



***LOWER ALSACE TOWNSHIP***

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY AND OTHER INFORMATION**

**Year Ended December 31, 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Supervisors  
Lower Alsace Township  
Reading, Pennsylvania**

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lower Alsace Township 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lower Alsace Township as of December 31, 2020, and the respective changes in modified cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

## **Change in Accounting Principle**

As described in Note 1 to the financial statements, effective January 1, 2020, Lower Alsace Township (“the Township”) adopted new accounting guidance related to accounting for fiduciary component units. Our opinion is not modified with respect to this matter.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise Lower Alsace Township’s basic financial statements. The combining modified cash basis - nonmajor governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining modified cash basis - nonmajor governmental funds financial statements are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise Lower Alsace Township’s basic financial statements. The budgetary comparison information and the non-uniformed pension plan schedule of funding progress and employer contributions, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we do not express an opinion or provide any assurance on it.

*Herbein + Company, Inc.*

**Reading, Pennsylvania**

**May 13, 2021**

LOWER ALSACE TOWNSHIP

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

December 31, 2020

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 599,379
Intergovernmental receivable	<u>1,850</u>
<b>TOTAL ASSETS</b>	<u>601,229</u>
<b>LIABILITIES</b>	
Payroll withholdings	33
Escrow deposits	<u>1,005</u>
<b>TOTAL LIABILITIES</b>	<u>1,038</u>
<b>NET POSITION</b>	
Restricted for:	
Fire services	10,449
Emergency medical services	13,124
Highways and streets	743
Unrestricted	<u>575,875</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 600,191</u></u>

LOWER ALSACE TOWNSHIP

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
General government	\$ 263,950	\$ 85,835	\$ 1,800	\$ -	\$ (176,315)
Public safety:					
Police	1,002,273	10,395	-	-	(991,878)
Fire	73,106	-	22,029	-	(51,077)
Ambulance/rescue	79,792	9,192	-	-	(70,600)
Other (planning, zoning, etc.)	199,371	79,179	-	-	(120,192)
Public works - sanitation	105,587	73,092	-	-	(32,495)
Public works - highways and streets	370,291	1,511	286,880	-	(81,900)
Culture and recreation	27,000	-	-	-	(27,000)
Employer paid benefits and insurance	272,358	-	29,543	-	(242,815)
Debt service	267,227	-	-	-	(267,227)
<b>Total Governmental Activities</b>	<b>\$ 2,660,955</b>	<b>\$ 259,204</b>	<b>\$ 340,252</b>	<b>\$ -</b>	<b>(2,061,499)</b>
<b>General Revenues:</b>					
Taxes:					
Property taxes					1,485,127
Earned income taxes					576,294
Other taxes					140,519
Investment earnings					1,789
Miscellaneous income					36,406
<b>Total General Revenues</b>					<b>2,240,135</b>
<b>Change in Net Position</b>					<b>178,636</b>
<b>Net Position - Beginning of year</b>					<b>421,555</b>
<b>Net Position - End of year</b>					<b>\$ 600,191</b>

**LOWER ALSACE TOWNSHIP**

**BALANCE SHEET - MODIFIED CASH BASIS -  
GOVERNMENTAL FUNDS**

**December 31, 2020**

	General	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 575,844	\$ 23,535	\$ 599,379
Intergovernmental receivable	1,850	-	1,850
Interfund receivables	-	781	781
	<u>577,694</u>	<u>24,316</u>	<u>602,010</u>
<b>TOTAL ASSETS</b>	<b>\$ 577,694</b>	<b>\$ 24,316</b>	<b>\$ 602,010</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Payroll withholdings	\$ 33	\$ -	\$ 33
Escrow deposits	1,005	-	1,005
Interfund payable	781	-	781
	<u>1,819</u>	<u>-</u>	<u>1,819</u>
<b>TOTAL LIABILITIES</b>	<b>1,819</b>	<b>-</b>	<b>1,819</b>
<b>FUND BALANCES</b>			
Restricted for:			
Fire services	-	10,449	10,449
Emergency medical services	-	13,124	13,124
Highways and streets	-	743	743
Assigned fund balance	96,730	-	96,730
Unassigned fund balance	479,145	-	479,145
	<u>575,875</u>	<u>24,316</u>	<u>600,191</u>
<b>TOTAL FUND BALANCES</b>	<b>575,875</b>	<b>24,316</b>	<b>600,191</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 577,694</b>	<b>\$ 24,316</b>	<b>\$ 602,010</b>

**LOWER ALSACE TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**

**Year Ended December 31, 2020**

	General	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>			
Real estate taxes	\$ 1,366,481	\$ 118,646	\$ 1,485,127
Earned income taxes	576,294	-	576,294
Other taxes	140,519	-	140,519
Licenses, permits, and fines	93,324	-	93,324
Interest and rent	1,665	124	1,789
Intergovernmental	175,362	164,890	340,252
Charges for services	165,439	-	165,439
Other	36,406	-	36,406
<b>TOTAL REVENUES</b>	<b>2,555,490</b>	<b>283,660</b>	<b>2,839,150</b>
<b>EXPENDITURES</b>			
Current:			
General government	263,950	-	263,950
Public safety:			
Police	1,002,273	-	1,002,273
Fire	40,970	32,136	73,106
Ambulance/rescue	1,100	78,692	79,792
Other (planning, zoning, etc.)	199,371	-	199,371
Public works - sanitation	105,587	-	105,587
Public works - highways and streets	205,401	164,890	370,291
Culture and recreation	27,000	-	27,000
Employer paid benefits and insurance	272,358	-	272,358
Debt service - principal	201,838	-	201,838
Debt service - interest	65,389	-	65,389
<b>TOTAL EXPENDITURES</b>	<b>2,385,237</b>	<b>275,718</b>	<b>2,660,955</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>170,253</b>	<b>7,942</b>	<b>178,195</b>
<b>OTHER FINANCING SOURCES</b>			
Sale of capital assets	441	-	441
<b>NET CHANGE IN FUND BALANCES</b>	<b>170,694</b>	<b>7,942</b>	<b>178,636</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>405,181</b>	<b>16,374</b>	<b>421,555</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 575,875</b>	<b>\$ 24,316</b>	<b>\$ 600,191</b>

See accompanying notes.



**LOWER ALSACE TOWNSHIP**  
**STATEMENT OF NET POSITION -**  
**MODIFIED CASH BASIS - FIDUCIARY FUNDS**

**December 31, 2020**

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	Pension Trust Fund
<b>ASSETS</b>	
Cash	\$ 124,253
Investments	<u>1,712,064</u>
<b>TOTAL ASSETS</b>	<u>1,836,317</u>
<b>NET POSITION - held in trust for pension benefits</b>	<u><u>\$ 1,836,317</u></u>

LOWER ALSACE TOWNSHIP

STATEMENT OF CHANGES IN NET POSITION -  
MODIFIED CASH BASIS - FIDUCIARY FUNDS

Year Ended December 31, 2020

	Pension Trust Fund
<b>ADDITIONS</b>	
Contributions:	
Township and Commonwealth	\$ 87,710
Employees	17,667
Investment income	239,096
	<hr/>
<b>TOTAL ADDITIONS</b>	344,473
 <b>DEDUCTIONS</b>	
Benefit payments	148,289
Administrative expenses	5,984
	<hr/>
<b>TOTAL DEDUCTIONS</b>	154,273
<b>CHANGE IN NET POSITION</b>	190,200
 <b>NET POSITION - BEGINNING OF YEAR</b>	 <hr/>
	1,646,117
<b>NET POSITION - END OF YEAR</b>	 <hr/> <hr/>
	\$ 1,836,317

## LOWER ALSACE TOWNSHIP

### NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Lower Alsace Township (the "Township"), Berks County, Pennsylvania, is a second class township created in 1888. The Township is governed by three (3) elected supervisors in accordance with laws of the Commonwealth of Pennsylvania. The supervisors must be residents who are elected every two years, on a staggered basis, for a six-year term. The supervisors have the power to establish policies to be carried out by the Township.

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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As described further in Note 1E., these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

##### A. Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township (the primary government) and its component units, if applicable.

The Township used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the Township has determined it has one fiduciary component unit. The Township's pension plan is considered to be a fiduciary component unit and is reported as pension trust fund in the fiduciary fund financial statements.

**LOWER ALSACE TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**B. Jointly Governed Organizations**

Governments often enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a jointly governed organization whereby governments enter into an arrangement to plan for and address certain activities for their mutual benefit. The following are such relationships:

***Antietam Valley Municipal Authority***

The Township, in conjunction with Mount Penn Borough, has created the Antietam Valley Municipal Authority (the "Authority"). The Antietam Valley Municipal Authority's board is comprised of three members from Mount Penn Borough and two members from the Township. The primary purpose of the Authority is to own and maintain the sewer collection and conveyance system, the pump station, and the wastewater treatment plant. The Authority provides service to sewer customers in the Township, Mount Penn Borough, St. Lawrence Borough, a portion of Exeter Township, and the City of Reading.

***Central Berks Regional Police Commission***

The Township, in conjunction with Mount Penn Borough, has created the Central Berks Regional Police Commission (the "Commission"). The Commission's board is composed of two representatives and one alternate from each municipality. The primary purpose of the Commission is to manage police business and activities of the Central Berks Regional Police. See Note 9 for further details of the agreement.

**C. Basis of Presentation - Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. The statements include all funds of the reporting entity except for the fiduciary funds, which is reported only in the fund financial statements. The government-wide statements include separate columns and distinguish between the governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange receipts. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services. The Township presently does not have any business-type activities.

The statement of activities demonstrates the level to which the direct expenses of a given function of the Township are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function or grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items not includable in program revenues are reported as general revenues.

LOWER ALSACE TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**C. Basis of Presentation - Government-Wide Financial Statements - continued**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the transfers between governmental funds and business-type, and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The Township presently has no enterprise funds.

**The Township Reports the Following Major Governmental Fund:**

General Fund - This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax receipts and other sources of receipts used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

**The Township also Reports the Following Nonmajor Governmental Funds:**

Special Revenue Funds - These funds are established to account for the cash receipts of specific sources other than expendable trusts or major capital projects that are legally restricted to disbursements for specified purposes. The Township's special revenue funds include the following, all of which are reported as nonmajor governmental funds:

- Fire Tax Fund - This fund is used to account for the receipts generated from the .25 mill assessment received from Township residents for the purpose of providing fire protection support throughout the Township.
- Emergency Services Tax Fund - This fund is used to account for the receipts generated from the .50 mill assessment received from Township residents for the purpose of providing emergency medical services to Township residents.
- State Highway Aid Fund - This fund is used to account for the proceeds from the State Motor License Fund. Under the act of June 1, 1956, P.L. 1944, No. 145, this fund must be kept separate from all other funds and no other funds shall be commingled with this fund. Disbursements are legally restricted to disbursements for highway purposes in accordance with Department of Transportation regulations.

**LOWER ALSACE TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**D. Basis of Presentation - Fund Financial Statements - continued**

**Additionally, the Township Reports the Following Fund Types:**

Fiduciary Fund - The Township's fiduciary fund is a pension trust fund. Pension trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments for pension benefits and therefore are not available to support the Township's own programs. The Township has the following pension trust fund:

- Lower Alsace Township Non-Uniformed Pension Fund - this fund was established to provide pension benefits to Township employees. This fund is a defined benefit plan.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

**1. Measurement Focus**

In the government-wide statement of net position and statement of activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

**LOWER ALSACE TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Measurement Focus and Basis of Accounting - continued**

**1. Measurement Focus - continued**

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- All governmental funds utilize the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use net fund balance as their measure of available spendable financial resources at the end of the period.
- The fiduciary funds utilize an economic resources measurement focus within the limitations of the modified cash basis of accounting. All assets and liabilities (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

**2. Basis of Accounting**

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, intergovernmental receivable for reimbursement of costs, interfund receivables and payables, payroll withholdings, and developer escrows arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from cash transactions or events are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value, except investments which are reported at fair value.

If the Township utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the fiduciary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

**LOWER ALSACE TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**F. Financial Position**

**1. Investments**

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

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

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

**2. Interfund Transactions**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

**3. Capital Assets**

In the government-wide and fund financial statements, capital assets arising from cash transactions are recorded as capital outlay expenditures (expenses) upon acquisition. Infrastructure assets consisting of certain improvements including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are recorded as an expenditure in the fund expending the funds. Proceeds from the sale of capital assets are reported as other financing sources in the fund financial statements, and are charges for services in the government-wide financial statements.

**4. Long-Term Debt**

Debt proceeds are reported as other financing sources in the fund financial statements and as general revenues in the government-wide financial statements. Payment of principal and interest is reported as expenditures (expenses).



LOWER ALSACE TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

5. Net Position/Fund Balance Classifications

**Government-Wide Statements**

Net Position is classified and displayed in two components:

Restricted - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This category represents net positions of the Township, which are not restricted for any project or other purpose.

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

**Governmental Fund Financial Statements**

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed - Amounts that can be used only for a specific purpose determined by a formal action of the Township's board of supervisors, the government's highest level of decision-making authority. The formal action (resolution) to commit fund balance to a specific purpose must occur prior to the end of the reporting period, but the amount which will be subject to the constraint may be determined in the subsequent period. Committed funds may only be changed or lifted by the same formal action taken to commit them.

Assigned - Amounts that the Township intends to use for a specific purpose. Assignments of fund balance are made by the Township's board of supervisors.

Unassigned - Amounts that are not included within any other classification noted. Unassigned amounts are the portion of fund balance not obligated or specifically designated and is available for any purpose.

LOWER ALSACE TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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F. Financial Position - continued

5. Net Position/Fund Balance Classifications - continued

Governmental Fund Financial Statements - continued

Spending Policy

The Township does not have a formal fund balance policy regarding the use of restricted resources; therefore, the default policy from the governmental accounting standards will be used. Any disbursement incurred for a purpose in which restricted and unrestricted fund balance amounts are available are satisfied through restricted fund balance amounts before unrestricted fund balance amounts. When an expenditure is incurred for a purpose in which unrestricted fund balance amounts are available under committed, assigned, or unassigned fund balances, the fund balance is consumed as follows: committed, assigned, and unassigned.

Minimum Fund Balance Policy

The Township has no formal minimum fund balance policies or any formal stabilization arrangements in place.

G. Revenues, Expenditures, and Expenses

1. Program Revenues

In the statement of activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are reported as program revenues. The Township has the following program revenues in each activity:

General Government - Charges for services include receipts for licenses, permits, and franchise fees; operating grants include revenues for general governmental expenditures.

Public Safety - Charges for services include receipts for fines and permits, as well as repayments received from a loan receivable; operating grants include foreign fire insurance tax distribution from the Commonwealth of Pennsylvania.

Public Works: Sanitation - Charges for services include fees charged for recycling services; operating grants include recycling performance grants from the Commonwealth of Pennsylvania.

Public Works: Highways and Streets - Charges for services include receipts for mowing and plowing contracts and proceeds from the sale of capital assets. Operating grants and contributions include proceeds from the Recycling Equipment Grant and the State Motor License Fund through the Commonwealth of Pennsylvania.

**LOWER ALSACE TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**G. Revenues, Expenditures, and Expenses - continued**

**1. Program Revenues - continued**

Employer Paid Benefits and Insurance - Includes general municipal pension system state aid from the Commonwealth of Pennsylvania.

All other governmental revenues are reported as general revenue. All taxes are classified as general revenues even if restricted for a specific purpose.

**2. Property Taxes**

The Township is permitted by state law to levy taxes up to 14 mills of assessed valuation for general purposes. State law also permits additional millage to be levied for specific purposes as defined in the law. Property taxes are levied on March 1 and are payable on or before June 30. The tax levy ordinance for the 2020 calendar year levied taxes on March 1, 2020, at 8.50 mills for general purposes, a fire tax of .25 mills, and an emergency services tax of .50 mills leading to a total of 9.25 mills assessed. Taxes paid prior to April 30 are payable at a 2% discount, and taxes paid after June 30 are assessed at a 10% penalty. Taxes not paid as of January 15 are considered delinquent and are turned over to the Berks County Tax Claim Bureau for collection. The taxes are levied based on assessed values on property. Assessed values are an approximation of market value. All taxable real property was assessed at \$165,645,600.

**3. Compensated Absences**

Compensated absences for vacation and sick leave are recorded when paid.

**H. Use of Estimates**

The preparation of the financial statements in accordance with the modified cash basis of accounting used by the Township requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The World Health Organization recognized COVID-19 as a global pandemic in 2020, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy. Overall, the risk related to the outlook uncertainty and long-term economic impact of COVID-19 is unknown and these financial statements do not reflect any adjustments due to this uncertainty.

**LOWER ALSACE TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**I. Adoption of Accounting Standard**

Effective January 1, 2020, the Township adopted new accounting standard guidance related to the reporting of defined contribution pension plans within the fiduciary funds of a government. The guidance clarified two aspects of determining whether a defined contribution pension plan meets the criteria of a fiduciary component unit under previous accounting standards adopted. The focus of the new standard was (1) the absence of a formal pension board to oversee the defined contribution plan does not default the municipal elected officials to be the board as noted in previously adopted accounting standards and (2) a contribution to a defined contribution pension plan by a government does not constitute a financial burden as defined in the previously adopted accounting standards. Under the new accounting guidance, the Township's defined contribution pension plan does not meet the definition to be reported as a fiduciary fund, and therefore will not be included within the reporting entity's basic financial statements. The beginning fiduciary net position was restated by \$29,533.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**Budgetary Data**

The Township adopts an annual operating budget, which can be amended by the supervisors throughout the year. Formal budgetary accounting is employed as a management control for all funds of the Township; and budgets are adopted for all governmental funds. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect revenue and expenditures (expenses) recognized on the modified cash basis. For this reason, no reconciliation will be needed between budgeted and actual amounts. All appropriations, encumbrances, and unexpended grant appropriations lapse at the end of each fiscal year.

**Excess of Expenditures Over Appropriations**

For the year ended December 31, 2020, no individual fund which had a legally adopted budget had an excess of expenditures over appropriations.

**LOWER ALSACE TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE 3 - CASH AND INVESTMENTS**

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Under Section 3204.1 of the Commonwealth of Pennsylvania Second Class Township Code, the Township is permitted to invest funds 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, time deposits, or share accounts of institutions insured by the Federal Deposit 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.

Pennsylvania Act 10 of 2016 became effective May 25, 2016 and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The components of cash and investments, as presented on the financial statements are as follows at December 31, 2020:

Deposits	\$ 723,632
Pension investments	<u>1,712,064</u>
	<u>\$ 2,435,696</u>

**Cash**

**Custodial Credit Risk - Deposit**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of December 31, 2020, the carrying amount of the Township's deposits was \$723,632 and the bank balance was \$764,564. The Township participates in an insured cash sweep savings account which allocates Township deposits on hand through a variety of banks with allocated funds at each bank being under the FDIC limit.

**LOWER ALSACE TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

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**Investments**

**Pension Trust Funds**

The pension trust funds' investments are held separately from those of other Township funds. Assets in the pension trust funds are stated at fair value. Any premiums or discounts are recognized as a gain or loss upon disposition.

As of December 31, 2020, the Township had the following pension investments:

	<u>Fair Value</u>	<u>Level</u>
Pension investments:		
Exchange traded funds	\$ 1,712,064	1

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

**Interest Rate Risk**

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

**Credit Risk**

The Township does not have an investment policy that would limit its investment choices to certain credit ratings.

**Concentration of Credit Risk**

The Township places no limit on the amount that may be invested in any one issuer.

**Custodial Credit Risk - Investment**

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

LOWER ALSACE TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

**NOTE 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

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The following is a summary of interfund receivables and payables at December 31, 2020:

	Interfund Receivables	Interfund Payables
General fund	\$ -	\$ 781
Nonmajor fund - Fire Tax	260	-
Nonmajor fund - Emergency Services Tax	521	-
	<u>\$ 781</u>	<u>\$ 781</u>

Interfund receivables/payables exist because of a time lag between dates when payments between funds are made. These amounts will be repaid within one year.

**NOTE 5 - LONG-TERM DEBT**

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The Township has the following long-term debt outstanding at December 31, 2020:

General Obligation Notes - Series of 2018

On June 21, 2018, the Township issued General Obligation Note, Series of 2018 in the amount of \$1,160,000. Principal payments are due annually on November 1st commencing November 1, 2018 and interest is due semi-annually on May 1st and November 1st. Final payment of outstanding principal and accrued interest is due on November 1, 2037. The note bears interest at a fixed rate of 3.96%. The note was used to refinance the outstanding principal of the General Obligation Notes of 2013. In the event of default, the entire unpaid principal and interest become due and payable immediately. Present value savings from the refinancing was approximately \$440,000 which includes a debt reduction payment from the County of Berks totaling \$398,000.

\$ 899,000

Infrastructure Bank Loan of 2014

In August 2014, the Township entered into the infrastructure bank loan of 2014 with the Commonwealth of Pennsylvania, Department of Transportation in the amount of \$600,000. Principal and interest payments are due annually on July 18<sup>th</sup> of each year beginning on July 18, 2015. The note bears interest at 1.625% through maturity on July 18, 2024. The note is secured through future Township liquid fuels tax allocations. Proceeds from the note will be used for infrastructure improvements.

248,616

**LOWER ALSACE TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE 5 - LONG-TERM DEBT - CONTINUED**

Infrastructure Bank Loan of 2011

In September 2011, the Township entered into the infrastructure bank loan of 2011 with the Commonwealth of Pennsylvania, Department of Transportation in the amount of \$500,000. Principal and interest payments are due annually on September 15<sup>th</sup> of each year beginning on September 15, 2012. The note bears interest at 1.625% through maturity on September 15, 2021. The note is secured through future Township liquid fuels tax allocations. Proceeds from the note were used for infrastructure improvements.

53,594

Total long-term debt \$ 1,201,210

Maturities of long-term, which are all direct borrowings, are as follows:

	General Obligation Notes - Series of 2018	Infrastructure Bank Loan of 2014	Infrastructure Bank Loan of 2011	Total Long- Term Debt	Interest
2021	\$ 91,000	\$ 61,982	\$ 53,594	\$ 206,576	\$ 40,511
2022	95,000	62,989	-	157,989	35,030
2023	36,000	64,012	-	100,012	30,244
2024	37,000	59,633	-	96,633	27,754
2025	39,000	-	-	39,000	25,344
2026 - 2030	216,000	-	-	216,000	102,604
2031 - 2035	265,000	-	-	265,000	56,034
2036	120,000	-	-	120,000	7,168
	<u>\$ 899,000</u>	<u>\$ 248,616</u>	<u>\$ 53,594</u>	<u>\$ 1,201,210</u>	<u>\$ 324,689</u>

Funds to pay outstanding long-term debt will be provided by future tax revenues, liquid fuel tax allocations, and other general revenues. Total interest expense during the year ended December 31, 2020, was \$65,389.



LOWER ALSACE TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE 5 - LONG-TERM DEBT - CONTINUED

The following is a summary of the Township's long-term debt transactions for the year:

	Balance 1/1/2020	Additions	Deductions	Balance 12/31/2020	Due within one year
<b>Direct Borrowings</b>					
General Obligation Notes	\$ 987,000	\$ -	\$ 88,000	\$ 899,000	\$ 91,000
Infrastructure Bank Loans	416,048	-	113,838	302,210	115,576
	<u>\$ 1,403,048</u>	<u>\$ -</u>	<u>\$ 201,838</u>	<u>\$ 1,201,210</u>	<u>\$ 206,576</u>

**Event of Default**

In the event of default on the general obligation notes, all remaining principal payments and accrued interest is immediately due and payable. The infrastructure bank loans will be satisfied by future state motor license fund allocations to the Township in the event of default on those loans.

NOTE 6 - LOWER ALSACE TOWNSHIP PENSION PLANS

Lower Alsace Township administers and contributes to one single-employer defined benefit plan - Lower Alsace Township Non-Uniformed Pension Plan, and one single-employer defined contribution plan - Lower Alsace Township Non-Uniformed DC Plan. The assets of the plans are invested separately and may be used only for payment of benefits to the members of the plan in accordance with the terms of the plans.

**Defined Benefit Plan**

**Plan Description**

The Lower Alsace Township Non-Uniformed Pension Plan ("the DB Plan") provides retirement, disability, and death benefits to plan members and beneficiaries. The DB Plan is governed by the Lower Alsace Township, which is responsible for the management of plan assets. The DB Plan is considered a fiduciary component unit of the Township and is included in the Township's financial statements as a pension trust fund.

**Funding Policy**

The contribution requirements of plan members and the Township are established and may be amended by the Township board of supervisors. For the year ended December 31, 2020, active members contributed 5% of total compensation to the DB Plan. The contributions required of the Township are based on actuarial valuation and are expressed as a percentage of annual covered payroll during the period for which the amount is determined. For the fiscal year ended December 31, 2020, the rate of Township contributions for the DB Plan was 17.52%. The Township's contributions to the Plan for the years ended December 31, 2020, 2019, and 2018 were \$87,710, \$86,677, and \$88,905, respectively, which are equal to or exceed the required contribution for each year.

**LOWER ALSACE TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE 6 - LOWER ALSACE TOWNSHIP PENSION PLANS - CONTINUED**

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**Defined Contribution Plan**

**Plan Description**

The Lower Alsace Non-Uniformed DC Plan (“the DC Plan”) is a single-employer defined contribution plan that covers all full-time, non-uniformed employees of the Lower Alsace Township hired after the DC Plan adoption resolution approved on January 28, 2015. The DC Plan is governed by the Township board of supervisors who are responsible for the management of Plan assets. The DC Plan provides for retirement, disability, and death benefits. The DC Plan is not considered a fiduciary component unit or a fiduciary fund of the Township and therefore is not included in the Township’s financial statements.

**Funding Policy**

The contribution requirements of plan members and the Township are based on the plan document which has a stated rate for the Township of 8% of employee compensation as of December 31, 2020. The Township contributed \$13,791 to the Non-Uniformed DC Plan for the year ended December 31, 2020.

**NOTE 7 - RISK MANAGEMENT**

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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 natural disasters. Significant losses are covered by commercial insurance for all areas for which the Township retains risk of loss. There were no reductions in insurance coverages for the 2020 year and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 8 - INTERMUNICIPAL AGREEMENTS**

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**Lower Alsace Volunteer Ambulance Association Loan**

During 2015, the Township entered into a loan agreement with Lower Alsace Volunteer Ambulance Association in the amount of \$66,562. Under the agreement, payments of \$3,782, which include principal and interest accrued at 2.5%, are payable to the Township semi-annually. Payments to the Township commenced October 1, 2015, with all unpaid principal and interest being due March 1, 2025. Proceeds from the loan were used to purchase an advanced life support ambulance which is the Township’s security for the loan.

Total principal and interest payments received on the loan for the year ended December 31, 2020, were \$7,564, which includes principal of \$6,639 and interest of \$925.

LOWER ALSACE TOWNSHIP

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

**NOTE 8 - INTERMUNICIPAL AGREEMENTS - CONTINUED**

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The future loan payments receivable are as follows at December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 6,806	\$ 758	\$ 7,564
2022	6,978	586	7,564
2023	7,153	411	7,564
2024	7,333	231	7,564
2025	<u>3,735</u>	<u>47</u>	<u>3,782</u>
	<u>\$ 32,005</u>	<u>\$ 2,033</u>	<u>\$ 34,038</u>

**NOTE 9 - INTERGOVERNMENTAL COOPERATION AGREEMENT**

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**Central Berks Regional Police Commission**

The Township receives police services from the Central Berks Regional Police (“Police”), which is governed by the Central Berks Regional Police Commission (“Commission”). The operating budget for the Police is approved by the Commission and is funded proportionately by the participating municipalities: Lower Alsace Township, Mount Penn Borough, Oley Township, and Saint Lawrence Borough. The intergovernmental agreement for the Commission is renewed annually and participating municipalities are required to give a one-year notice in writing to withdraw. In 2020, the Township’s cost for police services was \$967,488.

**NOTE 10 - FUND BALANCE**

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Fund balance classifications of the Township for the year ended December 31, 2020, were as follows:

**General Fund**

The general fund has assigned funds of \$96,730 which is the appropriation of fund balance for the 2021 budget, and unassigned funds of \$479,145.

**Nonmajor Funds**

The nonmajor special revenue funds have restricted funds of \$10,449 in undistributed fire protection service assessments, \$13,124 in unspent emergency services funds assessments, and \$743 in unspent highway state aid funds.

**SUPPLEMENTARY INFORMATION**

**LOWER ALSACE TOWNSHIP**

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -  
NONMAJOR GOVERNMENTAL FUNDS**

**December 31, 2020**

	<u>Fire Tax</u>	<u>Emergency Services Tax</u>	<u>State Highway Aid</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and investments	\$ 10,189	\$ 12,603	\$ 743	\$ 23,535
Interfund receivable	260	521	-	781
<b>TOTAL ASSETS</b>	<u>\$ 10,449</u>	<u>\$ 13,124</u>	<u>\$ 743</u>	<u>\$ 24,316</u>
<b>FUND BALANCES</b>				
Restricted	<u>\$ 10,449</u>	<u>\$ 13,124</u>	<u>\$ 743</u>	<u>\$ 24,316</u>
<b>TOTAL FUND BALANCES</b>	<u>\$ 10,449</u>	<u>\$ 13,124</u>	<u>\$ 743</u>	<u>\$ 24,316</u>

**LOWER ALSACE TOWNSHIP**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS**

**December 31, 2020**

	<u>Fire Tax</u>	<u>Emergency Services Tax</u>	<u>State Highway Aid</u>	<u>Totals</u>
<b>REVENUES</b>				
Real estate taxes	\$ 39,552	\$ 79,094	\$ -	\$ 118,646
Interest and rent	10	32	82	124
Intergovernmental	-	-	164,890	164,890
	<u>39,562</u>	<u>79,126</u>	<u>164,972</u>	<u>283,660</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES</b>				
Public Safety:				
Fire	32,136	-	-	32,136
Ambulance/rescue	-	78,692	-	78,692
Public works - highways and streets	-	-	164,890	164,890
	<u>32,136</u>	<u>78,692</u>	<u>164,890</u>	<u>275,718</u>
<b>TOTAL EXPENDITURES</b>				
<b>NET CHANGE IN FUND BALANCES</b>	7,426	434	82	7,942
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>3,023</u>	<u>12,690</u>	<u>661</u>	<u>16,374</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 10,449</u>	<u>\$ 13,124</u>	<u>\$ 743</u>	<u>\$ 24,316</u>

## **OTHER INFORMATION**

**LOWER ALSACE TOWNSHIP**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND - MODIFIED CASH BASIS**

(UNAUDITED)

Year Ended December 31, 2020

	*		
	Budget	Actual	Variance
<b>REVENUES</b>			
Real estate taxes	\$ 1,400,760	\$ 1,366,481	\$ (34,279)
Earned income taxes	585,000	576,294	(8,706)
Other taxes	135,600	140,519	4,919
Licenses, permits, and fines	98,250	93,324	(4,926)
Interest and rent	11,800	1,665	(10,135)
Intergovernmental	66,800	175,362	108,562
Charges for services	172,004	165,439	(6,565)
Other	-	36,406	36,406
	<b>TOTAL REVENUES</b>	<b>2,555,490</b>	<b>85,276</b>
<b>EXPENDITURES</b>			
Current:			
General government	276,128	263,950	12,178
Public safety:			
Police	1,006,373	1,002,273	4,100
Fire	47,958	40,970	6,988
Ambulance/rescue	4,917	1,100	3,817
Other (planning, zoning, etc.)	220,898	199,371	21,527
Public works - sanitation	99,000	105,587	(6,587)
Public works - highways and streets	372,676	205,401	167,275
Culture and recreation	32,700	27,000	5,700
Debt service - principal	201,838	201,838	-
Debt service - interest	45,846	65,389	(19,543)
Employer paid benefits and insurance	289,800	272,358	17,442
	<b>TOTAL EXPENDITURES</b>	<b>2,385,237</b>	<b>212,897</b>
	<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>170,253</b>	<b>298,173</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	-	441	441
Proceeds of long-term debt	55,000	-	(55,000)
	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>441</b>	<b>(54,559)</b>
	<b>NET CHANGE IN FUND BALANCE</b>	<b>170,694</b>	<b>\$ 243,614</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>		<b>405,181</b>	
<b>FUND BALANCE - END OF YEAR</b>		<b>\$ 575,875</b>	

\* Original and Final Budget are the same.



**LOWER ALSACE TOWNSHIP**

**NON-UNIFORMED PENSION PLAN SCHEDULE OF  
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**

**(UNAUDITED)**

**SCHEDULE OF FUNDING PROGRESS\***

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/19	\$ 1,639,106	\$ 1,976,347	\$ 337,241	82.9%	\$ 222,486	151.6%
01/01/17	1,583,169	1,849,331	266,162	85.6%	210,590	126.4%
01/01/15	1,478,430	1,762,599	284,169	83.9%	238,555	119.1%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS\***

Fiscal Year	Annual Required Contribution	Percentage Contributed
2020	\$ 87,710	100.0%
2019	86,677	100.0%
2018	85,865	103.5%
2017	83,498	104.8%
2016	89,655	103.7%
2015	88,941	100.0%

\* Schedules prepared in accordance with PA Act 205