



LIGONIER TOWNSHIP

LIGONIER, PENNSYLVANIA

Financial Statements

December 31, 2020

LIGONIER TOWNSHIP
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Township Supervisors
Ligonier Township
Ligonier, Pennsylvania

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ligonier 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

The Township's management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the 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 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 partnership'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 above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Ligonier Township as of December 31, 2020, and the respective changes in financial position-cash basis thereof for the year then ended on the basis of accounting described in Note 1.

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 a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management Discussion and Analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the financial statements is not affected by this missing information.



WESSEL & COMPANY
Certified Public Accountants

April 6, 2021

LIGONIER TOWNSHIP
 GOVERNMENT-WIDE STATEMENT OF NET POSITION - CASH BASIS
 DECEMBER 31, 2020

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,024,279
Total Assets	<u>\$ 1,024,279</u>
<u>LIABILITIES</u>	
Accrued payroll taxes and withholdings	\$ -
Total Liabilities	<u>-</u>
<u>NET POSITION</u>	
Unrestricted	910,025
Restricted	114,254
Total Net Position	<u>1,024,279</u>
Total Liabilities and Net Position	<u>\$ 1,024,279</u>

See Independent Auditor's Report and
 Accompanying Notes to Financial Statements

LIGONIER TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General government	\$ 424,691	\$ 66,470	\$ 80,549	\$ -	\$ (277,672)
Public safety	1,127,519	198,720	53,803	-	(874,996)
Public works	1,020,374	-	424,922	29,200	(566,252)
Planning and zoning	6,570	-	-	-	(6,570)
Recreation	4,631	-	4,938	-	307
Debt service	5,407	-	-	-	(5,407)
Employer paid benefits	76,484	-	-	-	(76,484)
Total Governmental Activities	\$ 2,665,676	\$ 265,190	\$ 564,212	\$ 29,200	(1,807,074)

General Revenues:

Taxes:

Property taxes	571,872
Earned income tax	837,035
Local enabling taxes	98,238
Licenses and permits	115,623
Fines and forfeits	6,105
Unrestricted investment earnings	35,649
Proceeds from asset disposal	7,713
Other revenues	27,874

Total General Revenues 1,700,109

Change in Net Position (106,965)

Net Position - Beginning of Year 1,131,244

Net Position - End of Year \$ 1,024,279

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

LIGONIER TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS - CASH BASIS
DECEMBER 31, 2020

	Governmental Fund Types			
	General	Liquid Fuels Fund	Capital Projects	Totals
	ASSETS			
Cash	\$ 910,025	\$ 86,261	\$ 27,993	\$ 1,024,279
Total Assets	\$ 910,025	\$ 86,261	\$ 27,993	\$ 1,024,279
	LIABILITIES AND FUND BALANCE			
Fund Balance				
Restricted fund balance	\$ -	\$ 86,261	\$ 27,993	\$ 114,254
Unassigned fund balance	910,025	-	-	910,025
Total Fund Balance	\$ 910,025	\$ 86,261	\$ 27,993	\$ 1,024,279

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

LIGONIER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS - CASH BASIS
DECEMBER 31, 2020

	Governmental Fund Types			Totals
	General	Liquid Fuels Fund	Capital Projects	
<u>Revenues:</u>				
Real estate taxes	\$ 571,872	\$ -	\$ -	\$ 571,872
Local enabling taxes	935,273	-	-	935,273
Licenses and permits	115,623	-	-	115,623
Fines, forfeits and costs	6,105	-	-	6,105
Interest and rents	34,360	1,289	-	35,649
Intergovernmental	156,529	407,683	29,200	593,412
Other fees and services	265,190	-	-	265,190
Miscellaneous revenue, receipts	27,874	-	-	27,874
Total Revenues	2,112,826	408,972	29,200	2,550,998
<u>Expenditures:</u>				
General government	424,691	-	-	424,691
Employee benefits	49,441	-	-	49,441
Insurance	27,043	-	-	27,043
Public safety	1,127,519	-	-	1,127,519
Public works - sanitation	14,532	-	-	14,532
Public works - highways	626,579	324,672	54,591	1,005,842
Culture and recreation	4,631	-	-	4,631
Other enterprises	6,570	-	-	6,570
Debt service	5,407	-	-	5,407
Total Expenditures	2,286,413	324,672	54,591	2,665,676
Excess/(Deficiency) of Revenues Over Expenditures	(173,587)	84,300	(25,391)	(114,678)
<u>Other Financing Sources/(Uses):</u>				
Sale of capital assets	7,713	-	-	7,713
Operating transfers in	52,447	9,880	-	62,327
Operating transfers (out)	(9,880)	(52,447)	-	(62,327)
Total Other Financing Sources	50,280	(42,567)	-	7,713
Excess/(Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(123,307)	41,733	(25,391)	(106,965)
Fund Balance at Beginning of Year	1,033,332	44,528	53,384	1,131,244
Fund Balance at End of Year	<u>\$ 910,025</u>	<u>\$ 86,261</u>	<u>\$ 27,993</u>	<u>\$ 1,024,279</u>

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

LIGONIER TOWNSHIP
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2020

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

Net change in fund balance - total governmental funds (page 7)	\$	(106,965)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of the differences in the treatment of long-term debt on the statement of activities</p>		
		-
<p>The net effect of various transactions involving capital assets, (i.e. purchases, disposals, etc.) is to increase net assets</p>		
		-
		<hr style="border: 0.5px solid black;"/>
Change in net position of governmental activities (page 5)	\$	<u><u>(106,965)</u></u>

See Independent Auditor's Report and
 Accompanying Notes to Financial Statements

LIGONIER TOWNSHIP
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
 DECEMBER 31, 2020

	Non-Uniform Custodial Fund	Custodial Fund
ASSETS		
Cash and Investments	\$ 625,270	\$ 30,153
Total Assets	\$ 625,270	\$ 30,153
LIABILITIES AND NET POSITION		
Net Position:		
Funds held in escrow	\$ 625,270	\$ 30,153
Total Net Position	\$ 625,270	\$ 30,153

See Independent Auditor's Report and
 Accompanying Notes to Financial Statements

LIGONIER TOWNSHIP
 FIDUCIARY FUNDS
 STATEMENT OF REVENUES,
 EXPENSES AND CHANGES IN NET POSITION - CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Non-Uniform Custodial Fund	Custodial Fund
	<u> </u>	<u> </u>
<u>Additions</u>		
Contributions	\$ 32,967	\$ -
Net appreciation/(depreciation) in fair value of investments	66,864	-
Project escrow funds received	<u>-</u>	<u>35,166</u>
Total Additions	<u>99,831</u>	<u>35,166</u>
<u>Deductions</u>		
Administrative expenses	882	-
Transfer of plan assets	164,437	-
Project escrow funds distributed	<u>-</u>	<u>21,357</u>
Total Deductions	<u>165,319</u>	<u>21,357</u>
Change in Net Position	(65,488)	13,809
Net Position - Beginning of the Year	<u>690,758</u>	<u>16,344</u>
Net Position - End of the Year	<u>\$ 625,270</u>	<u>\$ 30,153</u>

See Independent Auditor's Report and
 Accompanying Notes to Financial Statements

LIGONIER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ligonier Township, the Township, is currently incorporated as a Second Class Township under the Commonwealth of Pennsylvania Municipalities Act. The Township operates under the Township Supervisors form of government whereby the five (5) Township Supervisors are elected officials. The Township provides municipal services, code enforcement, and street services to approximately sixty-six hundred (6,600) residents.

a. Basis of Accounting

The accompanying financial statement has been prepared on the cash basis of accounting, a comprehensive basis of accounting other than U.S. GAAP. Under this basis, the only asset recognized is cash, no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of accounts receivable, capital assets and related depreciation, accounts payable, long-term debt obligations, and other liabilities are not included in the financial statement.

b. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The Township follows GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", which replaces the requirements of Statements No. 27, "Accounting for pensions by State and Local Governmental Employers", and No. 50, "Pension Disclosures", as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial position of the governmental activities of the Township at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Township.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Fiduciary funds are reported by type.

c. Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There is one (1) category of fund: governmental.

Governmental Funds

Governmental funds are those which most governmental functions of the Township are financed. The Governmental funds follow the modified cash basis of accounting. The following are the Township's major governmental funds:

General Fund – The 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.

Liquid Fuels Fund – Revenue recorded within this special revenue fund is received annually by virtue of the Commonwealth of Pennsylvania Liquid Fuels Tax Act and expenditures are restricted to certain appropriations for highway purposes as approved by the Pennsylvania Department of Transportation. Unexpended allocations of such revenues are available for carryover and reappropriation to the succeeding year.

Capital Projects Fund – The Capital Projects Fund is used to account for the revenues and expenditures related to significant capital projects.

Fiduciary Funds (Trust and Custodial Funds)

Fiduciary Funds account for assets held by a governmental unit in a trustee capacity and/or as an agent for individuals, private organizations, other governmental units and/or other funds. These include (a) expendable trust funds, (b) non-expendable trust funds, and (c) custodial funds. The cash basis of accounting is utilized for fiduciary funds. The Township's fiduciary fund is a custodial fund.

Custodial Fund – These funds are used to account for assets that the Township holds for others in a custodial capacity. The Township has one (1) custodial fund which was created to account for assets held for maintenance bonds related to storm water projects, fire escrow funds and other projects.

Non-Uniform Custodial Fund – This fund is used to account for the Non-Uniform Pension Plan. The plan owns allocated insurance contracts issued by Northwestern Mutual Life Insurance Company. See Note 6 for additional information.

d. *Budgets*

The Township Supervisors submit the proposed operating budgets in accordance with the Administrative Code. Prior to the inception of the calendar year, the budgets are legally enacted by the Township Supervisors through passage of budget resolutions. Any transfers of budgeted amounts between departments, as well as all budget amendments, require the approval of the Township Supervisors.

The budgets are prepared on the cash receipts and disbursements basis of accounting for the following funds:

- General Fund

Formal budgetary integration is employed as a management control device on a cash receipts and disbursements basis of accounting during the year for the aforementioned funds.

e. *Encumbrances*

Encumbrance accounting is not utilized by the Township. This is the procedure under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Reservations of fund balances are, therefore, not provided for in the financial statements.

f. *Fund Balance*

The Township follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement required the governmental funds' fund balances to be reclassified into the following five (5) categories:

Nonspendable - fund balance permanently restricted and unavailable for current operations.

Restricted - fund balance temporarily restricted for specified purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed - fund balance temporarily restricted for specified purposes established by a formal action by the Township Supervisors. Formal action by Township Supervisors is also necessary to modify or rescind a fund balance commitment.

Assigned - fund balance intended for specific purpose that does not meet the criteria to be classified as restricted or committed. The Township Supervisors are authorized to assign fund balance to a specific purpose.

Unassigned - fund balance available for operations without any restrictions.

The Township Supervisors will spend the most restricted dollars before less restricted in the order as defined above.

Other Governmental Fund Types

The Liquid Fuels Fund maintains a restricted fund balance of \$86,261 for expenditures for highway purposes as approved by the Pennsylvania Department of Transportation.

The Capital Projects Fund maintains a restricted fund balance of \$27,993 for future projects and improvements as authorized by Act 13 of 2012.

g. Reporting Entity

The Township follows the Statement of Governmental Accounting Standards Board No. 61, "The Financial Reporting Entity." The criteria for including organizations as component units within the Township's reporting entity, include whether:

- The Township is legally separate (can sue and be sued in their own name)
- The Township holds the corporate powers of the organization
- The Township appoints a voting majority of the organization's board
- The organization has the potential to impose a financial benefit/burden on the Township
- There is fiscal dependency by the organization on the Township

Based on the aforementioned criteria, the Township has determined that Ligonier Township Municipal Authority is a discretely presented component unit.

Ligonier Township Municipal Authority

The Township appoints the board members of the Authority, but it is not financially accountable for the Authority. The Township guarantees certain obligations of the Authority which is discussed further in Note 8. These guarantees have the potential to impose a financial burden on the Township.

Financial Information

Selected financial information from the most recently issued reports of Ligonier Township Municipal Authority is presented below. Complete financial statements are available at their administrative offices.

Condensed Statement of Net Position

	<u>December 31, 2020</u>
Assets:	
Current Assets	\$ 2,194,963
Capital Assets	<u>16,474,715</u>
Total Assets	<u>\$ 18,669,678</u>
Liabilities	
Current Liabilities	\$ 346,249
Non-Current Liabilities	<u>4,561,221</u>
Total Liabilities	<u>\$ 4,907,470</u>
Net Position	
Unrestricted	\$ 2,064,714
Invested in Capital Assets	<u>11,697,494</u>
Total Net Position	<u>\$ 13,762,208</u>

Condensed Statement of Activities

	<u>December 31, 2020</u>
Service fees	\$ 2,101,792
Other operating revenue	62,236
Other non-operating revenue	<u>8,697</u>
 Total Revenues	 <u>2,172,725</u>
 Depreciation expense	 607,938
Other operating expense	1,196,731
Non-operating expense	<u>115,329</u>
 Total Expenses	 <u>1,919,998</u>
 Increase in Net Position	 252,727
Beginning Net Position	<u>13,509,481</u>
 Ending Net Position	 <u>\$ 13,762,208</u>

h. GASB Statement 45 – Post Employment Benefits

The Township does not provide any other post-retirement benefit (OPEB) other than pension benefits; therefore GASB 45 does not apply.

i. New GASB Pronouncements

GASB Statement No. 95, *Postponement of the Effective Dates of Authoritative Guidance*, is effectively immediately. This statement postponed the effective dates of certain upcoming pronouncements due to the COVID-19 pandemic. The adoption of this statement had no effect on previously reported amounts.

j. Pending Changes in Accounting Principles

In June 2017, the GASB issued Statement No. 87, *Leases*. The Township is required to adopt Statement No. 87 for its 2022 financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The Township is required to adopt Statement No. 89 for its 2021 financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The Township is required to adopt Statement No. 91 for its 2022 financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The Township is required to adopt Statement No. 92 for its 2022 financial statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The Township is required to adopt Statement No. 93 for its 2022 financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The Township is required to adopt Statement No. 94 for its 2023 financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Township is required to adopt Statement No. 96 for its 2023 financial statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Township is required to adopt Statement No. 97 for its 2022 financial statements.

The Township has not completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 2 CASH AND INVESTMENTS

The Township has a policy that requires all deposits and investments, other than U.S. government obligations, to be covered by Federal insurance or to be fully collateralized by the financial institution issuing the investment or acquiring the deposit. Deposits that are not insured by the Federal Deposit Insurance Corporation are collateralized using the pooled asset method to one hundred percent (100%) of value as required by Pennsylvania Law.

The securities pledged as collateral are held by the trust department of a financial institution or by its agents in the financial institution's name. When certificates of deposit are purchased, the Township or its agent either holds the actual certificate of deposit or receives a safekeeping certificate as its proof of ownership.

Pennsylvania Law limits investment and deposit types the Township may purchase as follows:

- (a) U.S. Treasury bills.
- (b) Short-term obligations of the U.S. government or its agencies.
- (c) Demand, savings and time deposits with institutions insured by the FDIC or the National Credit Union Share Funds or collateralized with securities as provided by law.
- (d) Obligations of the United States or any of its agencies, the Commonwealth of Pennsylvania or any of its agencies or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies providing the obligations are backed by the full faith and credit of the political subdivision.

Deposits include items described in (b) and (c).

Deposits

The Township maintains its cash and investment accounts in various financial institutions. Accounts at the financial institutions are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to deposits of \$250,000. The amount in excess of the FDIC limit totaled \$557,862. This amount is collateralized using the pooled asset method; however, because funds are not collateralized with securities registered in the Township's name, they are considered uncollateralized. The amounts are included on the statement of net position as cash and cash equivalents.

NOTE 3 PROPERTY TAXES

The current tax rate is four (4) mills on real estate for each dollar of assessed value. The assessed valuation for 2020 totaled \$100,572,780 which would generate approximately \$402,000 of property tax revenue. The real estate tax is used entirely for general purposes.

The following is a summary of the tax calendar for the year ended December 31, 2020:

Mailing Date --- March 1, 2020
 Discount Period at 2% --- March 1, 2020 to June 30, 2020
 Face Period --- July 1, 2020 to December 31, 2020
 Lien Date --- January 15, 2021

NOTE 4 LIQUID FUELS TAX

Revenues recorded within the Highway Aid Fund are received annually by virtue of the Commonwealth of Pennsylvania Liquid Fuels Tax Act and expenditures are restricted to certain appropriations for highway purposes as approved by the Pennsylvania Department of Transportation. Unexpended allocations of such revenues are available for carryover and reappropriation to the succeeding year.

NOTE 5 LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Outstanding December 31, 2019	Additions	Payments	Outstanding December 31, 2020	Amounts Due Within One (1) Year
DCED Loan	\$ 48,882	\$ ---	\$ (4,930)	\$ 43,952	\$ 9,998
Total Obligations	\$ 48,882	\$ ---	\$ (4,930)	\$ 43,952	\$ 9,998

On July 8, 2019, the Township entered into an agreement with the Pennsylvania Department of Community and Economic Development (DCED) to borrow to purchase a piece of equipment to be used for road improvement purposes. Principal and interest are payable quarterly, and the loan bears interest at the rate of 2.00% per year. During 2020, two (2) payments were deferred by the DCED as a result of the COVID-19 pandemic and the loan's maturity date was extended from August 1, 2024 to February 1, 2025.

Maturities of long-term debt for each of the next five (5) years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 9,998	\$ 815	\$ 10,813
2022	10,200	613	10,813
2023	10,406	407	10,813
2024	10,616	197	10,813
2025	<u>2,732</u>	<u>16</u>	<u>2,748</u>
	<u>\$ 43,952</u>	<u>\$ 2,048</u>	<u>\$ 46,000</u>

NOTE 6 PENSION PLANS

Non-Uniform Plan – Defined Contribution

As of December 31, 2020, the plan owned nine (9) allocated insurance contracts issued by the Northwestern Mutual Life Insurance Company which had a total annuity value of \$625,270. Under an allocated funding arrangement, the insurer receives and retains consideration in exchange for legally enforceable obligation to pay future benefits. Consequently, allocated insurance contracts are excluded from plan assets and, therefore, will not appear on the pension plan's statement of plan net assets.

The plan covers full-time, non-uniform employees. The plan is controlled by the provisions of a money purchase plan document, restated as of January 1, 1997, as amended. The plan is governed by the Township Supervisors which is responsible for the management of plan assets. The plan provides normal retirement, vesting, survivor and disability benefits to plan members and their beneficiaries in accordance with the provisions of the plan document above.

Employer contributions for hourly employees are established pursuant to the terms of the applicable collective bargaining agreement. Employer contributions for salaried supervisory employees are established by the Board of Township Auditors. Employer contributions for salaried non-supervisory employees are established by the Township Supervisors.

Effective January 1, 2009, the employer contribution rate for eligible participants was set at 10.0% of compensation. Plan members are not required to contribute.

Ligonier Township's contribution to the Non-Uniform Pension Plan for the year ended December 31, 2020, was \$32,967.

NOTE 7 RELATED PARTY TRANSACTIONS

The Township shares certain operating costs with Ligonier Township Municipal Authority. Some of those costs include fuel, utilities, building security and cleaning services, insurance, office supplies, and copier maintenance. The agreement also includes rent to the Township from the Ligonier Township Municipal Authority for the space leased to the Municipal Authority. Total costs paid by the Municipal Authority amounted to \$10,120 for the year.

Effective September 2020, the Township entered into an agreement with the Ligonier Township Municipal Authority for the development of an Act 537 plan for a sewage system extension. Under the terms of the agreement, the Municipal Authority has the authority to develop the plan and is responsible for all related engineering costs. During 2020, the Township paid engineering costs on behalf of the Municipal Authority. The costs repaid by the Municipal Authority amounted to \$20,523 for the year.

NOTE 8 COMMITMENTS AND CONTINGENCIES

Litigation

In the normal course of operations, the Township is involved in various disputes and grievances. Management is of the opinion that any outcome resulting from these actions would not have a material effect on the Township's financial position.

Grant Programs

The Township participates in various state and federal grant programs which are subject to program compliance audits by the grantors or their representatives. Although the Township believes it has complied with applicable rules and regulations of the grants, it is potentially liable for any expenditures which may be disallowed pursuant to the terms of the grants.

On November 11, 2019, the Township purchased the Ligonier Beach Property. The final use of the property has not yet been determined and it is not currently in use, but it will be used for a public purpose. Grant funding from a foundation was received totaling \$240,000. Additionally, the Township was awarded a grant of \$136,000 from the Department of Conservation and Natural Resources (DCNR). Funds will be received at the completion of the project. As of December 31, 2020, expenses of \$239,607 have been incurred.

Police Department Agreement

Effective October 15, 2018, a consolidated police department was established to service Ligonier Township and Ligonier Borough, known as the Ligonier Valley Police Department. The Department is under the direction and control of the Ligonier Valley Consolidated Police Commission. The initial term of the agreement is through December 31, 2023, and shall renew automatically from year to year thereafter.

Under the terms of the agreement, Ligonier Township will be responsible for seventy percent (70%) of the cost of operation. After the first twelve (12) months of operation, any net increase in the cost of operations over the base rate will be apportioned to the Charter Municipalities based on population according to the most recent US census data.

Ligonier Township Municipal Authority Loan Guarantees

Currently the Township guarantees two (2) Municipal Authority loans, summarized as follows:

	<u>Principal Balance As of December 31, 2020</u>	<u>Year of Maturity</u>
2010 PENNVEST Loan	\$ 1,899,659	2032
2013 Sewer Revenue Bonds	\$ 2,835,788	2053

COVID-19

In January 2020, the World Health Organization declared COVID-19 to constitute a “Public Health Emergency of international Concern”. On March 19, 2020, Governor Wolf ordered all non-life sustaining businesses to close their businesses to slow the spread of COVID-19 in the Commonwealth of Pennsylvania. As a result, Ligonier Township closed its doors to the public. Given the uncertainty of the situation, the long-term impact on the Township cannot be reasonably estimated at this time.

NOTE 9 SUBSEQUENT EVENTS

2021 Millage Increase

Effective January 1, 2021, the Township approved a millage increase on property taxes within the Township. The approval reflects a one (1) mill increase from four (4) mills to five (5) mills.

Subsequent events were considered through April 14, 2021, the date the financial statements were available to be issued. Other than noted above, the Township is not aware of any subsequent events which would require recognition or disclosure in the financial statements.