

**NOTE 11 - TOWNSHIP PENSION PLANS (Continued)**

**INVESTMENT ASSET ALLOCATION (Continued)**

The results from steps 1 through 3 are shown below in the table below:

**System Nominal and Real Rates of Return by Asset Class**

| <b>Asset Class</b>                          | <b>Target Asset Allocation</b> | <b>Nominal Rate of Return</b> | <b>Long-Term Expected Real Rate of Return</b> |
|---------------------------------------------|--------------------------------|-------------------------------|-----------------------------------------------|
| Domestic Equities (large cap)               | 25%                            | 7.3%                          | 4.6%                                          |
| Domestic Equities (small cap)               | 15%                            | 10.0%                         | 7.3%                                          |
| International Equities (developing markets) | 15%                            | 6.2%                          | 3.5%                                          |
| International Equities (emerging markets)   | 10%                            | 10.6%                         | 8.3%                                          |
| Real Estate                                 | 20%                            | 8.5%                          | 5.4%                                          |
| Fixed Income                                | 15%                            | 3.3%                          | 1.1%                                          |
| <b>Total Portfolio</b>                      | <b>100%</b>                    | <b>7.5%</b>                   | <b>4.8%</b>                                   |

Based on the three-part analysis, the Board established the System's Long-Term Expected Rate of Return at 7.0%.

In addition to determining the System's Long-Term Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate." As of December 31, 2018, this rate is equal to 5.25%.

The Board has determined the minimum acceptable confidence level for achieving the Regular Interest Rate to be 70%. The table below labeled "Confidence Levels for System Nominal and Real Rates of Return" identifies simulated portfolio returns at various confidence levels based on the most recent asset allocation study conducted by the Boards' investment consultant, Dahab Associates

**Confidence Levels for System Nominal and Real Rates of Return**

| <b>Confidence Interval</b> | <b>Nominal Rate of Return</b> | <b>Long-Term Expected Real Rate of Return</b> |
|----------------------------|-------------------------------|-----------------------------------------------|
| 95%                        | 3.5%                          | 0.5%                                          |
| 90%                        | 4.4%                          | 1.4%                                          |
| 85%                        | 5.1%                          | 2.1%                                          |
| 80%                        | 5.7%                          | 2.7%                                          |
| 75%                        | 6.1%                          | 3.1%                                          |
| 70%                        | 6.5%                          | 3.5%                                          |
| 50%                        | 7.9%                          | 4.9%                                          |

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 11 - TOWNSHIP PENSION PLANS (Continued)**

**DISCOUNT RATE**

While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate. (Regular Interest Rate/Discount Rate). The PMRS Board establishes the Regular Interest Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. As a starting point, the Board considers the following five quantitative factors in establishing the Regular Interest Rate/Discount Rate:

1. Retiree Plan liability as a percentage of total Plan liability,
2. Active Plan participant liability as a percentage of total Plan liability,
3. Smoothed Pension Benefit Guarantee Corporation (PBGC) annuity rates as a proxy for annuity purchase rates,
4. PMRS System Long-Term Expected Rate of Return, and
5. PMRS investment expenses

The formula using these factors is as follows:

Regular Interest Rate = (Retiree Liability Percentage x Smoothed PBGC Annuity Rates) + (Active Employee Liability Percentage x System Long-Term Expected Rate of Return) - (Investment Expenses as a percentage of assets)

The Board may then adjust the Regular Interest Rate/Discount Rate derived from the formula due to a variety of qualitative factors such as the desire to minimize Regular Interest Rate/Discount Rate volatility, varying levels of asset allocation and liquidity, trending of PBGC annuity rates, total PMRS actuarial and market value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System's investment and actuarial consultants. The Regular Interest Rate/Discount Rate adopted by the Board and used to measure the individual participating municipalities' total pension liability was 5.25% as of December 31, 2018.

The Regular Interest Rate/Discount Rate will likely result in a System Long-Term Expected Rate of Return. Should the System experience a prolonged period of investment returns in excess of the Regular Interest Rate, the Board is authorized to allocate any applicable portion of any such excess in accordance with Board policies in the form of Excess Interest as provided for in the law.

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Regular Interest Rate/Discount Rate was required ("depletion testing"), used the following assumptions: 1) member contributions will be made at the current contribution rate, 2) participating plan sponsors contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3) the System's Long-Term Expected Rate of Return will be used in the depletion testing of projected cash flows. Based on those assumptions, the PMRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 11 - TOWNSHIP PENSION PLANS (Continued)**

**SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE**

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to the discount rate with two additional measures, plus and minus one percent from the rate used for the disclosure.

| <b><u>POLICE PENSION PLAN</u></b>                                    | <b>Current</b>                 |                                  |                                |
|----------------------------------------------------------------------|--------------------------------|----------------------------------|--------------------------------|
|                                                                      | <b>1% Decrease<br/>(4.25%)</b> | <b>Discount Rate<br/>(5.25%)</b> | <b>1% Increase<br/>(6.25%)</b> |
| Total Pension Liability                                              | \$ 29,213,315                  | \$ 25,775,504                    | \$ 22,897,378                  |
| Plan Fiduciary Net Position                                          | 20,916,798                     | 20,916,798                       | 20,916,798                     |
| Net Pension Liability                                                | <u>\$ 8,296,517</u>            | <u>\$ 4,858,706</u>              | <u>\$ 1,980,580</u>            |
| Plan Fiduciary Net Position as a<br>% of the Total Pension Liability | 71.60%                         | 81.15%                           | 91.35%                         |
| <b><u>NON-UNIFORM PENSION PLAN</u></b>                               | <b>Current</b>                 |                                  |                                |
|                                                                      | <b>1% Decrease<br/>(4.25%)</b> | <b>Discount Rate<br/>(5.25%)</b> | <b>1% Increase<br/>(6.25%)</b> |
| Total Pension Liability                                              | \$ 14,423,852                  | \$ 12,821,449                    | \$ 11,455,883                  |
| Plan Fiduciary Net Position                                          | 10,808,734                     | 10,808,734                       | 10,808,734                     |
| Net Pension Liability                                                | <u>\$ 3,615,118</u>            | <u>\$ 2,012,715</u>              | <u>\$ 647,149</u>              |
| Plan Fiduciary Net Position as a<br>% of the Total Pension Liability | 74.94%                         | 84.30%                           | 94.35%                         |

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**PLAN DESCRIPTION**

The Township of North Huntingdon administers a single-employer defined benefit health care plan ("the Retiree Health Plan"). A summary of the Plan's provisions is as follows:

**Police Officers** – If a police officer retires on or after attainment of age 55 and upon completion of 12 years of service, the Township will provide the officer with medical, prescription drug, dental, and vision coverage for the officer's lifetime fully paid by the Township. Spouse coverage may not continue on the Township's plan upon the officer's retirement; however effective January 1, 2019 the Township will provide reimbursement toward the spouse's health care costs, as long as the spouse has no coverage available through his/her employer.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PLAN DESCRIPTION (Continued)**

**Police Officers (Continued)** - The Township agrees to pay \$175 per month until Medicare eligibility and \$50 per month on or after Medicare eligibility. If a retired officer dies while receiving coverage, the Township will cease to provide any spousal coverage. If a police officer retires on or after attainment of age 55 and upon completion of 25 years of service, the Township will also provide fully paid life insurance coverage upon retirement, in the amount of \$50,000 for the officer's lifetime. If a police officer becomes disabled, the Township will provide the officer, spouse, and non-spouse dependents with medical, prescription drug, dental, and vision coverage for a period of 4 ½ years. The Township pays the full cost of coverage. In the event the disabled police officer dies while receiving benefits, the surviving spouse and/or non-spouse dependent coverage ceases.

**Non-Uniform Union Employees** – Effective January 1, 2003, if an employee retires on or after attainment of age 60 and upon completion of 20 or more years of service, the Township agrees to provide fully paid medical and prescription drug coverage, for the retiree only until Medicare eligibility. If an employee retires on or after attainment of age 60 and upon completion of 5 or more years of service, the Township agrees to provide fully paid coverage through the Freedom Blue PPO Classic plan once the retiree is eligible for Medicare. Effective January 1, 2008, the Township will provide fully paid life insurance coverage upon retirement, in the amount of \$7,500 for the employee's lifetime. Effective January 1, 2017, the amount of life insurance coverage provided is \$50,000. To qualify for life insurance, the employee must retire on or after the attainment of age 60 and upon completion of 5 or more years of service. If an employee becomes disabled as a result of a non-work-related accident or illness, the Township will provide the employee, his/her spouse, and any non-spouse dependents with medical, prescription drug, dental, and vision coverage for a period of 5 years. The Township and employee will each contribute 50% toward the cost of the coverage. In the event the disabled employee dies while receiving benefits, the surviving spouse and/or non-spouse dependent coverage ceases. If an employee becomes disabled as a result of a work-related accident or illness, the Township will provide the employee, his/her spouse, and any non-spouse dependents with medical, prescription drug, dental, and vision coverage, fully paid by the Township for a period of 2 years. At the end of the 2-year period, the employee could continue coverage for up to an additional 5 years, given that the employees pay for 50% of the cost of the coverage.

**Non-Uniform Non-Union Employees** – If an employee retired on or after attainment of age 60 and upon completion of 5 or more years of service (20 or more years of service for employees hired after January 1, 2013), the Township agrees to provide fully paid benefits for the retiree only until Medicare eligibility. Upon reaching age 65, the Township will provide the Freedom Blue PPO Classic plan for the retiree only. If an employee retires on or after attainment of age 60 and upon completion of 20 or more years of service, the Township will also provide fully paid life insurance coverage upon retirement, in the amount of \$5,000 for the employee's lifetime. If an employee becomes disabled, the Township will provide the employee, his/her spouse, and any non-spouse dependents with medical, prescription drug, dental, and vision coverage until the employee is terminated from employment with the Township. The Township will pay for the full cost of coverage. In the event the disabled employee dies while receiving benefits, the surviving spouse and/or non-spouse dependent coverage ceases.

The plan is unfunded and does not issue a publicly available financial report. These benefits are accounted for in accordance with GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**FUNDING POLICY**

The contribution requirements of the Township and plan members are established through negotiations with the Township's unions. Contribution requirements for management are established by the Township's Board of Commissioners. The required contribution is based on pay-as-you-go financing.

**EMPLOYEES COVERED BY BENEFIT TERMS**

As of January 1, 2018, the following employees were covered by the benefit terms:

|                                 |            |
|---------------------------------|------------|
| Active participants             | 70         |
| Participants receiving benefits | 30         |
| Total                           | <u>100</u> |

The Township's total OPEB liability of \$8,415,011 was measured as of January 1, 2018 and was determined by an actuarial valuation performed as of the same date.

**ACTUARIAL ASSUMPTIONS AND OTHER INPUTS**

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                            |                                                                                                                                                         |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discount Rate              | 3.64% - S&P Municipal Bond 20-Year High Grade Rate Index                                                                                                |
| Salary Increases           | 4.00%                                                                                                                                                   |
| Withdrawal Rates           | Police Officers: 13.0% at < 1 year to 3.0% at > 7 years<br>Non-uniform: 20% at < 1 year to 3.0% at > 7 years                                            |
| Mortality                  | IRS 2017 Static Combined Table for Small Plans                                                                                                          |
| Disability                 | SOA 1987 Group LTD Table. All disabilities are assumed to be service-related and assumed that non-union employees terminate employment upon disability. |
| Healthcare Cost Trend Rate | 6.0% in 2018, 5.5% from 2019 to 2021, 5.4% from 2022 to 2074, and 3.8% 2075 and later                                                                   |
| Retirement Rates           | Vary by age and by group – refer to tables in the actuarial report.                                                                                     |

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**CHANGES IN THE TOTAL OPEB LIABILITY**

|                                                       |                     |
|-------------------------------------------------------|---------------------|
| Balance at January 1, 2018                            | \$ 8,646,229        |
| Changes for the year:                                 |                     |
| Service cost                                          | 294,651             |
| Interest                                              | 279,195             |
| Changes of benefit terms *                            | -                   |
| Differences between expected and<br>actual experience | -                   |
| Changes in assumptions or other inputs **             | (610,124)           |
| Benefit payments                                      | (194,940)           |
| Net Changes                                           | <u>\$ (231,218)</u> |
| Balance at December 31, 2018                          | <u>\$ 8,415,011</u> |

\* There were no changes in benefit terms

\*\* Changes in assumptions and other inputs reflect a change in the discount rate from 3.16 to 3.64%

**SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The following presents the net OPEB liability, calculated using the discount rate of 3.64%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.64%) or 1-percentage-point higher (4.64%) than the current rate:

|                           | Current             |                     |                     |
|---------------------------|---------------------|---------------------|---------------------|
|                           | 1%                  | Discount            | 1%                  |
|                           | Decrease            | Rate                | Increase            |
| Net OPEB Liability        | <u>2.64%</u>        | <u>3.64%</u>        | <u>4.64%</u>        |
| <u>Net OPEB Liability</u> | <u>\$ 9,759,473</u> | <u>\$ 8,415,011</u> | <u>\$ 7,321,539</u> |

**SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES**

The following presents the net OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|                    | Current             |                     |                     |
|--------------------|---------------------|---------------------|---------------------|
|                    | 1%                  | Trend               | 1%                  |
|                    | Decrease            | Rates               | Increase            |
| Net OPEB Liability | <u>\$ 7,278,711</u> | <u>\$ 8,415,011</u> | <u>\$ 9,844,787</u> |

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB**

|                                                                       | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|-----------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Difference between expected and actual experience                     | \$ -                                      | \$ -                                     |
| Changes in assumptions                                                | 405,631                                   | 522,963                                  |
| Benefit payments made subsequent to the measurement date - (1/1/2019) | 229,125                                   | -                                        |
|                                                                       | <b>\$ 634,756</b>                         | <b>\$ 522,963</b>                        |

Amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Year ended<br/>December 31,</b> | <b>Amortization</b> |               |
|------------------------------------|---------------------|---------------|
|                                    |                     | <b>Amount</b> |
| 2020                               | \$                  | (6,035)       |
| 2021                               |                     | (6,035)       |
| 2022                               |                     | (6,035)       |
| 2023                               |                     | (6,035)       |
| 2024                               |                     | (6,034)       |
| thereafter                         |                     | (87,158)      |

**NOTE 13 – DEFERRED COMPENSATION PLAN**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all employees, permits them to defer a portion of their salaries until future years. Participation in the plan is optional. The deferred compensation is not available to the employee until termination, retirement, death, or unforeseeable emergency. At December 31, 2019, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust solely for the benefit of the participants. Investments are managed by the plan's trustee under several investment options as selected by the participants. Deferred compensation assets at December 31, 2019 totaled \$1,829,573. Under generally accepted accounting standards, the plan is not required to be included in the Township's financial statements.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 14 – TAX ABATEMENTS**

The Township of North Huntingdon has developed a LERTA program established under The Local Economic Revitalization Tax Assistance Act, Act 76 of 1977 to encourage property owner driven revitalization in the North Huntingdon Township community. During calendar year 2019, the Township abated property taxes for two local businesses (four parcels in total) in the amount of \$17,802. The tax abatements are for a period of five years maturing in calendar years 2020-2021.

**NOTE 15 - RISK MANAGEMENT**

The Township of North Huntingdon is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**NOTE 16 - CONTINGENT LIABILITIES**

**SERVICE AGREEMENTS**

The Township has entered into service agreements with the North Huntingdon Township Municipal Authority and with Western Westmoreland Municipal Authority for the treatment of sewage. The service agreements provide that if receipts and revenues from customers are insufficient to enable each authority to meet their obligations, the Township will provide monies (or its respective share of monies) to fund these obligations. No payments were required under these agreements in 2019.

**LEGAL MATTERS**

The Township, on occasion, can be party to various legal actions arising from normal business operations. The Township is unaware of any pending claims or litigations that would be material to the financial position of the Township of North Huntingdon.

**STATE FUNDING**

The Township of North Huntingdon's state funded programs are subject to audit by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The Township is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 17 – PRIOR PERIOD ADJUSTMENT1**

The prior period adjustment of \$131,000 to the governmental activities net position of the Township as of January 1, 2019 represents the adjustment of certain prior year renovations as capital costs rather than expenses.

**NOTE 18 – SUBSEQUENT EVENTS**

In December of 2019, a new strain of the coronavirus (COVID-19) spread through China as well as other countries including the United States. The impact of the virus from region and from day to day, and any significant additional spreading of the virus could adversely affect the Township's business. The outbreak of the COVID-19 virus is likely to have a future negative impact in 2020 on the global and local economy and, in the future, might impact the Township's financial results in 2020 and beyond. Given the dynamic nature of this outbreak, however, the extent to which the COVID-19 virus impacts the Township's results will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

Management has determined that there are no other events subsequent to December 31, 2019 through the July 29, 2020 date of the 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

**OTHER  
SUPPLEMENTARY  
INFORMATION**

**TOWNSHIP OF NORTH HUNTINGDON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                    | <u>BUDGET</u>       | <u>ACTUAL</u>        | <u>OVER<br/>&lt;UNDER&gt;<br/>BUDGET</u> |
|------------------------------------|---------------------|----------------------|------------------------------------------|
| <b>TAXES:</b>                      |                     |                      |                                          |
| Real estate tax - current          | \$ 3,480,000        | \$ 3,474,355         | \$ (5,645)                               |
| Prior years real estate tax        | 150,000             | 164,224              | 14,224                                   |
| Per capita tax - current           | 83,000              | 55,133               | (27,867)                                 |
| Per capita tax - prior/delinquent  | 15,000              | 18,805               | 3,805                                    |
| Real estate transfer tax           | 500,000             | 620,837              | 120,837                                  |
| Earned income tax - current        | 4,400,000           | 4,988,522            | 588,522                                  |
| Earned income tax - prior          | 85,000              | 54,630               | (30,370)                                 |
| Business gross receipt             | 470,000             | 460,766              | (9,234)                                  |
| Delinquent Business gross receipts | 55,000              | 98,233               | 43,233                                   |
| LST - Current                      | 500,000             | 563,078              | 63,078                                   |
| LST - Prior Years                  | 15,000              | 17,795               | 2,795                                    |
| Mechanical device tax              | 12,000              | 6,450                | (5,550)                                  |
| <b>TOTAL TAXES</b>                 | <b>\$ 9,765,000</b> | <b>\$ 10,522,828</b> | <b>\$ 757,828</b>                        |
| <b>LICENSES AND PERMITS:</b>       |                     |                      |                                          |
| Transient retail license           | \$ 2,000            | \$ 850               | \$ (1,150)                               |
| Cable television franchise         | 675,000             | 662,213              | (12,787)                                 |
| Highway occupation permits         | 35,000              | 55,195               | 20,195                                   |
| Liquor license - non-state funds   | -                   | 1,000                | 1,000                                    |
| <b>TOTAL LICENSES AND PERMITS</b>  | <b>\$ 712,000</b>   | <b>\$ 719,258</b>    | <b>\$ 7,258</b>                          |
| <b>FINES AND FORFEITURES:</b>      |                     |                      |                                          |
| Vehicle code/ordinance fines       | \$ 75,000           | \$ 59,633            | \$ (15,367)                              |
| <b>TOTAL FINES AND FORFEITURES</b> | <b>\$ 75,000</b>    | <b>\$ 59,633</b>     | <b>\$ (15,367)</b>                       |
| <b>INTEREST AND RENTS:</b>         |                     |                      |                                          |
| Interest                           | \$ 100              | \$ 79,541            | \$ 79,441                                |
| Municipal building offices         | 40,000              | 38,296               | (1,704)                                  |
| <b>TOTAL INTEREST AND RENTS</b>    | <b>\$ 40,100</b>    | <b>\$ 117,837</b>    | <b>\$ 77,737</b>                         |
| <b>INTERGOVERNMENTAL:</b>          |                     |                      |                                          |
| Police operating grant             | \$ 12,500           | \$ 13,843            | \$ 1,343                                 |
| Public utility realty              | 12,500              | 10,359               | (2,141)                                  |
| Drug task force reimbursements     | 25,000              | 35,826               | 10,826                                   |
| Alcoholic beverage licenses        | 10,000              | 9,700                | (300)                                    |
| State pension assistance           | 430,970             | 486,448              | 55,478                                   |
| Drilling Impact Free               | 55,000              | 65,946               | 10,946                                   |
| Foreign fire insurance             | 175,000             | 179,735              | 4,735                                    |
| Recycling performance grant        | 23,000              | 51,822               | 28,822                                   |
| Payments In Lieu of Taxes          | -                   | 11,494               | 11,494                                   |
| <b>TOTAL INTERGOVERNMENTAL</b>     | <b>\$ 743,970</b>   | <b>\$ 865,173</b>    | <b>\$ 121,203</b>                        |

**TOWNSHIP OF NORTH HUNTINGDON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL REVENUES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                        | <u>BUDGET</u>        | <u>ACTUAL</u>        | <u>OVER<br/>&lt;UNDER&gt;<br/>BUDGET</u> |
|----------------------------------------|----------------------|----------------------|------------------------------------------|
| <b><u>CHARGES FOR SERVICES:</u></b>    |                      |                      |                                          |
| No lien letters                        | \$ 13,000            | \$ 13,765            | \$ 765                                   |
| Recording-subdivisions                 | 25,000               | 10,750               | (14,250)                                 |
| Engineer Fee Reimbursements            | 25,000               | 17,942               | (7,058)                                  |
| Non-conforming use permits             | 2,500                | 1,785                | (715)                                    |
| Grading permits                        | 4,000                | -                    | (4,000)                                  |
| Zoning hearing board                   | 9,500                | 9,920                | 420                                      |
| Sale-maps, ordinances, copies, etc     | 500                  | 77                   | (423)                                    |
| Copies-accident reports                | 7,000                | 5,815                | (1,185)                                  |
| Burglar alarms                         | 3,000                | 1,990                | (1,010)                                  |
| Building/use & occupancy permits       | 180,000              | 182,667              | 2,667                                    |
| Septic tank permits                    | 500                  | -                    | (500)                                    |
| Facility users fees                    | 35,000               | 36,038               | 1,038                                    |
| Program fees/donation                  | 25,000               | 23,512               | (1,488)                                  |
| <b>TOTAL CHARGES FOR SERVICES</b>      | <b>\$ 330,000</b>    | <b>\$ 304,261</b>    | <b>\$ (25,739)</b>                       |
| <b><u>MISCELLANEOUS:</u></b>           |                      |                      |                                          |
| Miscellaneous revenue                  | \$ 50,000            | \$ 82,666            | \$ 32,666                                |
| Police Department Donations            | -                    | 750                  | 750                                      |
| <b>TOTAL MISCELLANEOUS REVENUES</b>    | <b>\$ 50,000</b>     | <b>\$ 83,416</b>     | <b>\$ 33,416</b>                         |
| <b><u>OTHER FINANCIAL SOURCES:</u></b> |                      |                      |                                          |
| Refund prior year expenses             | \$ 200,000           | \$ 268,299           | \$ 68,299                                |
| Interfund Transfer - Highway Fund      | -                    | 211,512              | 211,512                                  |
| Sale of Fixed Assets                   | -                    | 67,985               | 67,985                                   |
| Loan Proceeds - PIB                    | 650,000              | -                    | (650,000)                                |
| <b>TOTAL OTHER FINANCIAL SOURCES</b>   | <b>\$ 850,000</b>    | <b>\$ 547,796</b>    | <b>\$ (302,204)</b>                      |
| <b>TOTAL REVENUES</b>                  | <b>\$ 12,566,070</b> | <b>\$ 13,220,202</b> | <b>\$ 654,132</b>                        |

**TOWNSHIP OF NORTH HUNTINGDON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                     | <u>BUDGET</u>       | <u>ACTUAL</u>       | <u>&lt;OVER&gt;<br/>UNDER<br/>BUDGET</u> |
|-------------------------------------|---------------------|---------------------|------------------------------------------|
| <b>GENERAL GOVERNMENT:</b>          |                     |                     |                                          |
| <b>GOVERNING BODY:</b>              |                     |                     |                                          |
| Elected officials salary            | \$ 30,625           | \$ 30,625           | \$ -                                     |
| Social security                     | 2,400               | 2,343               | 57                                       |
| Dues, travel & training             | 6,000               | 5,652               | 348                                      |
| <b>TOTAL GOVERNING BODY</b>         | <b>\$ 39,025</b>    | <b>\$ 38,620</b>    | <b>\$ 405</b>                            |
| <b>GENERAL ADMINISTRATION:</b>      |                     |                     |                                          |
| Salary--Township Manager/secretary  | \$ 114,400          | \$ 114,400          | \$ -                                     |
| Assistant to manager                | 89,936              | 89,674              | 262                                      |
| Senior Project Engineer             | 62,080              | 76,153              | (14,073)                                 |
| Communication/Tech Admin            | 44,420              | 44,304              | 116                                      |
| Clerical salaries                   | 230,000             | 272,668             | (42,668)                                 |
| Workers compensation                | 1,050               | 1,031               | 19                                       |
| Fringe benefits                     | 156,000             | 155,995             | 5                                        |
| Overtime                            | 3,000               | 10,187              | (7,187)                                  |
| Supplies/postage                    | 12,500              | 9,149               | 3,351                                    |
| Recycling program expense           | 5,000               | 4,997               | 3                                        |
| Land Purchase/Miscellaneous         | 5,500               | 18,841              | (13,341)                                 |
| Township Auditors                   | 11,000              | 15,000              | (4,000)                                  |
| Consulting services                 | 50,000              | 28,864              | 21,136                                   |
| Engineer's fee                      | 85,000              | 64,809              | 20,191                                   |
| Solicitor's fees                    | 95,000              | 111,912             | (16,912)                                 |
| Economic Development                | 20,000              | 618                 | 19,382                                   |
| Arbitration hearing                 | 4,000               | 8,246               | (4,246)                                  |
| Advertising, printing, etc          | 15,000              | 16,064              | (1,064)                                  |
| Maintenance & rentals               | 5,000               | 2,813               | 2,187                                    |
| Computer system                     | 125,000             | 61,990              | 63,010                                   |
| Manager's dues/subscriptions        | 2,000               | 1,795               | 205                                      |
| Assistant's dues/subscriptions      | 500                 | 1,875               | (1,375)                                  |
| Administrative Staff training       | 7,730               | 6,466               | 1,264                                    |
| Capital equipment                   | 5,000               | 3,194               | 1,806                                    |
| <b>TOTAL GENERAL ADMINISTRATION</b> | <b>\$ 1,149,116</b> | <b>\$ 1,121,045</b> | <b>\$ 28,071</b>                         |
| <b>TAX COLLECTION:</b>              |                     |                     |                                          |
| Salary - treasurer                  | \$ 10,000           | \$ 10,000           | \$ -                                     |
| Commission - tax collector          | 15,000              | 11,632              | 3,368                                    |
| Delinquent tax collection           | 1,000               | -                   | 1,000                                    |
| Fringe benefits                     | 5,000               | 4,545               | 455                                      |
| Supplies/expenses                   | 32,000              | 10,820              | 21,180                                   |
| <b>TOTAL TAX COLLECTION</b>         | <b>\$ 63,000</b>    | <b>\$ 36,997</b>    | <b>\$ 26,003</b>                         |

**TOWNSHIP OF NORTH HUNTINGDON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                        | <u>BUDGET</u>       | <u>ACTUAL</u>       | <u>&lt;OVER&gt;<br/>UNDER<br/>BUDGET</u> |
|----------------------------------------|---------------------|---------------------|------------------------------------------|
| <b>GENERAL GOVERNMENT: (Continued)</b> |                     |                     |                                          |
| <b>BUILDING AND PLANT:</b>             |                     |                     |                                          |
| Custodian wages                        | \$ 63,200           | \$ 52,921           | \$ 10,279                                |
| Workers compensation                   | 3,000               | 2,946               | 54                                       |
| Fringe benefits                        | 24,000              | 22,995              | 1,005                                    |
| Overtime                               | 3,000               | 631                 | 2,369                                    |
| Supplies - town house                  | 9,000               | 13,371              | (4,371)                                  |
| Supplies - garage                      | 7,000               | 1,340               | 5,660                                    |
| Small Tools/minor equipment            | 1,500               | 1,021               | 479                                      |
| Telephone                              | 45,000              | 50,121              | (5,121)                                  |
| Utilities - town house                 | 50,000              | 36,038              | 13,962                                   |
| Utilities - garage                     | 45,000              | 38,356              | 6,644                                    |
| Repairs & maintenance Town house       | 25,000              | 34,039              | (9,039)                                  |
| Repairs & maintenance- garage          | 15,000              | 11,978              | 3,022                                    |
| Repairs & maintenance of equipment     | 5,000               | 3,007               | 1,993                                    |
| Capital improvements - Town House      | 25,000              | 22,831              | 2,169                                    |
| <b>TOTAL BUILDING AND PLANT</b>        | <b>\$ 320,700</b>   | <b>\$ 291,595</b>   | <b>\$ 29,105</b>                         |
| <b>TOTAL GENERAL GOVERNMENT</b>        | <b>\$ 1,571,841</b> | <b>\$ 1,488,257</b> | <b>\$ 83,584</b>                         |
| <b>PUBLIC SAFETY:</b>                  |                     |                     |                                          |
| <b>POLICE PROTECTION:</b>              |                     |                     |                                          |
| Police chief's salary                  | \$ 122,700          | \$ 121,179          | \$ 1,521                                 |
| Police salary                          | 2,516,541           | 2,598,510           | (81,969)                                 |
| Workers Compensation                   | 117,000             | 134,771             | (17,771)                                 |
| Fringe benefits                        | 798,250             | 673,424             | 124,826                                  |
| Overtime                               | 300,000             | 294,281             | 5,719                                    |
| Dispatcher's wages                     | 394,028             | 370,848             | 23,180                                   |
| Workers Compensation                   | 1,050               | 2,710               | (1,660)                                  |
| Fringe benefits                        | 125,700             | 112,142             | 13,558                                   |
| Overtime                               | 11,000              | 17,771              | (6,771)                                  |
| K-9 compensation/expenses              | 15,400              | 14,027              | 1,373                                    |
| Uniforms - policemen                   | 34,000              | 33,857              | 143                                      |
| Uniforms - dispatchers                 | 3,500               | 2,177               | 1,323                                    |
| Vests - police                         | 9,000               | 4,112               | 4,888                                    |
| Office supplies                        | 11,000              | 13,610              | (2,610)                                  |
| Vehicle fuel                           | 52,000              | 48,226              | 3,774                                    |
| Vascar                                 | 3,500               | 2,977               | 523                                      |
| Ammunition                             | 10,000              | 10,133              | (133)                                    |
| Affiliated program assistant           | 2,500               | 2,394               | 106                                      |
| Miscellaneous                          | 11,000              | 12,855              | (1,855)                                  |
| Repairs to vehicles                    | 55,000              | 34,920              | 20,080                                   |

**TOWNSHIP OF NORTH HUNTINGDON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                   | BUDGET              | ACTUAL              | <OVER><br>UNDER<br>BUDGET |
|-----------------------------------|---------------------|---------------------|---------------------------|
| <b>PUBLIC SAFETY: (Continued)</b> |                     |                     |                           |
| Minor equipment                   | 7,000               | 5,040               | 1,960                     |
| Blood alcohol tests               | 6,500               | 5,241               | 1,259                     |
| Civil service commission          | 7,500               | 6,814               | 686                       |
| Radio maintenance                 | 9,000               | 10,516              | (1,516)                   |
| Equipment maintenance Contract    | 70,000              | 55,512              | 14,488                    |
| Dog officer                       | 8,000               | 7,645               | 355                       |
| Capital Purchases                 | 27,500              | 18,313              | 9,187                     |
| Seminars & training               | 20,000              | 18,224              | 1,776                     |
| <b>TOTAL POLICE PROTECTION</b>    | <b>\$ 4,748,669</b> | <b>\$ 4,632,229</b> | <b>\$ 116,440</b>         |
| <b>FIRE DEPARTMENT:</b>           |                     |                     |                           |
| Workers Compensation              | \$ 130,000          | 133,951             | \$ (3,951)                |
| Gasoline                          | 18,000              | 16,064              | 1,936                     |
| Firemens Relief Association       | 175,000             | 179,735             | (4,735)                   |
| <b>TOTAL FIRE PROTECTION</b>      | <b>\$ 323,000</b>   | <b>\$ 329,750</b>   | <b>\$ (6,750)</b>         |
| <b>RESCUE 8:</b>                  |                     |                     |                           |
| Worker's Compensation             | \$ 2,300            | \$ 2,258            | \$ 42                     |
| Gasoline                          | 40,000              | 37,260              | 2,740                     |
| Utilities - Rescue 8              | 18,000              | 14,068              | 3,932                     |
| Contribution to Rescue 8          | 72,000              | 72,000              | -                         |
| <b>TOTAL RESCUE 8</b>             | <b>\$ 132,300</b>   | <b>\$ 125,586</b>   | <b>\$ 6,714</b>           |
| <b>PLANNING AND ZONING</b>        |                     |                     |                           |
| Planning Director Salary          | \$ 112,182          | \$ 108,846          | \$ 3,336                  |
| Building inspector Salary         | 61,282              | 60,622              | 660                       |
| Planner salary                    | 70,440              | 65,265              | 5,175                     |
| Clerical Wages                    | 58,500              | 58,448              | 52                        |
| Code officer                      | 64,046              | 63,860              | 186                       |
| Zoning hearing board Salary       | 4,200               | 2,450               | 1,750                     |
| Workers Compensation              | 1,050               | 1,031               | 19                        |
| Fringe benefits                   | 132,000             | 121,118             | 10,882                    |
| Overtime                          | 2,000               | 687                 | 1,313                     |
| Zoning Officer Safety shoes       | 750                 | 634                 | 116                       |
| Planning commission expense       | 1,000               | -                   | 1,000                     |
| Office supplies                   | 8,500               | 11,939              | (3,439)                   |
| Vehicle maintenance & fuel        | 4,500               | 3,747               | 753                       |
| Minor equipment                   | 2,000               | 3,772               | (1,772)                   |
| Professional services             | 70,000              | 54,816              | 15,184                    |
| Advertising/Recreation fees       | 5,500               | 6,261               | (761)                     |
| Dues & subscriptions              | 3,000               | 1,222               | 1,778                     |
| Lien Cost                         | 2,500               | 1,439               | 1,061                     |
| Training                          | 9,000               | 3,187               | 5,813                     |
| Refunds                           | 1,000               | 1,433               | (433)                     |
| <b>TOTAL PLANNING AND ZONING</b>  | <b>\$ 613,450</b>   | <b>\$ 570,777</b>   | <b>\$ 42,673</b>          |

**TOWNSHIP OF NORTH HUNTINGDON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                     | <u>BUDGET</u>       | <u>ACTUAL</u>       | <u>&lt;OVER&gt;<br/>UNDER<br/>BUDGET</u> |
|-------------------------------------|---------------------|---------------------|------------------------------------------|
| <b>PUBLIC SAFETY: (Continued)</b>   |                     |                     |                                          |
| <b>EMERGENCY MANAGEMENT:</b>        |                     |                     |                                          |
| Supplies/materials                  | \$ 4,750            | \$ 4,556            | \$ 194                                   |
| Miscellaneous                       | 1,000               | 1,175               | (175)                                    |
| Equipment                           | 8,110               | 7,505               | 605                                      |
| Dues & Subscriptions                | 500                 | 190                 | 310                                      |
| Training                            | 8,000               | 819                 | 7,181                                    |
| <b>TOTAL EMERGENCY MANAGEMENT</b>   | <b>\$ 22,360</b>    | <b>\$ 14,245</b>    | <b>\$ 8,115</b>                          |
| <b>SCHOOL CROSSING GUARDS:</b>      |                     |                     |                                          |
| School crossing wages               | \$ 20,000           | \$ 18,500           | \$ 1,500                                 |
| Fringe Benefits                     | -                   | 122                 | (122)                                    |
| Social security                     | 1,600               | 1,333               | 267                                      |
| Supplies                            | 2,500               | -                   | 2,500                                    |
| <b>TOTAL SCHOOL CROSSING GUARDS</b> | <b>\$ 24,100</b>    | <b>\$ 19,955</b>    | <b>\$ 4,145</b>                          |
| <b>TOTAL PUBLIC SAFETY</b>          | <b>\$ 5,863,879</b> | <b>\$ 5,692,542</b> | <b>\$ 171,337</b>                        |
| <b>PUBLIC WORKS:</b>                |                     |                     |                                          |
| <b>PUBLIC WORK SERVICE:</b>         |                     |                     |                                          |
| Road Superintendent Wages           | \$ 81,519           | \$ 81,282           | \$ 237                                   |
| Assistant Road Superintendent Wages | 71,846              | 71,637              | 209                                      |
| Road Department Hourly Wages        | 1,237,500           | 1,257,944           | (20,444)                                 |
| Wages - Seasonal Employees          | 22,000              | (33,476)            | 55,476                                   |
| Worker's compensation               | 66,500              | 79,787              | (13,287)                                 |
| Fringe Benefits                     | 472,500             | 459,073             | 13,427                                   |
| Overtime                            | 100,000             | 69,746              | 30,254                                   |
| Safety equipment/shoes              | 7,500               | 5,078               | 2,422                                    |
| Supplies - Miscellaneous            | 25,000              | 23,643              | 1,357                                    |
| Office supplies                     | 2,500               | 1,475               | 1,025                                    |
| Top Soil                            | 10,000              | 19,875              | (9,875)                                  |
| Gas - Oil - Diesel                  | 80,000              | 74,052              | 5,948                                    |
| General Expenses                    | 7,000               | 5,948               | 1,052                                    |
| Repair & Maintenance / Equipment    | 130,000             | 105,803             | 24,197                                   |
| Small Tools & Minor Equipment       | 12,000              | 6,906               | 5,094                                    |
| Radio Maintenance                   | 2,000               | 48                  | 1,952                                    |
| Rental of Machinery                 | 15,000              | 7,735               | 7,265                                    |
| Training                            | 1,500               | 524                 | 976                                      |
| Anti - Skid Salt                    | -                   | 113,206             | (113,206)                                |
| Anti - Skid                         | 5,000               | 277                 | 4,723                                    |
| Calcium Chloride                    | 5,000               | 1,988               | 3,012                                    |
| Highway Supplies - Signs            | 25,000              | 24,935              | 65                                       |
| Traffic Paint                       | 1,500               | -                   | 1,500                                    |
| Traffic Line Paint                  | 25,000              | 38,375              | (13,375)                                 |
| Traffic Signal Maintenance          | 40,000              | 23,043              | 16,957                                   |
| Storm Drainage Supplies             | 85,000              | 98,919              | (13,919)                                 |
| Concrete                            | 35,000              | 27,268              | 7,732                                    |
| Road Reconstruction & Repair        | 932,500             | 1,026,058           | (93,558)                                 |
| Stone                               | 90,000              | 103,072             | (13,072)                                 |
| Capital Projects                    | 350,000             | -                   | 350,000                                  |
| Haywood Slide Repair                | 650,000             | 619,800             | 30,200                                   |
| Bridge Maintenance                  | 2,500               | -                   | 2,500                                    |
| <b>TOTAL PUBLIC WORK SERVICE</b>    | <b>\$ 4,590,865</b> | <b>\$ 4,314,021</b> | <b>\$ 276,844</b>                        |
| <b>TOTAL PUBLIC WORKS</b>           | <b>\$ 4,590,865</b> | <b>\$ 4,314,021</b> | <b>\$ 276,844</b>                        |

**TOWNSHIP OF NORTH HUNTINGDON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                     | BUDGET            | ACTUAL            | <OVER><br>UNDER<br>BUDGET |
|-------------------------------------|-------------------|-------------------|---------------------------|
| <b>CULTURE AND RECREATION</b>       |                   |                   |                           |
| <b>PARKS DEPARTMENT:</b>            |                   |                   |                           |
| Parks/Recreation Director Salary    | \$ 70,749         | \$ 70,544         | \$ 205                    |
| Supplies and Postage                | 3,000             | 891               | 2,109                     |
| Program Supplies                    | 75,000            | 52,717            | 22,283                    |
| Miscellaneous                       | 1,000             | 1,332             | (332)                     |
| Professional Services               | 50,000            | 32,778            | 17,222                    |
| Advertising & Printing              | 18,000            | 20,335            | (2,335)                   |
| Dues & Subscriptions                | 700               | 565               | 135                       |
| Training                            | 3,000             | 2,136             | 864                       |
| Recreation Board                    | 1,000             | -                 | 1,000                     |
| Wages - Park                        | 260,000           | 287,071           | (27,071)                  |
| Summer Part Time Employees          | 40,000            | 5,440             | 34,560                    |
| Workers Compensation                | 16,500            | 16,202            | 298                       |
| Fringe Benefits                     | 109,200           | 100,680           | 8,520                     |
| Overtime                            | 20,000            | 13,456            | 6,544                     |
| Operating Supplies                  | 30,000            | 19,001            | 10,999                    |
| Gasoline                            | 15,000            | 9,862             | 5,138                     |
| Repairs - Machinery/Equipment       | 15,000            | 10,607            | 4,393                     |
| Small Tools & Minor Equipment       | 4,500             | 1,389             | 3,111                     |
| Utilities                           | 27,000            | 21,081            | 5,919                     |
| Repairs - Land & Buildings          | 65,000            | 35,299            | 29,701                    |
| Playground Equipment                | 75,000            | 75,122            | (122)                     |
| Rental of Equipment                 | 10,000            | 6,891             | 3,109                     |
| Capital Purchases                   | 59,000            | -                 | 59,000                    |
| <b>TOTAL PARKS DEPARTMENT</b>       | <b>\$ 968,649</b> | <b>\$ 783,399</b> | <b>\$ 185,250</b>         |
| <b>TOTAL CULTURE AND RECREATION</b> | <b>\$ 968,649</b> | <b>\$ 783,399</b> | <b>\$ 185,250</b>         |
| <b>COMMUNITY DEVELOPMENT:</b>       |                   |                   |                           |
| Donations                           | \$ 1,000          | \$ -              | \$ 1,000                  |
| Westmoreland County Transit         | 6,030             | 6,027             | 3                         |
| Community Demolition                | 40,000            | 10,000            | 30,000                    |
| <b>TOTAL COMMUNITY DEVELOPMENT</b>  | <b>\$ 47,030</b>  | <b>\$ 16,027</b>  | <b>\$ 31,003</b>          |
| <b>INSURANCE:</b>                   |                   |                   |                           |
| Unemployment Comp.                  | \$ 15,000         | \$ 23,408         | \$ (8,408)                |
| Property, Fleet, Liabilities        | 337,000           | 274,431           | 62,569                    |
| Public Officials Error              | 30,000            | 26,566            | 3,434                     |
| Law Enforcement Insurance           | 45,000            | 42,511            | 2,489                     |
| Bonds                               | 1,800             | 1,999             | (199)                     |
| Insurance Deductible & Costs        | 20,000            | 2,777             | 17,223                    |
| <b>TOTAL INSURANCE</b>              | <b>\$ 448,800</b> | <b>\$ 371,692</b> | <b>\$ 77,108</b>          |

**TOWNSHIP OF NORTH HUNTINGDON**  
**DETAIL SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                        | BUDGET               | ACTUAL               | <OVER><br>UNDER<br>BUDGET |
|--------------------------------------------------------|----------------------|----------------------|---------------------------|
| <b>EMPLOYEE BENEFITS:</b>                              |                      |                      |                           |
| Health Insurance                                       | \$ 210,000           | \$ 241,964           | \$ (31,964)               |
| Retired Employee Benefits                              | 1,000                | 353                  | 647                       |
| PMRS Pensions                                          | 917,531              | 1,006,981            | (89,450)                  |
| Medical Evaluations                                    | 5,000                | 2,933                | 2,067                     |
| 65 Special                                             | 90,000               | 80,361               | 9,639                     |
| <b>TOTAL EMPLOYEE BENEFITS</b>                         | <b>\$ 1,223,531</b>  | <b>\$ 1,332,592</b>  | <b>\$ (109,061)</b>       |
| <b>OTHER FINANCING USES:</b>                           |                      |                      |                           |
| Miscellaneous Tax Refunds                              | \$ 2,000             | \$ -                 | \$ 2,000                  |
| Real Estate Tax Refund                                 | 2,000                | 1,136                | 864                       |
| Interfund Transfer - Capital Reserve Fund              | 201,850              | 100,000              | 101,850                   |
| <b>TOTAL OTHER FINANCING USES</b>                      | <b>\$ 205,850</b>    | <b>\$ 101,136</b>    | <b>\$ 104,714</b>         |
| <b>TOTAL EXPENDITURES AND<br/>OTHER FINANCING USES</b> | <b>\$ 14,920,445</b> | <b>\$ 14,099,666</b> | <b>\$ 820,779</b>         |

## SCHEDULE 3

**TOWNSHIP OF NORTH HUNTINGDON**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

|                                            | LIQUID FUELS<br>FUND | LIGHT<br>FUND    | WATER<br>FUND    | FIRE SERVICE<br>FUND | PARK<br>FUND     | CAPITAL<br>PROJECT<br>FUND | TOTAL             |
|--------------------------------------------|----------------------|------------------|------------------|----------------------|------------------|----------------------------|-------------------|
| <b>ASSETS</b>                              |                      |                  |                  |                      |                  |                            |                   |
| Cash and Cash Equivalents                  | \$ 99,753            | \$ 51,428        | \$ 36,683        | \$ 24,606            | \$ 74,638        | \$ 67,497                  | \$ 354,605        |
| Due from Other Funds                       | -                    | 6,233            | 484              | 12,426               | -                | 9,413                      | 28,556            |
| <b>TOTAL ASSETS</b>                        | <b>\$ 99,753</b>     | <b>\$ 57,661</b> | <b>\$ 37,167</b> | <b>\$ 37,032</b>     | <b>\$ 74,638</b> | <b>\$ 76,910</b>           | <b>\$ 383,161</b> |
| <b>LIABILITIES</b>                         |                      |                  |                  |                      |                  |                            |                   |
| Accounts Payable                           | \$ -                 | \$ 26,388        | \$ -             | \$ -                 | \$ 9,070         | \$ 19,078                  | \$ 54,536         |
| <b>TOTAL ACCOUNTS PAYABLE</b>              | <b>\$ -</b>          | <b>\$ 26,388</b> | <b>\$ -</b>      | <b>\$ -</b>          | <b>\$ 9,070</b>  | <b>\$ 19,078</b>           | <b>\$ 54,536</b>  |
| <b>FUND BALANCES</b>                       |                      |                  |                  |                      |                  |                            |                   |
| Restricted                                 | \$ 99,753            | \$ 31,273        | \$ 37,167        | \$ 37,032            | \$ -             | \$ 57,832                  | \$ 263,057        |
| Assigned                                   | -                    | -                | -                | -                    | 65,568           | -                          | 65,568            |
| <b>TOTAL FUND BALANCES</b>                 | <b>\$ 99,753</b>     | <b>\$ 31,273</b> | <b>\$ 37,167</b> | <b>\$ 37,032</b>     | <b>\$ 65,568</b> | <b>\$ 57,832</b>           | <b>\$ 328,625</b> |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 99,753</b>     | <b>\$ 57,661</b> | <b>\$ 37,167</b> | <b>\$ 37,032</b>     | <b>\$ 74,638</b> | <b>\$ 76,910</b>           | <b>\$ 383,161</b> |

**SCHEDULE 4**

**TOWNSHIP OF NORTH HUNTINGDON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                               | LIQUID FUELS<br>FUND | LIGHT<br>FUND     | WATER<br>FUND    | FIRE SERVICE<br>FUND | PARK<br>FUND      | CAPITAL<br>PROJECT<br>FUND | TOTAL               |
|-----------------------------------------------|----------------------|-------------------|------------------|----------------------|-------------------|----------------------------|---------------------|
| <b>REVENUES:</b>                              |                      |                   |                  |                      |                   |                            |                     |
| Real Estate Taxes                             | \$ 898               | -                 | \$ 199,479       | \$ 24,294            | \$ 499,326        | -                          | \$ 376,178          |
| Interest                                      |                      | 152               |                  | 77                   | 334               | 380                        | 452                 |
| Intergovernmental                             | 1,110,404            | -                 | -                | -                    | -                 | -                          | 2,293               |
| Changes for Services                          | -                    | -                 | -                | -                    | -                 | -                          | 1,110,404           |
| <b>TOTAL REVENUES</b>                         | <b>\$ 1,111,302</b>  | <b>\$ 199,631</b> | <b>\$ 24,371</b> | <b>\$ 499,660</b>    | <b>\$ 28,005</b>  | <b>\$ 376,630</b>          | <b>\$ 2,239,599</b> |
| <b>EXPENDITURES:</b>                          |                      |                   |                  |                      |                   |                            |                     |
| General Government                            | \$ -                 | \$ 9,920          | \$ 1,213         | \$ 493,500           | \$ -              | \$ -                       | \$ 62,567           |
| Public Safety                                 | -                    | -                 | -                | -                    | -                 | -                          | 73,700              |
| Public Works                                  | 813,792              | 169,773           | 40,716           | -                    | -                 | -                          | 625,230             |
| Culture and Recreation                        | -                    | -                 | -                | -                    | -                 | -                          | 1,223,058           |
| <b>TOTAL EXPENDITURES</b>                     | <b>\$ 813,792</b>    | <b>\$ 179,693</b> | <b>\$ 41,929</b> | <b>\$ 493,500</b>    | <b>\$ 210,083</b> | <b>\$ 438,217</b>          | <b>\$ 2,177,214</b> |
| <b>OTHER FINANCING SOURCES (USES)</b>         |                      |                   |                  |                      |                   |                            |                     |
| Operating Transfers In                        | \$ -                 | \$ -              | \$ -             | \$ -                 | \$ -              | \$ -                       | \$ 100,000          |
| Operating Transfers Out                       | (211,512)            | -                 | -                | -                    | -                 | -                          | (211,512)           |
| Tax Refunds                                   | -                    | -                 | -                | -                    | -                 | -                          | -                   |
| <b>TOTAL OTHER FINANCING SOURCES AND USES</b> | <b>\$ (211,512)</b>  | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b>          | <b>\$ -</b>       | <b>\$ 100,000</b>          | <b>\$ (111,512)</b> |
| <b>NET CHANGE IN FUND BALANCES</b>            |                      |                   |                  |                      |                   |                            |                     |
| FUND BALANCE - January 1, 2019                | 13,755               | 11,335            | 54,725           | 30,872               | 247,646           | 19,419                     | 377,752             |
| <b>FUND BALANCE - December 31, 2019</b>       | <b>\$ 99,753</b>     | <b>\$ 31,273</b>  | <b>\$ 37,167</b> | <b>\$ 37,032</b>     | <b>\$ 65,568</b>  | <b>\$ 57,832</b>           | <b>\$ 328,625</b>   |

**TOWNSHIP OF NORTH HUNTINGDON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                   | Liquid Fuels Fund         |                     |                   | Light Fund                |                   |                    | Water Fund                |                  |                   |
|---------------------------------------------------|---------------------------|---------------------|-------------------|---------------------------|-------------------|--------------------|---------------------------|------------------|-------------------|
|                                                   | Original and Final Budget | Actual              | Variance          | Original and Final Budget | Actual            | Variance           | Original and Final Budget | Actual           | Variance          |
| <b>REVENUES</b>                                   |                           |                     |                   |                           |                   |                    |                           |                  |                   |
| Property Taxes                                    | \$ 50                     | \$ -                | \$ -              | \$ 210,500                | \$ 198,479        | \$ (11,021)        | \$ 25,100                 | \$ 24,294        | \$ (806)          |
| Interest, Rent and Royalties                      | 1,087,702                 | 1,110,404           | 898               | 848                       | 152               | 127                | 25                        | 77               | 52                |
| Intergovernmental Revenues                        |                           |                     |                   | 22,702                    | -                 | -                  | -                         | -                | -                 |
| Charge for Services                               |                           |                     |                   |                           | -                 | -                  | 5,000                     | -                | 5,000             |
| <b>Total Revenues</b>                             | <b>\$ 1,087,752</b>       | <b>\$ 1,111,302</b> | <b>\$ 23,550</b>  | <b>\$ 210,525</b>         | <b>\$ 199,631</b> | <b>\$ (10,894)</b> | <b>\$ 30,125</b>          | <b>\$ 24,371</b> | <b>\$ (6,754)</b> |
| <b>EXPENDITURES</b>                               |                           |                     |                   |                           |                   |                    |                           |                  |                   |
| General Government                                | \$ -                      | \$ -                | \$ -              | \$ 9,500                  | \$ 9,920          | \$ (420)           | \$ 1,305                  | \$ 1,213         | \$ 92             |
| Public Safety                                     | 1,029,499                 | 813,792             | -                 | 215,707                   | 201,025           | 169,773            | 31,252                    | 93,122           | 40,716            |
| Public Works                                      | -                         | -                   | -                 | -                         | -                 | -                  | -                         | -                | 52,406            |
| Culture and Recreation                            | 65,000                    | -                   | -                 | 65,000                    | -                 | -                  | -                         | -                | -                 |
| Debt Service                                      |                           |                     |                   |                           |                   |                    |                           |                  |                   |
| <b>Total Expenditures</b>                         | <b>\$ 1,094,499</b>       | <b>\$ 813,792</b>   | <b>\$ 280,707</b> | <b>\$ 210,525</b>         | <b>\$ 179,693</b> | <b>\$ 30,832</b>   | <b>\$ 94,427</b>          | <b>\$ 41,929</b> | <b>\$ 52,498</b>  |
| Excess (Deficiency) of Revenues over Expenditures | \$ (6,747)                | \$ 297,510          | \$ 304,257        | \$ -                      | \$ 19,938         | \$ 19,938          | \$ (64,302)               | \$ (17,558)      | \$ 46,744         |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                           |                     |                   |                           |                   |                    |                           |                  |                   |
| Operating Transfers In                            | \$ -                      | \$ -                | \$ -              | \$ -                      | \$ -              | \$ -               | \$ -                      | \$ -             | \$ -              |
| Operating Transfers (Out)                         |                           |                     |                   | (211,512)                 | (211,512)         | -                  | -                         | -                | -                 |
| Total Other Financing Sources (Uses)              | \$ -                      | \$ -                | \$ (211,512)      | \$ (211,512)              | \$ -              | \$ -               | \$ -                      | \$ -             | \$ -              |
| <b>NET CHANGE IN FUND BALANCES</b>                |                           |                     |                   |                           |                   |                    |                           |                  |                   |
| FUND BALANCE - JANUARY 1, 2019                    | \$ (6,747)                | \$ 85,998           | \$ 92,745         | \$ -                      | \$ 19,938         | \$ 19,938          | \$ (64,302)               | \$ (17,558)      | \$ 46,744         |
| FUND BALANCE - DECEMBER 31, 2019                  | \$ 13,747                 | \$ 13,755           | \$ 8              | \$ -                      | \$ 11,335         | \$ 11,335          | \$ 64,302                 | \$ 54,725        | \$ (9,577)        |
|                                                   | \$ 7,000                  | \$ 99,753           | \$ 92,753         | \$ -                      | \$ 31,273         | \$ 31,273          | \$ -                      | \$ 37,167        | \$ 37,167         |

**TOWNSHIP OF NORTH HUNTINGDON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|                                                   | Fire Service Fund         |                   |                  | Park Fund                 |                     |                    | Original and Final Budget |                    |                     | Capital Project Fund      |        |          |
|---------------------------------------------------|---------------------------|-------------------|------------------|---------------------------|---------------------|--------------------|---------------------------|--------------------|---------------------|---------------------------|--------|----------|
|                                                   | Original and Final Budget | Actual            | Variance         | Original and Final Budget | Actual              | Variance           | Original and Final Budget | Actual             | Variance            | Original and Final Budget | Actual | Variance |
| <b>REVENUES</b>                                   |                           |                   |                  |                           |                     |                    |                           |                    |                     |                           |        |          |
| Property Taxes                                    | \$ 483,500                | \$ 499,326        | \$ 15,826        | \$ 50                     | \$ 380              | \$ 330             | \$ 368,000                | \$ 376,178         | \$ 8,178            |                           |        |          |
| Interest, Rent and Royalties                      | 25                        | 334               | 309              | -                         | -                   | -                  | 50                        | 452                | 402                 |                           |        |          |
| Intergovernmental Revenues                        | -                         | -                 | -                | -                         | -                   | -                  | -                         | -                  | -                   |                           |        |          |
| Charge for Services                               | -                         | -                 | -                | -                         | -                   | -                  | -                         | -                  | -                   |                           |        |          |
| <b>Total Revenues</b>                             | <b>\$ 483,525</b>         | <b>\$ 499,660</b> | <b>\$ 16,135</b> | <b>\$ 15,050</b>          | <b>\$ 27,625</b>    | <b>\$ 12,625</b>   | <b>\$ 368,050</b>         | <b>\$ 376,630</b>  | <b>\$ 8,580</b>     |                           |        |          |
| <b>EXPENDITURES</b>                               |                           |                   |                  |                           |                     |                    |                           |                    |                     |                           |        |          |
| General Government                                | \$ 493,775                | \$ 493,500        | \$ 275           | \$ -                      | \$ -                | \$ -               | \$ 95,000                 | \$ 62,567          | \$ 32,433           |                           |        |          |
| Public Safety                                     | -                         | -                 | -                | -                         | -                   | -                  | 139,900                   | 131,730            | 8,170               |                           |        |          |
| Public Works                                      | -                         | -                 | -                | -                         | -                   | -                  | 283,000                   | 198,777            | 84,223              |                           |        |          |
| Culture and Recreation                            | -                         | -                 | -                | -                         | -                   | -                  | 52,000                    | 45,143             | 6,857               |                           |        |          |
| Debt Service                                      | -                         | -                 | -                | -                         | -                   | -                  | -                         | -                  | -                   |                           |        |          |
| <b>Total Expenditures</b>                         | <b>\$ 493,775</b>         | <b>\$ 493,500</b> | <b>\$ 275</b>    | <b>\$ 190,050</b>         | <b>\$ 210,083</b>   | <b>\$ (20,033)</b> | <b>\$ 569,900</b>         | <b>\$ 438,217</b>  | <b>\$ 131,683</b>   |                           |        |          |
| Excess (Deficiency) of Revenues over Expenditures | <b>\$ (10,250)</b>        | <b>\$ 6,160</b>   | <b>\$ 16,410</b> | <b>\$ (175,000)</b>       | <b>\$ 182,078</b>   | <b>\$ (7,078)</b>  | <b>\$ (201,860)</b>       | <b>\$ (61,587)</b> | <b>\$ 140,263</b>   |                           |        |          |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                           |                   |                  |                           |                     |                    |                           |                    |                     |                           |        |          |
| Operating Transfers In                            | \$ -                      | \$ -              | \$ -             | \$ -                      | \$ -                | \$ -               | \$ 201,850                | \$ 100,000         | \$ (101,850)        |                           |        |          |
| Operating Transfers (Out)                         | -                         | -                 | -                | -                         | -                   | -                  | -                         | -                  | -                   |                           |        |          |
| Total Other Financing Sources (Uses)              | <b>\$ (10,250)</b>        | <b>\$ 6,160</b>   | <b>\$ 16,410</b> | <b>\$ (175,000)</b>       | <b>\$ (182,078)</b> | <b>\$ (7,078)</b>  | <b>\$ 201,850</b>         | <b>\$ 100,000</b>  | <b>\$ (101,850)</b> |                           |        |          |
| <b>NET CHANGE IN FUND BALANCES</b>                | <b>\$ 10,250</b>          | <b>\$ 30,872</b>  | <b>\$ 20,622</b> | <b>\$ 175,000</b>         | <b>\$ 247,646</b>   | <b>\$ 72,646</b>   | <b>\$ -</b>               | <b>\$ 38,413</b>   | <b>\$ 38,413</b>    |                           |        |          |
| <b>FUND BALANCE - JANUARY 1, 2019</b>             | <b>\$ -</b>               | <b>\$ 37,032</b>  | <b>\$ 37,032</b> | <b>\$ -</b>               | <b>\$ 65,568</b>    | <b>\$ 65,568</b>   | <b>\$ -</b>               | <b>\$ 19,419</b>   | <b>\$ 19,419</b>    |                           |        |          |
| <b>FUND BALANCE - DECEMBER 31, 2019</b>           | <b>\$ -</b>               | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b>               | <b>\$ -</b>         | <b>\$ -</b>        | <b>\$ 57,832</b>          | <b>\$ 57,832</b>   | <b>\$ -</b>         |                           |        |          |

***REQUIRED***

***SUPPLEMENTARY***

***INFORMATION***

**TOWNSHIP OF NORTH HUNTINGDON**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (POLICE PENSION)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

| <b>MEASUREMENT DATE:</b>                                               | <b>12/31/2018</b>        | <b>12/31/2017</b>        | <b>12/31/2016</b>        | <b>12/31/2015</b>        | <b>12/31/2014</b>        |
|------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Total Pension Liability-Beginning</b>                               | \$ 23,384,047            | \$ 22,370,884            | \$ 20,043,496            | \$ 19,842,786            | \$ 18,267,318            |
| Service Cost                                                           | 529,463                  | 492,809                  | 466,373                  | 528,357                  | 471,884                  |
| Interest (Includes Interest on Service Cost)                           | 1,233,708                | 1,183,168                | 1,112,021                | 1,104,284                | 1,015,699                |
| Changes of Benefit Terms                                               | -                        | -                        | 566,659                  | -                        | -                        |
| Changes of Assumptions                                                 | -                        | -                        | 662,713                  | (837,452)                | -                        |
| Differences Between Expected and Actual Experience                     | 1,467,654                | -                        | 110,134                  | -                        | 639,151                  |
| Transfers                                                              | -                        | -                        | -                        | -                        | -                        |
| Benefit payments, including Refunds of Members Contributions           | (839,368)                | (662,814)                | (590,512)                | (594,479)                | (551,266)                |
| Net Change in Total Pension Liability                                  | \$ 2,391,457             | \$ 1,013,163             | \$ 2,327,388             | \$ 200,710               | \$ 1,575,468             |
| <b>Total Pension Liability-Ending</b>                                  | <b>\$ 25,775,504</b>     | <b>\$ 23,384,047</b>     | <b>\$ 22,370,884</b>     | <b>\$ 20,043,496</b>     | <b>\$ 19,842,786</b>     |
| <br><b>Plan Fiduciary Net Position-Beginning</b>                       | <br><b>\$ 22,058,949</b> | <br><b>\$ 18,670,166</b> | <br><b>\$ 17,302,331</b> | <br><b>\$ 17,584,348</b> | <br><b>\$ 16,855,992</b> |
| Contributions-employer                                                 | 656,344                  | 655,537                  | 550,106                  | 536,855                  | 263,265                  |
| Contributions - PMRS assessment                                        | 940                      | 860                      | 880                      | 880                      | -                        |
| Contributions-member                                                   | 147,860                  | 140,201                  | 147,089                  | 143,226                  | 138,709                  |
| PMRS Investment Income                                                 | 1,060,322                | 1,023,801                | 1,040,691                | 962,039                  | 910,696                  |
| Market Value Investment Income                                         | (2,120,071)              | 2,279,142                | 271,446                  | (1,289,553)              | 2,757                    |
| Transfers                                                              | -                        | -                        | -                        | -                        | -                        |
| Benefit payments, including Refunds of Members Contributions           | (839,368)                | (662,814)                | (590,512)                | (594,479)                | (551,266)                |
| PMRS Administrative Expense                                            | (860)                    | (860)                    | (880)                    | (880)                    | (880)                    |
| Additional Administrative Expense                                      | (47,318)                 | (47,084)                 | (50,985)                 | (40,105)                 | (34,925)                 |
| Change in Plan Fiduciary Net Position                                  | \$ (1,142,151)           | \$ 3,388,783             | \$ 1,367,835             | \$ (282,017)             | \$ 728,356               |
| <b>Plan Fiduciary Net Position-Ending</b>                              | <b>\$ 20,916,798</b>     | <b>\$ 22,058,949</b>     | <b>\$ 18,670,166</b>     | <b>\$ 17,302,331</b>     | <b>\$ 17,584,348</b>     |
| <br><b>Net Pension Liability-Ending</b>                                | <br><b>\$ 4,858,706</b>  | <br><b>\$ 1,325,098</b>  | <br><b>\$ 3,700,718</b>  | <br><b>\$ 2,741,165</b>  | <br><b>\$ 2,258,438</b>  |
| <br><b>RATIOS:</b>                                                     |                          |                          |                          |                          |                          |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 81.15%                   | 94.33%                   | 83.46%                   | 86.32%                   | 88.62%                   |
| Covered-employee Payroll                                               | \$ 3,009,958             | \$ 2,801,580             | \$ 2,898,751             | \$ 2,864,521             | \$ 2,586,271             |
| Net Pension Liability as a Percentage of Covered-employee Payroll      | 161.42%                  | 47.30%                   | 127.67%                  | 95.69%                   | 87.32%                   |

NOTE: Schedule requires information for past 10 calendar years. Most recent actuarial valuation presents information for calendar years 2014 through 2018 only.

**TOWNSHIP OF NORTH HUNTINGDON**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (NON-UNIFORM)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

| <b>MEASUREMENT DATE:</b>                                               | <b>12/31/2018</b>        | <b>12/31/2017</b>       | <b>12/31/2016</b>       | <b>12/31/2015</b>       | <b>12/31/2014</b>       |
|------------------------------------------------------------------------|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Total Pension Liability-Beginning</b>                               | <b>\$ 12,133,004</b>     | <b>\$ 11,796,579</b>    | <b>\$ 11,088,625</b>    | <b>\$ 10,679,926</b>    | <b>\$ 9,830,626</b>     |
| Service Cost                                                           | 308,756                  | 283,987                 | 270,045                 | 308,035                 | 297,555                 |
| Interest (Includes Interest on Service Cost)                           | 636,786                  | 619,534                 | 609,599                 | 590,030                 | 547,684                 |
| Changes of Benefit Terms                                               | -                        | -                       | -                       | -                       | -                       |
| Differences Between Expected and Actual Experience                     | 376,016                  | -                       | 46,595                  | -                       | 349,273                 |
| Changes of Assumptions                                                 | -                        | -                       | 339,297                 | 37,986                  | -                       |
| Transfers                                                              | -                        | -                       | -                       | -                       | -                       |
| Benefit payments, including Refunds of Members Contributions           | (633,113)                | (567,096)               | (557,582)               | (527,352)               | (345,212)               |
| Net Change in Total Pension Liability                                  | <b>\$ 688,445</b>        | <b>\$ 336,425</b>       | <b>\$ 707,954</b>       | <b>\$ 408,699</b>       | <b>\$ 849,300</b>       |
| <b>Total Pension Liability-Ending</b>                                  | <b>\$ 12,821,449</b>     | <b>\$ 12,133,004</b>    | <b>\$ 11,796,579</b>    | <b>\$ 11,088,625</b>    | <b>\$ 10,679,926</b>    |
| <br><b>Plan Fiduciary Net Position-Beginning</b>                       | <br><b>\$ 11,465,176</b> | <br><b>\$ 9,934,604</b> | <br><b>\$ 9,310,693</b> | <br><b>\$ 9,524,939</b> | <br><b>\$ 9,106,878</b> |
| Contributions-employer                                                 | 283,839                  | 287,463                 | 240,104                 | 242,882                 | 195,262                 |
| Contribution - PMRS assessment                                         | 1,480                    | 1,440                   | 1,420                   | 1,480                   | -                       |
| Contributions-member                                                   | 145,725                  | 134,034                 | 135,701                 | 136,308                 | 136,609                 |
| PMRS Investment Income                                                 | 561,488                  | 532,355                 | 532,225                 | 525,847                 | 501,342                 |
| Market Value Investment Income                                         | (989,404)                | 1,168,279               | 299,497                 | (570,010)               | (49,273)                |
| Transfers                                                              | -                        | -                       | -                       | -                       | -                       |
| Benefit payments, including Refunds of Members Contributions           | (633,113)                | (567,096)               | (557,582)               | (527,352)               | (345,212)               |
| PMRS Administrative Expense                                            | (1,400)                  | (1,420)                 | (1,380)                 | (1,480)                 | (1,440)                 |
| Additional Administrative Expense                                      | (25,057)                 | (24,483)                | (26,074)                | (21,921)                | (19,227)                |
| Change in Plan Fiduciary Net Position                                  | <b>\$ (656,442)</b>      | <b>\$ 1,530,572</b>     | <b>\$ 623,911</b>       | <b>\$ (214,246)</b>     | <b>\$ 418,061</b>       |
| <b>Plan Fiduciary Net Position-Ending</b>                              | <b>\$ 10,808,734</b>     | <b>\$ 11,465,176</b>    | <b>\$ 9,934,604</b>     | <b>\$ 9,310,693</b>     | <b>\$ 9,524,939</b>     |
| <br><b>Net Pension Liability-Ending</b>                                | <br><b>\$ 2,012,715</b>  | <br><b>\$ 667,828</b>   | <br><b>\$ 1,861,975</b> | <br><b>\$ 1,777,932</b> | <br><b>\$ 1,154,987</b> |
| <br><b>RATIOS:</b>                                                     |                          |                         |                         |                         |                         |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 84.30%                   | 94.50%                  | 84.22%                  | 83.97%                  | 89.19%                  |
| Covered-employee Payroll                                               | \$ 2,914,490             | \$ 2,680,684            | \$ 2,714,014            | \$ 2,790,423            | \$ 2,704,465            |
| Net Pension Liability as a Percentage of Covered-employee Payroll      | 69.06%                   | 24.91%                  | 68.61%                  | 63.72%                  | 42.71%                  |

NOTE: Schedule requires information for past 10 calendar years. Most recent actuarial valuation presents information for calendar years 2014 through 2018 only.

**TOWNSHIP OF NORTH HUNTINGDON**  
**SCHEDULE OF ACTUARILY DETERMINED PENSION CONTRIBUTION AND RELATED RATIOS (POLICE PENSION)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

| <b>MEASUREMENT DATE:</b>            | <b>12/31/2018</b> | <b>12/31/2017</b> | <b>12/31/2016</b> | <b>12/31/2015</b> | <b>12/31/2014</b> |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially Determined Contribution | \$657,204         | \$656,397         | \$550,985         | \$ 537,735        | \$ 255,893        |
| Contributions                       | 657,284           | 656,397           | 550,986           | 537,735           | 263,265           |
| Contribution Deficiency (Excess)    | \$ (80)           | \$ -              | \$ (1)            | \$ -              | \$ (7,372)        |

**RATIOS:**

|                                                              |             |             |             |              |              |
|--------------------------------------------------------------|-------------|-------------|-------------|--------------|--------------|
| Covered-employee Payroll                                     | \$3,009,958 | \$2,801,580 | \$2,898,751 | \$ 2,864,521 | \$ 2,586,271 |
| Contributions as a Percentage of<br>Covered-employee Payroll | 21.84%      | 23.43%      | 19.01%      | 18.77%       | 10.18%       |

NOTE: Schedule requires information for past 10 calendar years. Most recent actuarial valuation presents information for calendar years 2014 through 2018 only.

**TOWNSHIP OF NORTH HUNTINGDON**  
**SCHEDULE OF ACTUARILY DETERMINED PENSION CONTRIBUTION AND RELATED RATIOS (NON-UNIFORM)**  
**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

| <b>MEASUREMENT DATE:</b>            | <b>12/31/2018</b> | <b>12/31/2017</b> | <b>12/31/2016</b> | <b>12/31/2015</b> | <b>12/31/2014</b> |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Actuarially Determined Contribution | \$ 285,239        | \$ 288,883        | \$ 241,484        | \$ 244,322        | \$ 195,262        |
| Contributions                       | 285,319           | 288,903           | 241,524           | 244,362           | 195,262           |
| Contribution Deficiency (Excess)    | \$ (80)           | \$ (20)           | \$ (40)           | \$ (40)           | \$ -              |

**RATIOS:**

|                                                              |              |              |              |              |              |
|--------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Covered-employee Payroll                                     | \$ 2,914,490 | \$ 2,680,684 | \$ 2,714,014 | \$ 2,790,423 | \$ 2,704,465 |
| Contributions as a Percentage of<br>Covered-employee Payroll | 9.79%        | 10.78%       | 8.90%        | 8.76%        | 7.22%        |

NOTE: Schedule requires information for past 10 calendar years. Most recent actuarial valuation presents information for calendar years 2014 through 2018 only.

**NORTH HUNTINGDON TOWNSHIP**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**POLICE AND NON-UNIFORM EMPLOYEES**  
**OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN**  
**DECEMBER 31,**

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

|                                                                         | <b>2019</b>                | <b>2018</b>                |
|-------------------------------------------------------------------------|----------------------------|----------------------------|
| Service cost                                                            | \$ 294,651                 | \$ 227,178                 |
| Interest                                                                | 279,195                    | 280,116                    |
| Changes of benefit terms                                                | -                          | 338,744                    |
| Differences between expected and actual                                 | -                          | -                          |
| Changes of assumptions or other inputs                                  | (610,124)                  | 567,883                    |
| Benefit payments                                                        | (194,940)                  | (198,161)                  |
| <b>Net change in total OPEB liability</b>                               | <b>(231,218)</b>           | <b>1,215,760</b>           |
| <b>Total OPEB liability - beginning of year</b>                         | <b>8,646,229</b>           | <b>7,430,469</b>           |
| <b>Total OPEB liability - end of year</b>                               | <b><u>\$ 8,415,011</u></b> | <b><u>\$ 8,646,229</u></b> |
| <br>Covered-employee payroll                                            | <br>\$ 5,421,457           | <br>\$ 5,482,264           |
| <br>Total OPEB liability as a percentage of<br>covered employee payroll | <br>155.22%                | <br>157.71%                |

\*This schedule is presented to illustrate the requirements to show information for a ten-year period. However, the information shown above is for the years which information is available.

**TOWNSHIP OF NORTH HUNTINGDON**  
**NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**POLICE AND NON-UNIFORM PENSION PLANS**  
**DECEMBER 31, 2019**

**NOTE 1 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR PENSION BENEFITS**

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of Total Pension Liability**

- Effective 12/31/15 the assumptions based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013 issued by the actuary in July 2015 first effective
- Effective 12/31/16, the investment return assumption for municipal assets decreased from 5.50% to 5.25%

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The following actuarial methods and assumptions were used to determine actuarially determined contributions:

- **Actuarial Valuation Date** – January 1, 2015
- **Actuarial Cost Method** - Entry Age Normal
- **Amortization Period** – Level dollar based on the amortization periods in Act 205
- **Asset Valuation Method** – Based on the Municipal Reserves
- **Discount Rate** – 5.50%
- **Inflation** – 3.0%
- **Salary Increases** – age-related scale with merit and inflation component
- **COLA Increases** – 3.0% for those eligible for a COLA
- **Pre-Retirement Mortality** – RP 2000 with 1 year set back, Females – RP 2000 with 5 year set back
- **Post-Retirement Mortality** – Sex distinct RP 2000 Combined Healthy Mortality