

THE TOWNSHIP OF RIDLEY
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2020



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TOWNSHIP OF RIDLEY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Township of Ridley
Folsom, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Ridley, Folsom, Pennsylvania as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ridley Township Public Library & Resource Center, which represent one percent and two percent, respectively, of the assets and revenues of the Township of Ridley. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



CYNTHIA FELZER LEITZELL, CPA
STELLA C. ECONOMIDIS, CPA

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Opinions

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

Emphasis of Matter

The township real estate tax collection was included within the scope of the overall township audit. The auditor's opinion is not modified with respect to this matter.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 50 through 54, as well as pension trend information on pages 55 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, on our consideration of the Township of Ridley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Ridley's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Ridley's internal control over financial reporting and compliance.

Leitzell & Economidis, PC

LEITZELL & ECONOMIDIS, PC
Certified Public Accountants

Media, Pennsylvania
October 15, 2021

**THE TOWNSHIP OF RIDLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

(UNAUDITED)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Township of Ridley for the year ended December 31, 2020. The Township's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the Township's primary government.

FINANCIAL HIGHLIGHTS

The Board of Commissioners and Management believe the Township's financial condition is strong. Performance exceeded budgetary and other expectations.

- The Township's assets on the government-wide basis exceeded its liabilities (net position) by \$10,449,852. This represented an increase in net position by \$1,720,853 primarily resulting in changes in post-employment actuarial determined liabilities and significant increases in depreciation expense.
- The governmental funds showed a total decrease in fund balances this period in the amount of \$3,763,660. This also included, however, capital outlay in the amount of \$4,765,170 primarily such things as the municipal building improvements and roads, bridges and storm sewers. Actual operations without capital expenditures would have resulted in a surplus of \$1,001,510. Capital outlay is shown as expenditures in the governmental funds, but as an increase in net position within the government-wide statements as these items become part of the Township's fixed assets as presented in the government-wide statements.
- During the year, the Township's operating revenue in the government-wide statements increased to \$29,684,262, an increase of 3%, but inclusive of an actuarial increase in pension plans totaling \$1,783,005. Intergovernmental grants decreased by \$1,034,380, primarily as a result of prior year grant regarding the construction of the new Library building. Departmental charges for services stayed relatively consistent this period despite a decrease in building related permits and fees. Sewer fees showed a 1% increase this period as well. Operating expenses in the government-wide statements including other post-employment benefits and pension costs (without regard to depreciation), decreased by \$1,267,152 or 4.9% primarily reflected in decreased actuarially determined pension obligations despite an increase in post-employment benefit costs. Other significant increases were noted in the area of public safety and sewer operations. Most other costs remained relatively stable during the period.
- At the close of this fiscal year, total fund balance for the General Fund was \$11,106,066 or 52.8% of total General Fund expenditures (before operating transfers among funds) and 55.3% of total General Fund revenue. The unassigned fund balance represented 30.05% of General Fund revenues and 28.68% of General Fund expenditures.

- The General Fund activities resulted in a deficit of \$957,874 without regard for the interfund operating transfers. That deficit also included \$605,683 in capital outlay. The activities of the Township exceeded budgetary expectations. Actual revenue exceeded anticipated revenues in the General Fund slightly despite a decrease in anticipated fines and permits and grants and entitlements. Further, expenditures were less than budgeted amounts by approximately 16.04% indicating strong departmental fiscal management despite the capital expenditures (included in the budgetary line items) as noted above.
- Tax collections remained stable at a 97% collection rate for current taxes including those actually collected in 2020. In total, 2020 taxes collected before delinquent remittance to the County totaled 98.38% of original assessment. Collection rates are consistent with prior years.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves. This MD&A represents management's analysis of the Township's financial condition and performance. Summary financial statement data and other management tools were utilized for analysis.

Government-wide Financial Statements

The Township's report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. These statements are intended to provide the reader with a broad overview of the Township's finances, similar to the perspective found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The *Statement of Net Position* includes all of the Township's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating.

The second statement, the *Statement of Activities*, presents information on how the Township's net position has changed during the most recent fiscal year. An important purpose of this statement is to show the financial reliance of the Township's distinct functions on revenues provided by various sources.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and intergovernmental revenue, such as grants, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, health and human services, highways and streets, sewers, sanitation and culture and recreation.

The fiduciary activities including the police pension plan, scholarship and drug forfeiture fund are not included in the government-wide statements since these assets are not available to fund the Township's programs

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant *funds*—not the Township as a whole. The funds are an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. All funds are reported as major funds.

The Township has two types of funds - governmental funds and fiduciary funds. The Township itself does not have any proprietary funds. A proprietary fund is a fund in which customers are charged fees for specific services. Although a separate assessment is charged through the Sewer Fund, the Township considers this a governmental fund due to the nature and intent of the activities.

Governmental Funds—Almost all of the Township's basic services are included in the governmental funds, which are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, the governmental fund statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The relationship or differences between the governmental activities as reported in the Statement of Net Position and the Statement of Activities and the governmental funds, if any, is shown in the accompanying reconciliation.

The Township maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, sewer fund, highway aid fund, two capital project funds, stormwater management fund and a sinking fund (debt service fund). All but the Stormwater Management Fund are considered to be major governmental funds.

Fiduciary Funds—The Township has three fiduciary funds: the police pension fund, Anne Howanski scholarship fund, and Drug Forfeiture fund for which the Township is responsible for ensuring that the assets reported in these funds are used for their respective intended purposes. This is reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The activities of these funds are not a part of the government wide financial statements since the Township cannot use these assets to finance its operations. Builders and developers escrow funds are not considered fiduciary funds and are reported in the Township's General Fund.

Notes to Financial Statements--The notes to the financial statements provide required disclosures and other information essential to a full understanding of the material data provided in the government wide and fund financial statements. The notes present information about the Township's accounting policies, significant accounts and activities, obligations, commitments and subsequent events, if any.

Required Supplementary Information

This Management's Discussion and Analysis, the Budgetary Comparison Schedules, the *Analysis of Pension Funding Progress and Contributions from Employer and Other Contributing Entity* represent financial information required by the Governmental Accounting Standards Board (GASB) to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements and notes to the financial statements. The Township adopted an annual appropriated budget for its General Fund, Sewer Fund, Highway Fund, Sinking Fund, and Stormwater Management Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP

The following comparative condensed financial data serve as indicators of the Township's financial health or financial position. Table 1 below shows a condensed version of the Township's Net Position. The change in net assets is shown below in Table 2 as a condensed *Statements of Activities*. Table 3 provides a comparative of the components of the capital assets from 2019 to 2020. Table 4 shows changes in outstanding bonded and other debt from 2019 to 2020.

TABLE 1
SUMMARY STATEMENT OF NET POSITION
DECEMBER 31,

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 20,750 795	\$ 22,881,642
Investments	1 013,446	2,274 722
Accounts receivable	1 709,112	1 507 098
Prepaid assets	194 880	123 094
Due from Fiduciary fund	-	1,932
Other asset-non uniform pension asset	71 488	
Capital assets (net of accumulated depreciation)	34,562,976	31 258,032
Total assets	<u>58 302 697</u>	<u>58,046 520</u>
Deferred outflows of resources - pension and OPEb related	<u>11,036,449</u>	<u>1,051 195</u>
Liabilities		
Accounts payable and accrued expenses	968 551	785 990
Escrow and security deposits	854 071	283 502
Accrued interest	8,698	7 672
Unearned revenue	379,904	547 379
Due to Fiduciary Fund	819	1 018
Long term liabilities - current portion	1 621,000	1 591 000
Long-term net pension liability	1 068,826	5,753,785
Long term liabilities - long term portion	<u>50,258 985</u>	<u>39,488,066</u>
Total liabilities	<u>55,160 854</u>	<u>48,458,412</u>
Deferred inflows of resources	<u>3,728 440</u>	<u>1,910,304</u>
Net position		
Invested in capital assets net of related debt	43 994 278	14 486 032
Restricted for debt service and capital projects	3 116,460	6,976 849
Unrestricted	<u>(36 660 886)</u>	<u>(12 733 882)</u>
Total net position	<u>\$ 10 449 852</u>	<u>\$ 8 728 999</u>

TABLE 2
SUMMARY STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2020	2019	Incr/Dec
Revenue			
Taxes	\$ 14,596 260	\$ 13 995 571	4 12%
Charges for services including cable	10 291 642	10 500 282	-2 03%
Grants	1,723 262	2,757 642	-60 02%
Rent	568 713	587,831	-3 36%
Interest	159,651	473,090	-196 33%
Actuarial decrease in pension plan obligation	1 783 005	-	100 00%
Miscellaneous	561 729	486,635	13.37%
Total revenue	29 684 262	28,801 051	2 98%
Expenditures			
General government	1 778,810	1,911 278	-6 93%
Public safety	6 009 232	6,128 772	-1 95%
Highway streets and sewers	6 266 847	6,354 207	-1 37%
Health and human services	1 675	7,500	-77 67%
Sanitation	3,012 935	2,689 257	12 04%
Recreation	795 177	958 763	-17 06%
Pension fund expense	186 375	3,234 615	-94.24%
Insurance and employee benefits	4,736 231	4 130 478	14 67%
Library contribution	480 000	482,411	-0 50%
Interest	378,027	414,161	-8.72%
Post employment benefit costs	2,857 874	1 349,218	111 82%
Unallocated depreciation and amortization	1,460,226	1 569,901	-6 99%
Total expenditures	27 963 409	29 230 561	-4 34%
Excess of total revenue over (under) expenditures	1 720,853	(429,510)	
Change in net position	<u>\$ 1,720,853</u>	<u>\$ (429,510)</u>	

TABLE 3
CHANGES IN CAPITAL ASSETS
YEAR-TO-YEAR COMPARISON
DECEMBER 31,

CAPITAL INVESTMENT	2020	2019	%Inc/Decr
Land	\$ 5,803,588	\$ 5,803,588	0 00%
Construction in progress	727,970	1,203,684	-39 52%
Infrastructure	16,718,921	15,160,301	10 28%
Buildings and building improvements	25,903,327	22,998,056	12 63%
Furniture and equipment	10,021,472	9,244,479	8 40%
Totals	<u>\$ 59,175,278</u>	<u>\$54,410,108</u>	

TABLE 4
CHANGES IN OUTSTANDING NOTES AND BONDS PAYABLE
DECEMBER 31,

SERIES	2020	2019	INC/DEC
General Obligation Note Series 2006	\$ 672 000	\$ 753 000	\$ (81 000)
General Obligation Note Series 2013	5,676,000	6 328 000	(652 000)
General Obligation Bond Series 2014	555 000	825 000	(270 000)
General Obligation Note Series 2017	8 278 000	8,866 000	(588 000)
Totals	<u>\$15 181 000</u>	<u>\$16,772 000</u>	<u>\$ (1 003 000)</u>

ECONOMIC FACTORS

2020 was a year like no other. Local governments all over were presented with a variety of issues due to the global pandemic. Our main goal was to keep township services running with minimal inconvenience to our residents. Our police department was operational, our trash and recycling collection didn't miss a beat and our offices remained accessible. The Board of Commissioners recognized the financial impact the pandemic may have caused property owners and were happy to be one of the first municipalities, if not the first, to extend the 2% discount due date on township property taxes.

As a result of the pandemic, construction was halted on commercial and residential building sites. The Board is hopeful that materials and supplies will work their way back into the pipeline and construction will resume in early 2021. A new *Wawa* store with gas station is expected to be completed at Chester Pike & Acres Drive in Ridley Park at the former site of *Lou's Gulf Station*. Even though developers were hesitant in 2020 to commit to any new development due to the uncertainty of the pandemic, the Board remains steadfast in their efforts to attract businesses to Ridley Township.

Our Capital Improvement Program, which includes street resurfacing, sanitary sewer and storm sewer improvements are contingent upon federal, state and county grants. We have worked diligently to make sure local government receives its proportionate share and will continue to make the necessary upgrades as funding becomes available.

TO CONTACT MANAGEMENT AND FOR REQUESTS FOR INFORMATION

The financial report of the Township of Ridley is intended to provide readers with a general overview of the Township's financial operations as well as to demonstrate the Township's accountability for its public appropriations or subsidies and grants. Questions concerning any of the information provided in this report or additional requests for financial information should be addressed to the Township Manager, Township of Ridley, 100 East MacDade Boulevard, Folsom, PA 19033.

TOWNSHIP OF RIDLEY
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Ridley Township Public Library</u>
Assets		
Cash and cash equivalents	\$ 20 750 795	\$ 408 065
Investments	1,013,446	
Accounts receivable	1 709 112	
Prepaid expenditures	194,880	
Capital assets		
Land	5 803 588	
Buildings	25,903,327	
Infrastructure	16,718 921	
Machinery equipment, furniture and fixtures	10,021,472	106,840
Exhaustible book collection		180,050
Construction in progress	727 970	
Accumulated depreciation	<u>(24,612,302)</u>	<u>(94,230)</u>
Capital assets net	34,562 976	192,660
Other asset		
Non-uniform pension asset	71,488	
Total assets	<u>58,302,697</u>	<u>600,725</u>
Deferred outflows of resources		
Pension related differences and contributions post measurement date	350 161	
Pension related differences on earnings, assumptions and actual experience	989,800	
OPEB related differences on actual experience and changes in assumptions	<u>9,696,488</u>	
	<u>11,036,449</u>	
Total assets and deferred outflows of resources	<u>69 339,146</u>	<u>600,725</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	968 551	7 076
Due to fiduciary fund	819	
Accrued interest	8,698	
Unearned revenue	379 904	
Escrow liability and security deposit	854,071	
Current portion of long-term liabilities	1 621 000	
Long-term liabilities		
Net police pension and union pension liability	1,068 826	
Other post employment benefits liability	36,265,320	
Sick pay liability	433,665	
Debt due in more than one year	<u>13,560,000</u>	
Total liabilities	<u>55,160,854</u>	<u>7,076</u>
Deferred inflows of resources		
Pension related differences in experience	3 714,743	
Debt premium	<u>13,697</u>	
	<u>3,728,440</u>	
Total liabilities and deferred inflows of resources	<u>58,889,294</u>	<u>7,076</u>
Net position		
Invested in capital assets net of related debt	43 994,278	192,660
Restricted for:		
Debt service	1,862 315	
Capital projects	1,264 145	
Unrestricted	<u>(36,660,886)</u>	<u>400,989</u>
Total net position	<u>\$ 10,449,852</u>	<u>\$ 593,649</u>

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

TOWNSHIP OF RIDLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31 2020

	Expenses	Program Income			Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Govt Activities	Component Units
Functions/programs						
Primary Government						
General government	\$ 1 778,810	\$ 19,505	\$	\$	\$ (1 759,305)	\$
Public safety	8,009,232	1,429,171	167 563		(4,412,498)	
Recreation	795,177	367,050			(428,127)	
Sanitation	3,012,935	2,562,493			(450,442)	
Sewers	4,152,226	4,762,027			609 801	
Highways and streets	2 114,621	497 750	895,102		(721 769)	
Health and human services	1 675				(1 675)	
Pension contribution expense	186,375		605,631		419,256	
Insurance and employee benefits	4 736,231				(4,736,231)	
Library	480,000	14,897			(465 103)	
Post employment benefit costs	2,857 874				(2,857 874)	
Interest	378,027				(378,027)	
Unallocated depreciation and amortization	1,460,226				(1,460,226)	
Total governmental activities	\$ 27,963,409	\$ 9,652,893	\$ 1,668,296	\$	(16,642,220)	
Component Units.						
Ridley Township Public Library	\$ 611,156	\$ 22,154	\$ 642,123	\$ 7,936		61 057
General revenues						
Taxes					14,596 260	
Grants and contributions not restricted to specific program					54,966	
Cable television					638,749	
Interest and investment earnings					159 651	7 062
Rent					568 713	
Actuarial increase in pension plans					1 783,005	
Premium amortization					2,253	
Miscellaneous refunds/reimbursements					559,476	
Total general revenues					18,363,073	7,062
Change in net position					1 720,853	68,119
Net position beginning					8,728,999	525,530
Net position ending					\$ 10,449,852	\$ 593,649

TOWNSHIP OF RIDLEY
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31 2020

ASSETS

Cash and cash equivalents
Investments
Accounts receivable (net of allowance)
Prepaid expenditures
Due from other funds
Total assets

General Fund	Sewer Fund	Highway Fund	Sinking Fund	Capital Improvement Fund	Capital Reserve Fund	Stormwater Fund	Total Governmental Funds
\$ 11,445,579	\$ 1,369,662	\$ 1,615,863	\$ 1,498,969	\$ 3,787,495	\$ 878,175	\$ 155,052	\$ 20,750,795
500,550	-	-	-	-	512,896	-	1,013,446
1,233,596	399,917	-	75,599	-	-	-	1,709,112
194,880	-	-	-	-	-	-	194,880
405,907	114,282	-	342,353	-	237,000	-	1,099,542
<u>13,780,512</u>	<u>1,883,861</u>	<u>1,615,863</u>	<u>1,916,921</u>	<u>3,787,495</u>	<u>1,628,071</u>	<u>155,052</u>	<u>24,767,775</u>

DEFERRED OUTFLOW OF RESOURCES

Total assets and deferred outflows of resources

\$ <u>13,780,512</u>	\$ <u>1,883,861</u>	\$ <u>1,615,863</u>	\$ <u>1,916,921</u>	\$ <u>3,787,495</u>	\$ <u>1,628,071</u>	\$ <u>155,052</u>	\$ <u>24,767,775</u>
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LIABILITIES AND FUND BALANCES

Liabilities.
Accounts payable and accrued expenses
Accrued payroll and related costs
Accrued interest
Unearned revenue
Security deposit and escrow
Due to other funds
Total liabilities

\$ 533,659	\$ 25,697	\$ 16,228	\$ -	\$ 31,245	\$ 237,875	\$ -	\$ 844,704
123,847	-	-	-	-	-	-	123,847
-	-	-	8,698	-	-	-	8,698
54,404	-	-	-	325,500	-	-	379,904
572,969	-	-	-	-	126,050	155,052	854,071
863,361	-	-	-	237,000	-	-	1,100,361
<u>2,148,240</u>	<u>25,697</u>	<u>16,228</u>	<u>8,698</u>	<u>593,745</u>	<u>363,925</u>	<u>155,052</u>	<u>3,311,585</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable taxes, trash and sewer fees
Total liabilities and deferred inflows of resources

526,206	348,594	-	55,908	-	-	-	930,708
<u>2,674,446</u>	<u>374,291</u>	<u>16,228</u>	<u>64,606</u>	<u>593,745</u>	<u>363,925</u>	<u>155,052</u>	<u>4,242,293</u>

Fund balances

Restricted
Nonspendable
Committed for
Debt service
Capital projects and open space
Assigned
Unassigned

194,880	-	-	1,852,315	-	-	-	194,880
-	-	-	-	-	1,264,146	-	1,852,315
4,885,000	1,509,570	1,599,635	-	3,193,750	-	-	11,187,955
6,026,186	-	-	-	-	-	-	6,026,186
11,106,066	1,509,570	1,599,635	1,852,315	3,193,750	1,264,146	-	20,525,482
<u>13,780,512</u>	<u>1,883,861</u>	<u>1,615,863</u>	<u>1,916,921</u>	<u>3,787,495</u>	<u>1,628,071</u>	<u>155,052</u>	<u>24,767,775</u>

Total fund balance
Total liabilities, deferred inflows of resources and fund balances

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

RIDLEY TOWNSHIP

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2020

Total fund balances - governmental funds \$ 20,525,482
Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds. These assets consist of:

Land	\$ 5,803,588	
Infrastructure assets	16,718,921	
Other capital assets	35,924,799	
Construction in progress	727,970	
Accumulated depreciation	(24,612,302)	
Total capital assets		34,562,976

Certain pension and OPEB expenditures or changes in expected experience or amounts paid
after the measurement dates are considered to be deferred outflows and not charged to
the current period but considered an asset 11,036,449

Certain actuarial determinations result in a pension asset in the government wide funds 71,488

Some liabilities are not due and payable in the current period and therefore
are not reported in the funds. Those liabilities consist of:

Bonds and notes payable		
compensated absences and other post		
employment benefits	(51,879,985)	
Net pension obligations	(1,068,826)	

Certain revenues may be collected after year-end but are not available soon enough
for the current period expenditures and considered deferred inflows in governmental
funds 930,708

Certain deferred inflows are not reportable on the modified accrual basis but
are relative to full accrual reporting including the premiums paid on bond financing (13,697)

Other deferred inflows are also not reportable on the modified accrual basis but are pension related and reported on the full accrual basis	(3,714,743)	
Net position	<u>\$ 10,449,852</u>	

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

FOR THE YEAR ENDED DECEMBER 31 2020

	General Fund	Sewer Fund	Highway Fund	Sinking Fund	Capital Improvement Fund	Capital Reserve Fund	Stormwater Fund	Total Governmental Funds
Revenue								
Real estate taxes	\$ 11,155,473	\$	\$	\$ 1,854,955	\$	\$	\$	\$ 13,010,428
Real estate transfer taxes	621,905							621,905
Other taxes	1,116,750							1,116,750
Sewer charges		4,906,783						4,906,783
Cable television franchise fees	638,749							638,749
Licenses and permits	1,176,676							1,176,676
Rents and cell tower leases	558,713							558,713
Fines and forfeits	95,199							95,199
Investment earnings	111,398	1,757	5,518	8,295	18,708	13,975	-	159,651
Municipal State aid	605,631							605,631
Grants and other intergovernmental revenue	263,773		828,859			25,000		1,117,632
Charges for services	3,140,720							3,140,720
Other income	557,579			1,897	487,750	10,000	-	1,057,226
Total revenue	20,052,586	4,908,540	834,377	1,865,147	506,458	48,975	-	28,216,063
Expenditures								
Current:								
General government	1,761,310		12	536	6,480	9,958	-	1,778,296
Public safety	6,453,650						-	6,453,650
Recreation	795,177						-	795,177
Sanitation	3,012,935							3,012,935
Sewers	1,442,038	4,142,482	672,583		9,744			4,152,225
Highways and streets	1,675							1,675
Health and human services	1,721,741							1,721,741
Pension fund contributions	4,736,231							4,736,231
Insurance and employee benefits	480,000							480,000
Library								
Debt service:								
Principal				1,591,000				1,591,000
Interest				377,001				377,001
Capital outlay								
Public safety	221,111				80,000			301,111
Recreation	25,444							25,444
Streets and highways and sewers and sanitation	279,513				283,472	1,835,764		2,398,749
General government	79,615					1,960,251		2,039,866
Total expenditures	21,010,440	4,142,482	672,595	1,968,537	379,696	3,805,973		31,979,723
Excess of revenue over (under) expenditures	(957,874)	766,058	161,782	(103,390)	126,762	(3,756,998)		(3,763,660)
Other financing sources (uses):								
Operating transfer in	266,880				230,000			496,880
Operating transfer out	(230,000)				(266,880)			(496,880)
	36,880				(36,880)			
Excess of revenue and other sources over (under) expenditures and other (uses)	(920,994)	766,058	161,782	(103,390)	89,882	(3,756,998)		(3,763,660)
Fund balance beginning	12,027,080	743,512	1,437,853	1,955,705	3,103,968	5,021,144		24,289,142
Fund balance - ending	\$ 11,106,086	\$ 1,509,570	\$ 1,599,635	\$ 1,852,315	\$ 3,193,750	\$ 1,264,146	\$	\$ 20,525,482

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

THE TOWNSHIP OF RIDLEY

RECONCILIATION OF THE CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances - total governmental funds \$ (3,763,660)

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

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

Capital outlay	\$ 4,765,170	
Depreciation expense	<u>(1,460,226)</u>	3,304,944

Repayment of long term debt is reported as an expenditure in governmental funds, but the repayment reduces long term liabilities in the statement of net assets. In the current year these amounts consisted of:

Principal repayment	1,591,000
Amortization on premium of bond refunding	2,253
Increase in accrued interest	<u>(1,026)</u>

Pension expense on a full accrual basis is adjusted for presentation on the modified accrual basis	1,498,065
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Actuarial changes in value of pension plans	1,783,005
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Long-term compensated absences and other post employment benefits are reported in the statement of net assets. Changes in the liabilities are reported as an expense in the Statement of Activities.

Long-term compensated absences	(33,557)
Other post employment benefits	<u>(2,342,342)</u>

Some revenues are not collected for several months or longer after the Township's year-end. They are not considered 'available' revenues and are deferred in the governmental funds. Those amounts were for real estate taxes, sewer assessments and trash collections and reflected prior years revenues collected in the current period and are shown as net:

	<u>(317,829)</u>
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Change in net position	<u>\$ 1,720,853</u>
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TOWNSHIP OF RIDLEY
STATEMENT OF NET FIDUCIARY POSITION

DECEMBER 31, 2020

	POLICE PENSION	ANNE HOWANSKI SCHOLARSHIP	DRUG FORFEITURE FUND	TOTAL FIDUCIARY FUNDS
Assets				
Cash and cash equivalents	\$ 1 034,365	\$ 6,155	\$ 228 739	\$ 1 269,259
Investments at fair value	29,274 845	-	-	29 274 845
Accounts receivable	19 917	-	-	19 917
Due from other funds	818	-	-	818
Total assets	<u>30,329,945</u>	<u>6,155</u>	<u>228,739</u>	<u>30,564,839</u>
Liabilities				
Accounts payable	-	-	39 330	39 330
Depositors/Contributors funds held in trust		6,155	189,409	195,564
Total liabilities		<u>6,155</u>	<u>228,739</u>	<u>234,894</u>
Net fiduciary position				
Held in trust for pension benefits	<u>\$ 30,329,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,329,945</u>

TOWNSHIP OF RIDLEY
STATEMENT OF CHANGES IN NET FIDUCIARY POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

	POLICE PENSION	ANNE HOWANSKI SCHOLARSHIP	DRUG FORFEITURE FUND	TOTAL FIDUCIARY FUNDS
Additions				
Township and Commonwealth contribution	\$ 1,237,088	\$ -	\$ -	\$ 1,237,088
Plan members	218,464	-	-	218,464
Drug forfeiture revenue	-	-	39,483	39,483
Miscellaneous	-	1,000	-	1,000
	<u>1,455,552</u>	<u>1,000</u>	<u>39,483</u>	<u>1,496,035</u>
Investment earnings				
Interest and dividends	541,032	-	-	541,032
Net appreciation in fair value of investments	3,435,202	-	-	3,435,202
Less investment expense	(86,396)	-	-	(86,396)
Total investment earnings	<u>3,889,838</u>	<u>-</u>	<u>-</u>	<u>3,889,838</u>
Total additions	<u>5,345,390</u>	<u>1,000</u>	<u>39,483</u>	<u>5,385,873</u>
Deductions				
Retirement benefits	1,544,344	-	-	1,544,344
Scholarships	-	1,000	-	1,000
Administrative expense	7,000	-	-	7,000
Drug forfeiture program expense	-	-	39,483	39,483
Total deductions	<u>1,551,344</u>	<u>1,000</u>	<u>39,483</u>	<u>1,591,827</u>
Changes in net fiduciary position	3,794,046	-	-	3,794,046
Net fiduciary position beginning of year	<u>26,535,900</u>	<u>-</u>	<u>-</u>	<u>26,535,900</u>
Net fiduciary position - end of year	<u><u>\$30,329,946</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$30,329,946</u></u>

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

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Ridley Township is a First Class Township within the Commonwealth of Pennsylvania and is governed by a Board of Commissioners. The Township's annual financial report includes the accounts of all Township operations. The accounting policies of the Township conform to generally accepted accounting principles (GAAP) as applicable to municipalities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Township's financial reporting entity is comprised of the primary government (The Township of Ridley) and The Ridley Township Public Library (a component unit). In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the Township applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, "Determining whether Certain Organizations are Component Units", GASB Statement No. 61 "Financial Reporting Entity-Omnibus" and GASB Statement No. 80, "Blending Requirements for Certain Component Units". A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or, based on the nature and significance of the organization's relationship with the primary government, are such that exclusion would cause the reporting entity's financial statements to be misleading. Ridley Township has determined that the Ridley Township Public Library met these criteria and is discretely presented herein these financial statements. Separate financial statements for the Ridley Township Public Library are available.

B. Basis of Presentation

Government Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the government of the Township of Ridley as a whole. These statements include all funds of the reporting entity except for the fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business type activities. The Township, however, does not have any proprietary or business type funds. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to those who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items not included in program revenues are reported as general revenues.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Governmental Funds

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis is placed on major funds within the governmental categories. A fund for the purposes of these financial statements is considered major if it is the primary operating fund (General Fund) or it meets the following criteria:

1. Total assets, liabilities, revenues or expenditures of the fund are at least ten percent of the total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures of the fund are at least five percent of the total for all funds combined
3. Other funds not necessarily meeting the above criteria are shown in these financial statements as major per the Township's discretion.

The Township considers all of its governmental funds to be major funds.

The funds of the financial reporting entity are described as follows:

General Fund General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The activity in the General Fund also includes the activities of the Township's Library and Fire Tax Fund. In addition, with the adoption of GASB Statement 84, *Fiduciary Funds*, the Township includes developer and resident escrow funds presented as asset and liability within the general fund.

Special Revenue Funds The Special Revenue Funds account for revenue derived from specifically earmarked revenue sources. For the purposes of this report, the Special Revenue Funds are as follows and are all considered to be major funds: Sewer Fund and Highway Fund.

Debt Service Funds The Sinking Fund is used to account for accumulation of resources for and the payment of general long-term debt principal and interest.

Capital Project Funds The Township has two capital project funds: Capital Improvement Fund and the Capital Reserve Fund. These two funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stormwater Fund The fund accounts for stormwater fees collected and intended to fund requisite inspections and related stormwater impact

Proprietary Funds

The Township of Ridley has no Proprietary Funds

Fiduciary Funds

Fiduciary Funds are utilized to account for assets held by the Township as trustee or agent for individuals, private organizations and other governmental units. These funds principally include the accounts of the Municipal Police Pension Plan. However, as shown on the accompanying financial statements, there also exists escrow accounts designed to hold funds for drug forfeiture funds accounts for those funds that were seized as illegal drug activity which ultimately may need to be remitted back to the County of Delaware, and the Anne Howanski Scholarship fund to account for any donations received to give scholarships to seniors of Ridley High School.

C. Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. On the government-wide Statement of Net Position and Statement of Activities, governmental and business-like activities (as applicable) are presented using the economic resources measurement focus. The objective of the economic resources measurement focus is the determination of operating income, changes in net assets, net position and cash flows (if applicable). All assets and liabilities, whether current or non-current, are reported. All Governmental Fund Types are accounted for on a current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Operating statements of such funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

D. Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days of the year-end. Expenditures, including capital outlay, are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Penalties and interest are recorded when received in cash because they are generally not measurable until actually received. Interest is accrued when its receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

E. Assets, Liabilities and Equity

Cash and cash equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit with a maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments

Investments classified in the financial statements include certificates of deposit whose original maturity term exceeds three months, as well as investments in the Pennsylvania Local Government Investment Trust (PLGIT).

With the exception of the Pension Trust Funds, the Township is permitted under state law to invest funds consistent with sound business practice in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum provided that approved collateral as provided by law therefore shall be pledged by the depository.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement

The Township's investments are measured and reported at fair value and are classified according to the following hierarchy

Level 1—Investments reflect prices quoted in active markets

Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active

Level 3—Investments which reflect prices based on unobservable resources

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

The Township considers all investments to be Level 1

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are utilized in governmental fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as liabilities on the government-wide statements. The long-term debt consists of general obligation bonds and/or notes payable, pension and other post-employment benefits and accrued compensated absences

Equity classification

Government-wide Statements

Equity is classified as net position and displayed in three components

- a Net investment in capital assets —consists of capital assets including *restricted capital assets* net of accumulated depreciation and reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction or improvement of those assets
- b Restricted —consists of items within net position with constraints placed on the use either by outside groups such as grantors or laws and regulations of other governments, or through law
- c Unrestricted —includes all other net position that do not meet the definition of "restricted" or net investment in capital assets "

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Statements

Governmental fund equity is classified as fund balance. In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable—resources which cannot be spent because they are either a) not in spendable form) or; b) legally or contractually required to be maintained intact.

Restricted—resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, b) imposed by law through constitutional provisions or enabling legislation.

Committed—resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned—resources neither restricted nor committed for which a government has a stated intended use as established by the Board or an official to which the Board has delegated the authority to assign amounts for specific purposes.

Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund, is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs, if applicable.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances in both government-wide and fund statements, particularly with regard to real estate taxes, sewer rental assessments and trash and rubbish collections, are based upon historical trends. Non-exchange transactions collectible but not available such as the real estate taxes, sewer rental assessments and trash and rubbish are deferred in the fund financial statements in accordance with the modified accrual basis of accounting but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows and Outflows of Resources

Deferred outflows of resources include such items as

- Grants paid in advance to a grantee
- Deferred amounts from refunding of debt
- Decrease in value of derivative instruments
- Payments made to a pension fund after the actuarial year but before the end of the fiscal year
- Pension and OPEB related differences on earnings, assumptions and actual experience

Deferred inflows of resources include such items as

- Grants received in advance when time requirements are the only eligibility requirement that has not been met
- Resources received in advance that are related to an imposed nonexchange transaction such as prepaid taxes
- Assets recorded in governmental fund financial statements for which revenue is not available such as taxes receivable, previously reported as "deferred" revenue in the fund financial statements
- Current and advance refunding related items
- Increase in fair value of derivative instruments
- Service concession arrangements for up-front payments
- Pension and OPEB related differences in earnings, assumptions and actual experience

Capital Assets

Detailed cost records had not been maintained by the Township in prior years and pursuant to its previous application of the cash basis accounting had not been reported on the Township's financial statements but estimates had been presented in the footnotes for informational purposes. With the Township conversion to the accrual basis of accounting in 2012, the Township reviewed all carrying values of existing assets and the useful life of those assets, estimated accumulated depreciation on those existing assets, and infrastructure. Such carrying values had been determined as follows:

Land – Total expenditures for sites were obtained from deeds and settlement documentation.

Buildings – Cost was obtained by the Township reviewing prior years' minutes in order to determine construction time. Costs were verified by the Township to contracts let and historical cost estimates by engineers.

Infrastructure – Costs have been valued at estimated historical cost by engineers where exact records were unavailable with accompanying accumulated depreciation as applicable.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment, Furniture and Fixtures – Cost was obtained by the Township, reviewing and inventorying existing furniture, fixtures, street lights and traffic lights and determining actual cost of acquisition

All fixed assets are valued at historical cost or estimated historical cost if actual was unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation. The Township has adopted a capitalization policy of \$5,000 per individual asset.

Depreciation of all exhaustible fixed assets is recorded as an unallocated expense in the Statement of Activities. Depreciation is shown as "unallocated" due to the assets' applicability to multiple functions of the government. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	30 years
Equipment	3-5 years
Machinery	10 years
Fire Trucks	25 years
Infrastructure	40 –50 years

In the fund financial statements, fixed assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

F. VACATION AND SICK LEAVE

The Township's vacation policy for Township employees provides that employees, both uniform and non-uniform, are to take vacation within the Township's fiscal year it was earned, or the employee loses the vacation time. However, beginning in 2015, Uniform employees may elect to either sell back or carry over up to forty hours of vacation and/or holiday days to the Township each year. The Township's non-uniform employees are permitted to accumulate up to 55 sick days. All such employees will only be paid for sick leave when adequate proof of illness has been demonstrated. Any excess sick days remaining at year-end are bought back by the Township at half value. Uniform employees are entitled to 90 days of sick time. From 91 to 120 days of illness, uniform employees must utilize available vacation and holiday time. After the 121st day of allowable time, the individual is required to be placed on disability. Accumulated sick leave does not vest for uniform or non-uniform employees.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. BUDGETARY

Budgets are legally adopted for the following funds General (including the Fire Tax Fund and the Library Fund – as part of the General Fund), Sewer Fund, Highway Fund and Sinking Fund Budgets are adopted on a basis consistent with U S generally accepted accounting principles An annual appropriated budget is adopted for all the funds All annual appropriations lapse at fiscal year-end

The Township follows these procedures in establishing the budgetary data reflected in the financial statements

- 1 Prior to October 31, a proposed operating budget is submitted to the Township Board of Commissioners for the fiscal year commencing the following January 1 The operating budget includes proposed expenditures and the means of financing them
- 2 Public hearings are conducted at the Township offices to obtain taxpayer comments
- 3 Prior to January 1, the budget is legally enacted through passage of an ordinance
- 4 Formal budgetary integration is employed as a management control device during the year for all funds except Trust and Agency and Capital Project Funds
- 5 Budgeted amounts as of December 31, 2020 are as originally adopted, or as amended by the Township Board of Commissioners

The following presents those areas which incurred an excess of expenditures over appropriations for the year ended December 31, 2020 as follows

Excess expenditures over legally adopted budgets

Highway Fund	
Road construction	\$ 45,105
Sewer Fund	
i&I program expenditures	\$ 2,381

There was sufficient revenue and/or fund balance to allow for the expenditures

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 CASH DEPOSITS AND INVESTMENTS

Custodial Risk - Deposits is the risk that in the event of a bank failure, the government's deposits may not be returned or the government will not be able to recover collateral securities in the position of an outside party. The entity does not have a policy for custodial credit risk. However, the Township of Ridley primarily maintains deposits either with financial institutions which, pursuant to Act No. 72 of Pennsylvania, pool assets required to be pledged to secure public deposits, the total value of the pool to equal not less than the sum of all the pledges required for each separate deposit, or in amounts insured by the Federal Deposit Insurance Corporation. Deposits for all funds are either fully insured or collateralized pursuant to Commonwealth of Pennsylvania statutes.

As of December 31, 2020, the aggregate balance of deposits included in cash and cash equivalents was \$22,020,054 (including fiduciary funds) of which \$762,333 is insured by the federal depository insurance (FDIC). Therefore, included in bank deposits is the remaining \$21,257,721 collateralized as noted above pursuant to Act 72. The Township carrying amount of cash, cash equivalents, certificates of deposit and investment in the Pennsylvania Local Government Investment Trust (PLGIT) are as follows:

	Cash and Cash Equivalents	Certificates of Deposit over three months maturity	Pennsylvania Local Government Investment Trust PLGIT	Total
General Fund including escrow	\$ 8,011,397	\$ 500,550	\$ 3,434,182	\$ 11,946,129
Sewer Fund	1,369,662	-	-	1,369,662
Highway Fund	1,357,394	-	258,469	1,615,863
Sinking Fund	1,498,969	-	-	1,498,969
Capital Improvement Fund	3,787,495	-	-	3,787,495
Capital Reserve Fund	878,175	512,896	-	1,391,071
Stormwater Fund	155,052	-	-	155,052
Police Pension Fund	1,026,409	-	7,956	1,034,365
Ann Howanski Scholarship	6,155	-	-	6,155
Drug Forfeiture	228,739	-	-	228,739
	<u>\$ 18,319,447</u>	<u>\$ 1,013,446</u>	<u>\$ 3,700,607</u>	<u>\$ 23,033,500</u>

Custodial Credit Risk - Investments is the risk that in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in position of an outside party. The risks of default are limited due to the constraints imposed upon allowable investment instruments. The Township is authorized under Section 1705.1 of the First Class Township Code to invest in United States Treasury Bills, short-term obligations of the United States Government and its agencies or instrumentalities and savings accounts, time deposits or certificates of deposit insured by the FDIC or the FSLIC.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 CASH AND INVESTMENTS (continued)

Investments in the Pennsylvania Local Government Investment Trust (PLGIT) in the amount of \$3,700,607 are invested in full faith and credit obligations of the Commonwealth of Pennsylvania and its agencies, instrumentalities and political subdivisions. This amount is included in cash and cash equivalents and insured as noted above in discussing deposits. Collateralization requirements of Act 72, when required for deposits in excess of insurance limits, are followed with respect to pooling, custody and type of collateral.

The Township held \$30,288,291 in investments (including \$500,550 in the General Fund, \$512,896 in Capital Reserve and \$29,274,845 in the Police Pension Plan). General Fund cash and cash equivalents include a certificate of deposit with less than a three-month maturity from balance sheet date in the amount of \$500,703.

Investments in external investment pools, in open-end mutual funds or in unallocated insurance contracts such as those maintained by the Police Pension Plan are disclosed and are not considered securities for the purposes of credit risk classification pursuant to GASB Statement No. 40.

Police Pension Plan

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned. At December 31, 2020, the carrying amount and the balance of the Plan's deposits in cash and cash equivalents was \$1,034,365. These cash balances were inclusive of the collateralization as noted above.

Investments

In accordance with Government Accounting Standards Board (GASB), investments are reported within fair value measurement. All investments are considered to be Level 1 within the fair value hierarchy in that investments reflect prices quoted in active markets. Unrealized gains and/or losses due to fluctuations in market value are recorded in the financial statements. Securities traded on national exchanges are valued at the last reported sales price. Realized gains or losses are recorded at the time of sale. Net appreciation or depreciation in the fair value of plan investments includes both realized and unrealized gains and losses and related fees as well as investment. Pension Plan investments at year end are as follows:

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 CASH AND INVESTMENTS (continued)

I Shares	\$	1,218,802
I shares trust IBOXX		1,178,463
Vanguard Intermediate Term Corp Bond Fund		1,605,724
All World Ex US		7,403,433
Vanguard Total Bond Fund		3,993,243
Vanguard Growth ETF Fund		5,198,030
Vanguard Mid Cap ETF Fund		1,732,733
Vanguard Small Cap Fund		1,826,877
Vanguard Value Fund		5,117,540
	\$	<u>29,274,845</u>

Investments in all funds but the I Shares and I Shares Trust IBOXX Fund represented more than 5% of Plan investment value

The pension plan has established an investment policy regarding the allocation of invested assets and may be amended by the Township Board of Commissioners and its Pension Board. The policy strategy acts to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations as they become due.

The Police Pension Plan has adopted the following target allocation across asset classes:

Asset Class	Target	Long Term Expected Real Rate of Return
Domestic equities	45.50%	4.63%
International equities	24.50%	6.01%
Fixed Income	27.00%	68.00%
Cash	3.00%	-38.00%
Net blended return		3.74%

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments (net of pension expense) was 15.01% as compared with 20.91% in 2019.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 ACCOUNTS RECEIVABLE / REAL ESTATE TAXES

Real estate taxes are levied on February 1. A two percent (2%) discount is allowed if the taxes are paid on or before March 31. The face amount is due by May 31. Taxes paid after May 31 are subject to a ten percent (10%) penalty. Unpaid taxes are considered delinquent after December 31. Delinquent real estate taxes are then turned over to the County and are subject to lien. The tax rate in 2020 was 9.73 mills. The township real estate tax collection was included within the scope of the overall township audit.

THE TOWNSHIP OF RIDLEY
STATEMENT OF REAL ESTATE TAXES - 2020 DUPLICATE
YEAR ENDED DECEMBER 31, 2020

	<u>ASSESSED VALUATION</u>	<u>TOTAL TAX LEVY</u>
Tax rate in mills		9.7300
Tax duplicate	\$ 1,343,163,358	\$ 12,993,990
Deduct: taxes collected face		<u>12,625,023</u>
Taxes receivable for year ended		
December 31, 2020		<u>\$ 368,967</u>
Penalty assessed at 10%		<u>\$ 36,897</u>

THE TOWNSHIP OF RIDLEY
STATEMENT OF REAL ESTATE TAXES - PRIOR YEARS
YEAR ENDED DECEMBER 31, 2020

	<u>TOTAL</u>
Prior year 2019 duplicate taxes	\$298,241
Add: Penalties lien and collected to February 28, 2018 (net)	29,824
Deduct: Collections including penalties	<u>(110,145)</u>
Taxes returned to County Treasurer (\$198,109 plus 10 percent penalty of \$19,810)	<u>217,920</u>
 Prior years returned and lien balance January 1, 2020	 164,144
Add: 2019 taxes returned to County Treasurer	<u>217,920</u>
Sub-total	382,064
Deduct: Collections	<u>(254,569)</u>
Prior years taxes receivable - December 31, 2020	<u>\$127,495</u>

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 ACCOUNTS RECEIVABLE / REAL ESTATE TAXES (continued)

The accounts receivable as of December 31, 2020 were as follows

Real estate taxes	\$ 533,359
Less allowance	(7,929)
Trash fees	224,129
Less allowance	(3,950)
Sewer fees	407,031
Less allowance	(7,114)
Deed transfer	54,863
Cell Tower	10,016
Act 511 fees	46,857
Cable franchise fees	92,854
Drug Task Force	29,883
FEMA grant	41,632
Extra duty	14,343
Liens	112,593
County Aid - Liquid Fuels	41,243
Crossing guard reimbursement	28,821
Reimbursements	46,317
Refunds and miscellaneous	44,164
	<u>\$1,709,112</u>

NOTE 4 CAPITAL ASSETS

All fixed assets are valued at historical cost or estimated historical cost if actual was unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation. Infrastructure costs prior to 2012 are valued at estimated historical cost by engineers where exact records were unavailable with accompanying accumulated depreciation as applicable.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 CAPITAL ASSETS (continued)

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
<i>Capital assets not being depreciated.</i>				
Land	\$ 5 803,588	\$	\$	\$ 5 803 588
Construction in progress	1 203 684	3 848 924	4,324,638	727 970
Total capital assets not being depreciated	<u>7 007 272</u>	<u>3 848 924</u>	<u>4 324 638</u>	<u>6,531 558</u>
<i>Capital assets being depreciated</i>				
Buildings and improvements	22 998 056	2,905,271		25 903,327
Infrastructure	15,160,301	1,558,620		16,718 921
Furniture and fixtures	757 095	5 929		763 024
Equipment	3 387,006	28,258		3,415 264
Vehicles	5 100 378	742,806		5 843,184
Total capital assets being depreciated	<u>47 402 836</u>	<u>5 240,884</u>		<u>52 643,720</u>
Total capital assets	<u>54 410,108</u>	<u>9 089 808</u>	<u>4 324 638</u>	<u>59 175 278</u>
<i>Accumulated depreciation</i>				
Buildings and improvements	8,017 449	697 206		8 714,655
Infrastructure	8,357 334	379 257		8 736 591
Furniture and fixtures	354,727	77 529	-	432,256
Equipment	2 300 808	88 252		2 389,060
Vehicles	4,121 758	217,982		4 339 740
Total accumulated depreciation	<u>23,152,076</u>	<u>1 460,226</u>		<u>24 612,302</u>
Governmental activities capital assets net of depreciation	<u>\$ 31 258 032</u>	<u>\$ 7 629,582</u>	<u>\$ 4 324 638</u>	<u>\$34,562 976</u>

Construction in progress represents costs accumulated for projects not completed at year end
The Township has outstanding contract commitments in the amount of \$782,164

NOTE 5 LONG-TERM DEBT

A general obligation note in the amount of \$1,500,000 was issued in 2006 for the construction of new municipal marina docks and a fishing pier, renovations and upgrades to existing buildings and docks and the cost of issuance. The note, supported by the full faith and credit of the Township, is for a term of 20 years at a rate of 3.747%.

A general obligation bond in the amount of \$3,065,000 was issued in 2009 to refund a previously outstanding 2002 bond issuance. The bond, supported by the full faith and credit of the Township, was for a term of 13 years at a rate of 5%.

During 2014, this bond was refunded and the general obligation bond of 2014 was issued in the amount of \$2,275,000. This bond is secured by the full, faith, credit and taxing power of the Township. The bond was for a remaining term of 8 years at a rate varying from 2.0% to 3.0%.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG-TERM DEBT (continued)

In 2013, a general obligation note was issued in the amount of \$10,000,000. The note, supported by the full faith and credit of the Township, is for a term of 15 years at a fixed rate of 1.973%. The note has been issued for the purpose of funding certain capital projects including improvements to the storm water and sanitary sewer systems, roads and bridges, the township building, marina and library.

An additional general obligation note was issued in 2017 in the amount of \$10,000,000 for renovations to the Municipal Building, construction and improvements to bridges and roads, improvements to the storm and sanitary sewer systems and to reimburse the Township's operating funds for project costs. The note is supported by the full faith and credit of the Township and is for a term of 15 years at a fixed rate of 2.46%.

The 2006, 2013 and 2017 General Obligation Notes were a direct placement with the Delaware Valley Regional Finance Authority (DeVal). The security of these notes is the full, faith, credit and taxing power of the Township.

DeVal has entered into interest rate swap agreements with various counterparties to provide fixed interest rates to borrowers. These transactions would normally only be terminated if the borrower requested such or if the borrower defaulted on its loan. The borrower then would be responsible for any termination payment. The DeVal swap transactions related to the fixed rate loans are effective under both the consistent critical terms and the quantitative method standards promulgated via GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments*.

The following presents long-term debt transactions of the Township for the year ended December 31, 2020:

Notes/Bonds	Final Maturity	01/01/2020	Issued 2020	Principal Paid	Outstanding 12/31/20	Amount Due in One Year
2006 GON	2027	\$ 753,000	\$	\$ (81,000)	\$ 672,000	\$ 84,000
2013 GON	2028	6,328,000		(652,000)	5,676,000	665,000
2014 GOB	2022	825,000		(270,000)	555,000	270,000
2017 GON	2032	8,866,000		(588,000)	8,278,000	602,000
		<u>\$ 16,772,000</u>	<u>\$</u>	<u>\$ (1,591,000)</u>	15,181,000	<u>\$ 1,621,000</u>
Sick pay liability					433,665	
OPEB liability					36,265,320	
Net Pension liability					<u>1,068,826</u>	
					<u>\$ 52,948,811</u>	

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 LONG-TERM DEBT (continued)

The annual requirements to amortize all debt outstanding as of December 31, 2020 follows

	Principal	Interest	Total
2021 \$	1 621 000	\$ 340,755	\$ 1,961 755
2022	1 667 000	304 041	1 971 041
2023	1 414,000	265 413	1 679 413
2024	1 445,000	232 589	1 677 589
2025	1,478 000	198 992	1 676 992
2026-2030	6,005 000	508,523	6,513 523
2031-2032	1 551,000	54,286	1 605 286
	<u>\$ 15 181 000</u>	<u>\$ 1 904,600</u>	<u>\$ 17,085,600</u>

Subsequent to balance sheet date and before issuance of these statements, the Township entered into a debt agreement with the Pennsylvania Infrastructure Investment Authority in the amount \$3,266 864 for a period of 240 months at the interest rate of 1 452% for years 1-5 and 2 033% from year 6 through the end of the loan period. With the added debt the Township annual requirements to amortize debt outstanding would be as follows

	Principal	Interest	Total
2021 \$	1 727 165	\$ 375,818	\$ 2 102,983
2022	1 810,363	348,983	2,159 346
2023	1 559 459	308,259	1 867,718
2024	1 592 585	273 309	1,865 894
2025	1 627 742	237 374	1 865,116
2026-2030	6 759,598	664 738	7 424,336
2031-2035	2 389 565	157 246	2 546 811
2036-2040	901,669	39 856	941 525
2041	79,718	979	80 697
	<u>\$ 18,447 864</u>	<u>\$ 2 406,563</u>	<u>\$ 20 854 427</u>

NOTE 6 INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables arise from interfund transactions. Principally, these amounts result from operating subsidies or loans. Interfund receivables and payables are eliminated within the government-wide financial statements but are shown on the governmental fund statements. At the balance sheet date, the amount of interfund receivables is equal to the amount of interfund payables as follows

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 6 INTERFUND RECEIVABLES AND PAYABLES (continued)

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 405,907	\$ 863,361
Capital reserve fund	237,000	-
Capital improvement fund	-	237 000
Sinking fund	342 353	-
Sewer fund	114,282	-
Police pension fund	819	-
	<u>\$ 1,100,361</u>	<u>\$ 1,100,361</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts as debt service payments become due, and 3) use *unassigned and uncommitted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations*

Interfund transfers were as follows

<u>Fund</u>	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General fund	\$ 230,000	\$ 266 880
Capital improvement fund	266,880	230,000
	<u>\$ 496,880</u>	<u>\$ 496 880</u>

NOTE 7 PENSIONS

Police Pension

Plan Description – The Township of Ridley Police Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No 1715 and Ordinance No 1875, as amended. The Plan is governed by the Board of Township Commissioners, which is responsible for the management of Plan assets. The Board of Township Commissioners delegated the authority to manage certain Plan assets to CBIZ/InR Advisory Services, LLC. The police pension plan is subject to the funding and reporting requirements of the Pennsylvania Municipal Pension Plan Funding Standards and Recovery Act (Act 205 of 1984).

Pension plan financial statements are prepared using the accrual basis of accounting. Employees' and employer contributions are recognized as revenues in the period in which employee services are performed. Pension plan investments are valued at fair market value as noted previously. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Basic Provisions -- Under the provisions of the Township's Police Pension Plan, pension benefits vest after 12 years of service. A police officer may retire at age 55 with 20 years of

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 PENSIONS (continued)

service or at age 50 with 25 years of service if hired before 1994 and receive annual pension benefits equal to 50% of the officer's final 36 month average salary plus a service increment of \$100 per month for each year of service worked after 25 years up to a maximum of \$300 per month, and an additional \$50 per month after years 29 and 30, to a maximum of \$400 per month

Also, the Police Pension Plan provides for survivor benefits to surviving spouse and/or children under age 18 (or under the age of 23, if in college) of an officer killed in the line of duty or who dies while eligible for retirement and disability benefits (75% of officer's monthly salary for service-related disablement less Workers' Compensation benefits less any disability insurance benefits funded by the Township, if officer is not eligible for Social Security disability benefits 100% of officer's monthly salary at time of disablement less Social Security disability benefits less Workers' Compensation benefits less any disability insurance benefits funded by the Township, if officer is eligible for Social Security disability benefits)

Funding Policy

All full-time Township police officers who are members of the Police Pension Plan must contribute 5% of their salaries to the Pension Plan. In addition, the Township must provide annual contributions equal to the minimum municipal obligation (MMO) less State aid to satisfy the actuarially determined contribution requirements. The MMO for 2020 was \$1,237,088 of which the Township contributed \$921,963. The balance of \$315,125 was comprised of Commonwealth of Pennsylvania aid. The 2021 MMO is anticipated to be \$1,238,935. A significant portion of this amount is expected to be received from the General Municipal Pension System pursuant to Act 205.

The Township and Commonwealth contributions over the past eight years were as follows:

		Police		
	Township	Commonwealth	Total	
2012	\$ 434,769	\$ 236,023	\$	670,792
2013	\$ 448,938	\$ 240,830	\$	689,768
2014	\$ 548,033	\$ 240,106	\$	788,139
2015	\$ 523,990	\$ 285,253	\$	809,243
2016	\$ 314,524	\$ 297,476	\$	612,000
2017	\$ 301,698	\$ 339,698	\$	641,229
2018	\$ 687,923	\$ 346,645	\$	1,034,568
2019	\$ 689,580	\$ 337,953	\$	1,027,533
2020	\$ 921,963	\$ 315,125	\$	1,237,088

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 PENSIONS (continued)

Annual Pension Cost and Net Pension Obligation

The Township received on behalf of the Township plans \$921,963 in Commonwealth funds pursuant to Act 205 of 1984 the Municipal Pension Plan Funding Standard and Recovery Act, of which \$315,125 was deposited to the Police Pension Plan Plan membership as of December 31, 2019, consisted of the following

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>34</u>
Total plan participants	<u>74</u>

Police active membership contribution for 2020 was \$218,464 based on the active police covered salary of \$3,974,944

The minimum municipal obligation (MMO) contribution for the current year was determined as part of the January 1, 2019 actuarial valuation using the entry age actuarial cost method Update procedures were used to roll forward to December 31, 2020 The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5% per year, and an inflation rate of 2.25% Asset valuation method is compliant with Section 210(a) of Act 44

Net Pension Liability of the Township

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

Total pension liability	\$ 30,463,302
Plan fiduciary net position	<u>30,329,946</u>
Net pension liability	<u>\$ 133,356</u>

Plan fiduciary net position as a percentage of the total pension liability 99.56%

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 PENSIONS (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation date of January 1, 2019 using the following actuarial assumptions applied to all periods in the measurement

Inflation	2.25 percent
Salary increases	5 percent per annum including inflation
Investment rate of return	8 percent per annum
Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	5 years
Asset valuation method	Smoothing per Section 210(a) of Act 44

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

Long term expected rate of return

The long-term expected rate of return on pension plan investments is determined using asset allocation studies conducted by the Plan's investment management consultants in December 2020 in which best-estimate ranges of expected future real rates of return (net of investment expense and inflation) were developed for each major asset class. The ranges were 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. As noted above in the Investment section of these notes, the real rate of return net of pension plan investment expense and including the 2.25% inflation assumption was a blended rate of 3.74%. The long term expected rate of return excluding expected inflation of 2.25% was 5.92%. However, the annual rate of return on the plan investments, as noted above (net of investment expense) was 15.01%.

Discount Rate

The discount rate used to measure the total pension liability was 8% per year. Based on that assumption, the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments of current Plan members. However, if the assumptive long-term rate of return results in less than the assumptive actuarial discount rate used to determine pension liability the actual pension liability may be in excess of that actuarially reported at this time. This may result in future increased total and net pension liability.

Current Discount		
1% Decrease	Rate	1% Increase
7.00%	8.00%	9.00%
<hr/>		
\$ 3,253,774	\$ 133,356	\$ (2,508,545)

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 PENSIONS (continued)

For the year ended December 31, 2020, the Township recognized total pension expense in its governmental statements in the amount of \$1,721,741 inclusive of the Police Pension and Non Uniform Plan of which \$1,237,088 was related to the Police Pension. The Township also reported deferred outflows of resources and deferred inflows of resources related to Police pension as follows:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ 433,174	\$ -
Changes in assumptions	82,256	-
Net difference between projected and actual investment earnings	-	2,201,744
Changes in proportions	-	-
Difference between employer contributions and proportionate share of total contributions	-	-
Contributions subsequent to measurement date	-	-
	<u>\$ 515,430</u>	<u>\$ 2,201,744</u>

Certain amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense in future years as follows:

Year ending June 30	
2021	\$ (411,664)
2022	\$ (64,650)
2023	\$ (871,658)
2024	\$ (338,342)
2025	\$ -
Thereafter	\$ -

Non-Uniformed Pension Plan

Plan Description

The Township of Ridley contributes to the Pennsylvania Municipal Retirement System ("PMRS"), which is an agent multiple-employer public employee retirement system. It is the responsibility of the PMRS to function as an investment and administrative agent for the Township with respect to the pension plan. PMRS issues a separate Comprehensive Annual Financial Report ("CAFR"). A copy of the CAFR can be obtained by contacting the PMRS accounting office.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 PENSIONS (continued)

The Pennsylvania Municipal Retirement System (PMRS), pursuant to the December 31, 2019 reporting/measurement date, has also developed a long-term expected rate of return for its individual participating municipalities known as its Regular Interest Rate. The long-term expected rate of return on pension plan investments is determined by a building block method in which best-estimates of expected future real rates of return are developed for each major asset class for the PMRS portfolio as a whole and at different levels of probability or confidence. The long term expected system rate of return as reported by PMRS is 6.70%. The Long term expected rate of return for individual participating municipalities is referred to as the regular interest rate and at December 31, 2019 (the measurement date) is equal to the discount rate of 5.25%. The annual money weighted rate of return for PMRS investments in 2018 was -4.57% the most recent information available.

The PMRS target asset rate and long-term expected real rate of return is as follows:

Asset Class	Target	Long Term
Domestic equities-large cap	25.00%	4.70%
Domestic equities-small cap	15.00%	7.10%
International equities-developed markets	15.00%	2.90%
International equities-emerging markets	10.00%	7.60%
Real estate	20.00%	5.30%
Fixed income	15.00%	0.00%
Total portfolio	100.00%	4.50%

Board established long term expected rate of Return	6.70%
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Under the provisions of the Township's Pension Plan, pension benefits vest after seven years of service. Normal retirement age is 65. An employee may retire early after 20 years of service with a voluntary termination or after 8 years with an involuntary termination. Retirement benefits are based on the final average salary ("FAS") during the last five years of employment. Benefit equals 1.25 times years of credited service times FAS. Also, the Pension Plan provides for death benefits and disability benefits (50% of final salary for service related disability with benefit offset by Workers' Compensation Benefit and 30% of final salary for non-service related disability with ten years of service required for eligibility).

Funding Policy

All participating employees of the PMRS must contribute 3% of their gross earnings to the Pension Plan. The Township must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements. However, PMRS participating employees may also contribute up to an additional 17% of their after-tax gross earnings to the Pension Plan as part of a PMRS Cash Balance Plan. Within this plan, the Township is required to contribute one percent of each member's contribution. Plan members at December 31, 2019 consisted of the following:

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 PENSIONS (continued)

Inactive employees or beneficiaries currently receiving benefits	28
Inactive employees entitled to but not yet receiving benefits	1
Active employees	62
Total plan participants	<u>91</u>

Member contributions totaled \$202,020 for the year ended December 31 2020, based on eligible covered payroll of \$3 974,944

Contributions to the plan for the past eight years were as follows

	Township	Commonwealth	Total
2013 \$	-	\$ 179 744	\$ 179,744
2014 \$	-	\$ 179,759	\$ 179,759
2015 \$	-	\$ 273,523	\$ 228,376
2016 \$	-	\$ 262,479	\$ 262,479
2017 \$	-	\$ 277,147	\$ 277,147
2018 \$	6,298	\$ 295 116	\$ 301,414
2019 \$	35,159	\$ 312,350	\$ 347 509
2020 \$	59,655	\$ 290,506	\$ 350,161

Annual Pension Cost and Net Pension Obligation

The Township's annual MMO for the Ridley PMRS Non-uniformed Pension Plan for the current year was \$350,161 The MMO for 2021 is expected to be \$394,647

The annual required contribution for the current year was determined as part of the January 1 2019 actuarial valuation Pursuant to GASB 68, PMRS established a measurement date of December 31, 2019 Contributions between that measurement date and the reporting date are reported within the deferred outflows offsetting the cash outflow or expenditure reported Pension expense within the governmental funds totaled

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 PENSIONS (continued)

Net Pension Liability of the Township

The components of the net pension liability (asset) of the Township at December 31, 2019, the measurement date, were as follows

Total pension liability	\$ 16 535 781
Plan fiduciary net position	(16,607,269)
Net pension liability (asset)	<u>\$ (71 488)</u>

Plan fiduciary net position as a percentage of the total pension liability (asset) 100.43%

Actuarial Assumptions

The total pension liability at December 31, 2019 (the PMRS measurement date) was determined by an actuarial valuation one year prior and rolled forward to December 31, 2019. The following actuarial assumptions have been applied to all periods in the measurement

Inflation	3 percent
Salary increases	Age related scale with merit and inflation component
Investment rate of return	5.25 percent compounded annually
Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	Level dollar based on amortization periods in Act 205
Asset valuation method	Based upon municipal reserves

Mortality rates for post-retirement were based on the RP-2000 Sex Distinct Combined Healthy Mortality Table. Males projected 5 years with Scale AA, females projected 10 years with Scale AA. Pre-retirement mortality is based on RP-2000 Mortality Table males projected 15 years with Scale AA, and females projected 15 years with Scale AA, setback five years.

Long term expected rate of return

The long-term expected rate of return on pension plan investments is determined by a building block method in which best-estimates of expected future real rates of return are developed for each major asset class for the PMRS portfolio as a whole and at different levels of probability or confidence. The long term expected system rate of return as reported by PMRS is 6.7%. The long term expected rate of return for individual participating municipalities is referred to as the regular interest rate and at December 31, 2019 is equal to the discount rate of 5.25%.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 PENSIONS (continued)

Discount Rate

The discount rate used to measure the total pension liability as noted above was 5.25% per year. Based on that assumption, the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments of current Plan members. However, if the assumptive long-term rate of return results in less than the assumptive actuarial discount rate used to determine pension liability (asset), the actual pension liability (asset) may be in excess of that actuarially reported at this time. This may result in future increased total and net pension liability (asset). Following shows the impact of the net pension liability (asset) to the discount rate applied pursuant to the measurement date.

1% Decrease	Current	1% Increase
4.25%	Discount Rate	6.25%
	5.25%	
\$ 1,322,822	\$ (71,488)	\$ (1,269,181)

At December 31, 2019, the Township reported deferred outflows of resources and deferred inflows of resources related to pension as follows (with the addition of the contribution to the plan made subsequent to the measurement date):

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ 355,270	\$ -
Changes in assumptions	119,100	15,332
Net difference between projected and actual investment earnings	-	1,497,667
Changes in proportions	-	-
Difference between employer contributions and proportionate share of total contributions	-	-
Contributions subsequent to measurement date	350,161	-
	<u>\$ 824,531</u>	<u>\$ 1,512,999</u>

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 PENSIONS *(continued)*

Based on the measurement of December 31, 2019, certain amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense in future years as follows

Year ending December 31,		
2020	\$	(18,006)
2021	\$	(291,868)
2022	\$	(22,802)
2023	\$	(355,792)
2024	\$	-
Thereafter	\$	-

The contributions subsequent to measurement date are reported within deferred outflows and are shown above as being recognized in 2020. They are not included in the determination of the anticipated future pension expense which was based on a measurement date of December 31, 2019 but are reported as deferred outflows as pursuant to GASB 68.

Union Pension Fund

Certain employees of the Township had participated in the National Conference of Firemen and Oilers Pension Fund. The Township participation in the plan was discontinued in 2010. The Township continues funding of the previously vested members and will incur this charge through 2030. The liability totals \$935,470 and is included in the total pension liability on the Statement of Net Position.

NOTE 8 OTHER POST EMPLOYMENT BENEFITS

The Township provides full certain medical benefits to both uniform and non-uniform retirees in effect at the time of their respective retirements. Township funding of these benefits is on a pay-as-you-go basis. There are currently 146 persons covered by these plans, with 49 persons (retirees and/or beneficiaries) receiving these benefits. For the year ended December 31, 2020, the amount paid for these benefits totaled \$584,028.

The Plan is unfunded, and no financial report is prepared. The Plan is authorized and under the control, maintenance and operation of the Township Commissioners. The required contribution of the Township is based on a pay-as-you-go financing requirement. The Board of Commissioners has the authority within contractual limitations to amend the plan including changing the obligation of plan members and the Township to contribute to the Plan. Benefits defined as OPEB include medical, prescription drug, vision and life insurance (as applicable).

OPEB liability and OPEB cost for Non-Uniform and Uniform employees is as follows

	Non uniform	Uniform	Total
Net OPEB Liability	\$ 5,009,311	\$ 31,256,009	\$ 36,265,320
OPEB Cost	\$ 439,647	\$ 3,197,584	\$ 3,637,231

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (continued)

The increase in OPEB liability is shown as follows

Annual OPEB cost (expense)	\$ 3 637,231
Contributions made (pay as you go)	(515,532)
Adjustment to estimate for imputed benefit cost and assumption changes	9,232,663
Increase in net OPEB obligation	12 354,362
Net OPEB obligation at January 1, 2020	23,910,958
Net OPEB obligation at December 31, 2020	<u>\$ 36,265,320</u>

The Total OPEB Liability is based on entry age normal actuarial funding method. Liabilities are based on the results of actuarial calculations performed as of January 1, 2020 rolled forward to December 31, 2020. The actuarial valuation is performed biennially.

Following is the history of OPEB cost/expense and the percentage of pay-as-you-go to the actuarially determined expense as well as the net OPEB total obligation for the Township.

<u>Fiscal year Ended</u>	<u>Annual OPEB Cost/Expense</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2011	\$ 1,644,795	60.83%	\$ 23,145,768 *
December 31, 2012	\$ 1,953,422	30.65%	\$ 4,785,049 *
December 31, 2013	\$ 2,010,536	32.24%	\$ 6,156,307 *
December 31, 2014	\$ 2,067,907	24.81%	\$ 7,547,051 *
December 31, 2015	\$ 2,291,720	30.20%	\$ 9,146,691 *
December 31, 2016	\$ 2,355,705	29.71%	\$ 10,802,593 *
December 31, 2017	\$ 2,421,941	33.08%	\$ 12,423,435 *
December 31, 2018	\$ 1,654,027	37.34%	\$ 23,145,768 *
December 31, 2019	\$ 1,722,696	33.90%	\$ 23,910,958 **
December 31, 2020	\$ 3,637,231	14.17%	\$ 36,265,320 **

** GASB 75 calculation

* GASB 45 calculations

Actuarial accrued liability (AAL)	\$ 36,265,320
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	<u>\$ 36,265,320</u>

Funded ratio (actuarial value of plan assets/AAL) 0%

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (continued)

Following is a sensitivity analysis of the liability to changes in the discount rate as provided by the actuarial determination

	1% Decrease 0.93%	Current Discount Rate 1.93%	1% Increase 2.93%
Net OPEB liability	\$ 30 163,037	\$ 36,265,320	\$ 44,239,417

Following is an additional sensitivity analysis of the net OPEB liability to changes in the healthcare trend rates

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	\$ 30,163,037	\$ 36,265,320	\$ 44,239,417

At December 31, 2020, the Township reported deferred outflows of resources and deferred inflows of resources related to pension as follows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,443,635	\$ -
Changes in assumptions	6,252,853	-
Net difference between projected and actual investment earnings	-	-
Changes in proportions	-	-
Difference between employer contributions and proportionate share of total contributions	-	-
	<u>\$ 9,696,488</u>	<u>\$ -</u>

Based on the measurement of December 31, 2020, certain amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense in future years as follows

Year ending December 31

2021	\$	1 578 949
2022	\$	1,578 949
2023	\$	1 578 949
2024	\$	1 578 949
2025	\$	1,578 949
Thereafter	\$	1 801 743

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 DEFERRED COMPENSATION PLAN

The Township has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by the Township and is available to all Township employees. Employees defer a portion of their salaries until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Township (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Township's general creditors. Participants' rights under the plan are equal to those of general creditors of the Township in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Township's legal counsel that the Township has no liability for losses under the plan agreement but does have the duty of due care that would be required of an ordinary prudent investor. The Township believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10 LEASES

The Township has a commercial lease agreement with a restaurant within the Township Marina for an initial term of five years beginning March 1, 2017 through February 28, 2022 with a potential five-year term extension. Rental is \$12,000 per month for the term of the initial lease. Rental income this period totaled \$114,000, reduced this period due to pandemic restrictions.

Further, the Township had entered into a four-year commercial lease with the County of Delaware for use of its property for a magisterial district court. The initial term of the lease began January 1, 2018 and runs through December 31, 2021 with a renewal option through April 30, 2025. Rental income this period was \$36,140. The rental schedule goes from \$26 per square foot to \$28 per square foot for the initial term of the lease as follows:

	Marina	District Court	Total
2021	\$ 144,000	\$ 38,920	\$ 182,920
2022	24,000	-	24,000
	<u>\$ 168,000</u>	<u>\$ 38,920</u>	<u>\$ 206,920</u>

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 11 RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts theft of, damage to and destruction of assets, errors and omissions, injuries to employees and others, and nature disasters The Township carries commercial insurance of such risks There has been no significant reduction in insurance coverage from the previous year in any of the Township's policy coverage Settled claims resulting from these risks have not exceeded commercial insurance in the past three years

NOTE 12 COMMITMENTS AND CONTINGENCIES

Intergovernmental Grants – Intergovernmental grants received by the Township are subject to audit and adjustment by the funding agencies or their representatives If grant revenues are received for expenditures, which are subsequently disallowed, the Township may be required to repay the revenues to the funding agency In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements at December 31, 2020

Claims and Other Legal Proceedings – The Township is involved in various claims and lawsuits arising in the normal course of business, including claims for tax assessment appeals In the opinion of management, the ultimate outcome of these claims and lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2020

Operating Leases – The Township has the following operating leases

- The Township is leasing gymnasium and office space from the Ridley School District for \$35,000 per year on a year to year basis
- Copier and scanning machines, which lease extends from 2015 through 2023

Following represent future lease obligations

Year ending	
2021	\$ 18 956
2022	8 088
2023	7,414
	<u>\$ 34,458</u>

Operating lease expense for the year totaled \$22,198.

NOTE 13 RISKS AND UNCERTAINTY

Since the balance sheet date, and as a result of the COVID-19 outbreak in the United States of America, certain economic uncertainties have arisen including the volatility of the stock market This event has resulted in a risk of decline of market value of investments with particular regard to the Police Pension Plan The ultimate financial impact of the economic and market conditions is unknown at this time

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 14 SUBSEQUENT EVENTS

Township management has evaluated subsequent events through October 15, 2021, the date on which the financial statements were available to be issued

REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF RIDLEY

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Real estate taxes	\$ 10,712,000	\$ 10,712,000	\$ 11,155,473	\$ 443,473
Local enabling act taxes	1,625,000	1,625,000	1,738,655	113,655
Licenses and permits	1,655,000	1,655,000	1,815,425	160,425
Fines and forfeits	252,700	252,700	95,199	(157,501)
Rent	653,530	653,530	568,713	(84,817)
Investment earnings	97,000	97,000	111,398	14,398
Grants and entitlements	1,458,350	1,458,350	869,404	(588,946)
Departmental earnings and charges for services	3,160,500	3,160,500	3,140,720	(19,780)
Miscellaneous and other revenue	390,000	390,000	557,579	167,579
Total revenues	<u>20,004,080</u>	<u>20,004,080</u>	<u>20,052,566</u>	<u>48,486</u>
EXPENDITURES				
General governmental	2,078,375	2,078,375	1,840,925	237,450
Public Safety	8,531,688	8,531,688	8,396,502	135,186
Health and sanitation	3,120,500	3,120,500	3,014,610	105,890
Recreation	1,676,000	1,676,000	820,621	855,379
Highways and streets	2,320,700	2,320,700	1,721,551	599,149
Insurance and employee benefits	6,820,000	6,820,000	4,736,231	2,083,769
Library contribution	480,000	480,000	480,000	
Total expenditures	<u>25,027,263</u>	<u>25,027,263</u>	<u>21,010,440</u>	<u>4,016,823</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Financing revenue	71,000	71,000		(71,000)
Operating transfers in			266,880	266,880
Operating transfers out			(230,000)	(230,000)
Total other financing sources (uses) of funds net	<u>71,000</u>	<u>71,000</u>	<u>36,880</u>	<u>(34,120)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$ (4,952,183)</u>	<u>\$ (4,952,183)</u>	<u>(920,994)</u>	<u>\$ 4,031,189</u>
FUND BALANCE - BEGINNING			<u>12,027,060</u>	
FUND BALANCE - ENDING			<u>\$ 11,106,066</u>	

Note Budget includes General Fund, Library Fund and Fire Fund

REQUIRED SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF RIDLEY

**BUDGETARY COMPARISON SCHEDULE
SEWER FUND**

FOR THE YEAR ENDED DECEMBER 31, 2020

	Sewer Rental Fund Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Sewer rentals penalties and interest	\$ 4,535,000	\$ 4,535,000	\$ 4,906,783	\$ 371,783
Other income	-			
Investment earnings	7,000	7,000	1,757	(5,243)
Total revenues	<u>4,542,000</u>	<u>4,542,000</u>	<u>4,908,540</u>	<u>366,540</u>
EXPENDITURES				
General sewer expenditures	382,000	382,000	221,934	160,066
I&I program	75,000	75,000	77,381	(2,381)
Authority payments	4,100,000	4,100,000	3,843,167	256,833
Total expenditures	<u>4,557,000</u>	<u>4,557,000</u>	<u>4,142,482</u>	<u>414,518</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(15,000)</u>	<u>(15,000)</u>	<u>766,058</u>	<u>781,058</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Operating transfers in				
Operating transfers out				
Total other financing sources (uses) of funds net	<u>-</u>	<u>-</u>	<u>-</u>	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>766,058</u>	<u>\$ 781,058</u>
FUND BALANCE - BEGINNING			743,512	
FUND BALANCE - ENDING			<u>\$ 1,509,570</u>	

REQUIRED SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF RIDLEY

**BUDGETARY COMPARISON SCHEDULE
HIGHWAY FUND**

FOR THE YEAR ENDED DECEMBER 31, 2020

	Highway Fund			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Grants	\$ 815 760	\$ 815 760	\$ 828,859	\$ 13,099
Investment earnings	19,000	19,000	5,518	(13,482)
Total revenues	<u>834,760</u>	<u>834 760</u>	<u>834 377</u>	<u>(383)</u>
EXPENDITURES				
General highway expenditures	178,500	178,500	33,153	145,347
Storm sewers	100 000	100,000		100 000
Street lighting	200 000	200,000	194 337	5 663
Road construction	400,000	400,000	445,105	(45,105)
Total expenditures	<u>878,500</u>	<u>878,500</u>	<u>672,595</u>	<u>205,905</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(43,740)</u>	<u>(43,740)</u>	<u>161,782</u>	<u>205,522</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Operating transfers in				
Operating transfers out				
Total other financing sources (uses) of funds net			-	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$ (43,740)</u>	<u>\$ (43,740)</u>	<u>161 782</u>	<u>\$ 205,522</u>
FUND BALANCE - BEGINNING			<u>1,437,853</u>	
FUND BALANCE - ENDING			<u><u>\$1,599,635</u></u>	

REQUIRED SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF RIDLEY

**BUDGETARY COMPARISON SCHEDULE
SINKING FUND**

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Sinking Fund</u>			<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Real estate taxes	\$ 1 758 000	\$ 1 758,000	\$ 1 854 955	\$ 96 955
Other income			1 897	1 897
Investment earnings	30,000	30,000	8,295	(21,705)
Total revenues	<u>1 788 000</u>	<u>1 788,000</u>	<u>1 865,147</u>	<u>77 147</u>
EXPENDITURES				
Administration	2,500	2 500	536	1 964
Debt service principal and interest	2,200,000	2,200,000	1,968,001	231,999
Total expenditures	<u>2,202,500</u>	<u>2,202,500</u>	<u>1,968,537</u>	<u>233,963</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(414,500)</u>	<u>(414,500)</u>	<u>(103,390)</u>	<u>311,110</u>
OTHER FINANCING SOURCES (USES) OF FUNDS				
Operating transfers in				
Operating transfers out				
Total other financing sources (uses) of funds net				
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	<u>\$ (414,500)</u>	<u>\$ (414,500)</u>	<u>(103,390)</u>	<u>\$ 311,110</u>
FUND BALANCE - BEGINNING			<u>1,955,705</u>	
FUND BALANCE - ENDING			<u><u>\$ 1,852,315</u></u>	

REQUIRED SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF RIDLEY

**BUDGETARY COMPARISON SCHEDULE
STORMWATER MANAGEMENT FUND**

FOR THE YEAR ENDED DECEMBER 31, 2020

	Stormwater Management Fund Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Developer deposits	\$ 250 000	\$ 250 000	\$	\$ (250,000)
Miscellaneous	500	500		(500)
Total revenues	250 500	250 500		(250,500)
EXPENDITURES				
Administration	500	500		500
Engineering	50,000	50,000	-	50,000
Total expenditures	50,500	50,500		50,500
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	200,000	200,000	-	(200,000)
OTHER FINANCING SOURCES (USES) OF FUNDS				
Operating transfers in				
Operating transfers out	-	-	-	
Total other financing sources (uses) of funds, net		-	-	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	\$ 200,000	\$ 200,000	-	\$ (200,000)
FUND BALANCE - BEGINNING			-	
FUND BALANCE - ENDING			\$ -	

TOWNSHIP OF RIDLEY

**REQUIRED SUPPLEMENTAL INFORMATION
(UNAUDITED)**

SCHEDULE OF EMPLOYER CONTRIBUTIONS AND RELATED INFORMATION

POLICE PENSION PLAN

	Schedule of Employer Contributions	Covered Employee Payroll	Contribution as a Percentage of Covered Payroll
12/31/2010	\$ 201,815	\$ 2,758,622	7.32%
12/31/2011	\$ 891,479	\$ 2,965,840	30.06%
12/31/2012	\$ 670,792	\$ 2,882,600	23.27%
12/31/2013	\$ 689,768	\$ 2,895,380	23.82%
12/31/2014	\$ 788,139	\$ 2,949,624	26.72%
12/31/2015	\$ 809,243	\$ 3,253,276	24.87%
12/31/2016	\$ 612,000	\$ 3,335,424	18.35%
12/31/2017	\$ 641,229	\$ 3,752,518	17.09%
12/31/2018	\$ 1,034,568	\$ 4,043,768	25.58%
12/31/2019	\$ 1,027,533	\$ 3,959,812	25.95%
12/31/2020	\$ 1,237,088	\$ 3,974,944	31.12%

NON-UNIFORM PENSION PLAN – PMRS

	Schedule of Employer Contributions	Covered Employee Payroll	Contribution as a Percentage of Covered Payroll
12/31/2011	\$ 200,454	\$ 2,920,859	6.86%
12/31/2012	\$ 207,006	not available	not available
12/31/2013	\$ 179,744	\$ 3,366,345	5.34%
12/31/2014	\$ 179,759	\$ 3,507,731	5.12%
12/31/2015	\$ 262,478	\$ 3,565,278	7.36%
12/31/2016	\$ 260,315	\$ 3,556,423	7.32%
12/31/2017	\$ 277,147	\$ 3,775,074	7.34%
12/31/2018	\$ 301,414	\$ 3,925,700	7.68%
12/31/2019	\$ 347,509	\$ 3,866,458	8.99%

TOWNSHIP OF RIDLEY

REQUIRED SUPPLEMENTAL INFORMATION
(UNAUDITED)

SCHEDULE OF CHANGES IN RIDLEY TOWNSHIP'S
POLICE PENSION PLAN
NET PENSION LIABILITY AND RELATED RATIOS

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 488,767	\$ 465,492	\$ 531,755	\$ 506,433	\$ 426,959	\$ 406,628	\$ 363,372
Interest	2,313,739	2,219,156	2,104,141	2,008,423	1,839,113	1,749,894	1,684,120
Changes in benefit terms						68,864	
Differences between expected and actual experience		335,629		663,849		(840,815)	
Changes in assumptions				244,332		478,026	
Benefit payments	(1,544,344)	(1,506,925)	(1,423,032)	(1,215,568)	(1,109,131)	(1,014,112)	(933,537)
Net change in total pension liability	1,258,162	1,513,352	1,212,864	2,205,469	1,156,941	848,485	1,113,955
Total pension liability beginning	29,205,140	27,691,788	26,478,924	24,273,455	23,116,514	22,268,847	21,154,892
Total pension liability ending	<u>\$ 30,463,302</u>	<u>\$ 29,205,140</u>	<u>\$ 27,691,788</u>	<u>\$ 26,478,924</u>	<u>\$ 24,273,455</u>	<u>\$ 23,117,332</u>	<u>\$ 22,268,847</u>
Plan Fiduciary Net Position							
Contributions Employer	\$ 921,963	\$ 689,580	\$ 687,923	\$ 301,698	\$ 314,524	\$ 523,990	\$ 548,033
Contributions State Aid	315,125	337,953	346,645	339,531	297,476	285,253	240,106
Contributions Members	218,464	199,990	196,062	199,149	187,929	178,401	166,340
Investment income and appreciate (depreciation)	3,889,838	4,638,225	(1,429,726)	3,372,844	1,527,681	(242,342)	1,181,051
Miscellaneous		4,570	1,470				
Benefit payments including refunds	(1,544,344)	(1,506,925)	(1,423,032)	(1,215,568)	(1,109,131)	(1,014,112)	(933,537)
Administrative expense	(7,000)	(12,600)	(6,600)	(12,000)	(6,600)	(14,000)	(5,200)
Net change in plan fiduciary net position	3,794,046	4,350,793	(1,627,258)	2,985,654	1,211,879	(282,810)	1,196,793
Plan fiduciary net position beginning	26,535,900	22,185,107	23,812,365	20,826,711	19,614,832	19,897,842	18,700,849
Plan fiduciary net position ending	<u>\$ 30,329,946</u>	<u>\$ 26,535,900</u>	<u>\$ 22,185,107</u>	<u>\$ 23,812,365</u>	<u>\$ 20,826,711</u>	<u>\$ 19,614,832</u>	<u>\$ 19,897,642</u>
Net Pension Liability	<u>\$ 133,356</u>	<u>\$ 2,669,240</u>	<u>\$ 5,506,681</u>	<u>\$ 2,666,559</u>	<u>\$ 3,446,744</u>	<u>\$ 3,502,500</u>	<u>\$ 2,371,205</u>
Plan fiduciary net position as a percentage of total pension liability	99.56%	90.86%	80.11%	89.93%	85.80%	84.85%	89.35%
Covered employee payroll	\$ 3,974,944	\$ 3,959,812	\$ 4,043,768	\$ 3,752,518	\$ 3,335,424	\$ 3,253,276	\$ 2,949,624
Plan's net pension liability as a percentage of covered employee payroll	3.35%	67.41%	136.18%	71.06%	103.34%	107.66%	80.39%
SCHEDULE OF INVESTMENT RETURNS							
	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return net of investment expense	15.01%	20.91%	-6.20%	16.20%	7.88%	-1.17%	6.25%

TOWNSHIP OF RIDLEY

REQUIRED SUPPLEMENTAL INFORMATION
(UNAUDITED)

SCHEDULE OF CHANGES IN RIDLEY TOWNSHIP'S

NON-UNIFORM PWIRS
NET PENSION LIABILITY

	2019	2018	2017	2016	2015	2014
<i>Total Pension Liability</i>						
Service cost	\$ 412,702	\$ 410,172	\$ 393,790	\$ 346,473	\$ 376,679	\$ 358,084
Interest	836,046	779,004	743,546	727,729	702,499	656,863
Changes in benefit terms	-					
Differences between expected and actual experience		359,233		150,453	-	205,194
Change in assumptions				277,900	(40,887)	
Benefit payments	(507,614)	(420,145)	(532,079)	(699,635)	(397,210)	(409,157)
Net change in total pension liability	741,134	1,128,264	605,257	802,920	641,081	810,984
Total pension liability beginning	15,794,647	14,666,383	14,061,126	13,258,206	12,617,125	11,806,141
Total pension liability - ending	<u>\$ 16,535,781</u>	<u>\$ 15,794,647</u>	<u>\$ 14,666,383</u>	<u>\$ 14,061,126</u>	<u>\$ 13,258,206</u>	<u>\$ 12,617,125</u>

Plan Fiduciary Net Position

Contributions Employer	\$ 384,314	\$ 329,401	\$ 312,959	\$ 258,515	\$ 226,596	\$ 179,879
Contributions Members	179,403	178,999	171,488	162,162	156,572	134,754
PMRS investment income	759,996	714,866	667,159	671,268	658,911	627,014
Market value investment income	2,078,321	(1,384,533)	1,473,584	381,476	(871,557)	87,360
PMRS assessment	1,920	1,980	1,900	1,920	1,840	
Benefit payments including refunds	(507,614)	(420,145)	(532,079)	(699,635)	(397,210)	(409,157)
Administrative expense	(28,190)	(33,861)	(32,462)	(34,686)	(29,309)	(25,946)
Net change in plan fiduciary net position	<u>2,868,150</u>	<u>(613,293)</u>	<u>2,062,549</u>	<u>741,020</u>	<u>(254,157)</u>	<u>593,904</u>
Plan fiduciary net position beginning	13,739,119	14,352,412	12,289,863	11,548,843	11,803,000	11,209,096
Plan fiduciary net position - ending	<u>\$ 16,607,269</u>	<u>\$ 13,739,119</u>	<u>\$ 14,352,412</u>	<u>\$ 12,289,863</u>	<u>\$ 11,548,843</u>	<u>\$ 11,803,000</u>
Net Pension Liability (Asset)	<u>\$ (71,488)</u>	<u>\$ 2,055,528</u>	<u>\$ 313,971</u>	<u>\$ 1,771,263</u>	<u>\$ 1,709,363</u>	<u>\$ 814,125</u>

Plan fiduciary net position as a percentage of the total pension liability

Covered employee payroll

Net pension liability as a percentage of covered employee payroll

Annual money-weighted rate of return net of investment expense

	2019	2018	2017	2016	2015	2014
Plan fiduciary net position as a percentage of the total pension liability	100.43%	86.99%	97.86%	87.40%	87.11%	93.55%
Covered employee payroll	\$ 3,851,926	\$ 3,925,700	\$ 3,775,074	\$ 3,556,423	\$ 3,565,278	\$ 3,507,731
Net pension liability as a percentage of covered employee payroll	-1.86%	52.36%	8.32%	49.80%	47.94%	23.21%
Annual money-weighted rate of return net of investment expense		-4.57%	17.84%	8.23%	-0.71%	5.20%

TOWNSHIP OF RIDLEY

**REQUIRED SUPPLEMENTAL INFORMATION
(UNAUDITED)**

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

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 1 362,342	\$ 897,923	\$ 855,165
Interest	695 940	824 773	798 862
Changes in benefit terms	-	-	-
Differences between expected and actual experience	4 010,536	-	-
Changes in assumptions	7 264 901	-	-
Benefit payments	(979,357)	(957,506)	(955,453)
Net change in total OPEB liability	<u>12 354,362</u>	<u>765 190</u>	<u>698 574</u>
Total OPEB liability beginning	<u>23,910,958</u>	<u>23,145,768</u>	<u>22,447,194</u>
Total OPEB liability ending	<u><u>\$ 36,265,320</u></u>	<u><u>\$ 23,910,958</u></u>	<u><u>\$ 23,145,768</u></u>
Plan Fiduciary Net Position	\$ -	\$ -	\$ -
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of totap OPEB liability	0 00%	0 00%	0 00%



CYNTHIA FOLZER LEITZELL, CPA
STELLA C. ECONOMIDIS, CPA

LEITZELL & ECONOMIDIS, PC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Township of Ridley
Folsom, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Township of Ridley, Folsom Pennsylvania, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Township of Ridley, Folsom, Pennsylvania's basic financial statements and have issued our report thereon dated October 15, 2021

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Leitzell & Economidis, PC

LEITZELL & ECONOMIDIS, PC
Certified Public Accountants

Media, Pennsylvania
October 15, 2021