

TOWNSHIP OF LOWER MAKEFIELD

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2022

INTRODUCTORY SECTION

TOWNSHIP OF LOWER MAKEFIELD

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Supervisors
Township of Lower Makefield
Yardley, Pennsylvania

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Lower Makefield, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Township of Lower Makefield's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Lower Makefield, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Township of Lower Makefield and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note O, for the year ended December 31, 2022, Township of Lower Makefield adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Township of Lower Makefield's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Township of Lower Makefield's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Supervisors
Township of Lower Makefield
Yardley, Pennsylvania

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Township of Lower Makefield's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Township of Lower Makefield's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

To the Board of Supervisors
Township of Lower Makefield
Yardley, Pennsylvania

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Township of Lower Makefield's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Maillie LLP

Limerick, Pennsylvania
May 6, 2024

TOWNSHIP OF LOWER MAKEFIELD
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

The management of Lower Makefield Township is pleased to present this narrative overview and analysis of the financial activities of Lower Makefield Township for the fiscal year ended December 31, 2022. The information is being presented as a comparative analysis of the previous year.

Lower Makefield Township is a Township of the Second Class under Pennsylvania Law. The governing body of the Township is the Board of Supervisors comprised of five (5) members, who are elected at large and serve six (6) year staggered terms. The Board is empowered with legislative functions that include enacting ordinances and resolutions, adopting a budget, levying taxes, providing for appropriations and awarding bids and contracts, and making appointments to various boards and commissions.

FINANCIAL HIGHLIGHTS

- In 2020, the Township approved the sale of its Sanitary Sewer System to Aqua, PA at a cost of \$53,000,000 and successfully negotiated a \$3,000,000 down payment. During the 1st quarter of 2022, the Township finalized the sewer sale with Aqua, utilizing the down payment to boost its fund balance, to pay off outstanding debts, and to successfully have Moody’s remove the negative outlook on Lower Makefield Township’s public credit rating.
- As a result of the Township’s competitive and desirable real estate market, the Township surpassed 600 property transfers totaling \$2,301,476.88 .

	Total Transfers	Total Transfer Tax
2020	593	\$1,508,985.76
2021	707	\$1,830,263.34
2022	621	\$2,301,476.88

- In 2021 the Township approved the Prickett Preserve project. The development will preserve and repurpose an existing historic farmhouse and barn. It will also construct nine (9) multi-family buildings containing 200 upscale apartment units, plus a clubhouse, construct seven (7) commercial buildings, which will consist of a 95,000 square foot Wegmans, a 3,000 square foot bank, a 13,000 square foot pharmacy and 35,750 additional square feet in the other four (4) commercial buildings which will house retail and restaurant space. The mixed-use project will allow for atypical growth of the Township’s overall assessed rate, which has increased since 2018 at about 0.57% per year primarily through residential properties. Construction is ongoing with occupancy expected in 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's annual financial report consists of several sections. Together, they provide a comprehensive financial look at the Township. The components of the report include the Independent Auditor 's Report, Management's Discussion and Analysis, Government-Wide Financial Statements, Fund Financial Statements and Notes to the Basic Financial Statements. This report also contains other required and Supplementary Information in addition to the basic financial statements.

The Independent Auditors' Report briefly describes the audit engagement and also renders an opinion as to the material components of the Township's financial position.

TOWNSHIP OF LOWER MAKEFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

Management's Discussion and Analysis (MD&A), prepared by Township management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The MD&A also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

The basic financial statements include the Statement of Net Position, Statement of Activities, Fund Financial Statements and Notes to the Basic Financial Statements. The Statements of Net Position and Activities focus on entity wide presentation using the accrual basis of accounting. They are designed to be more corporate like in that all activities are consolidated into a total for the Township.

- The Statement of Net Position focuses on resources available for future operations. This statement presents a snapshot view of the assets the Township owns, the liabilities it owes and the net difference.
- The Statement of Activities focuses on gross and net costs of Township programs and the extent to which such programs rely upon taxes and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other sources.
- Fund Financial Statements focus separately on major Governmental Funds, Proprietary Funds and Fiduciary Funds. Governmental Funds statements follow the more traditional presentation of financial statements. The Township's major Governmental Funds are presented in their own columns, and the remaining funds are combined into a column "Other Governmental Funds." Statements for the Township's Proprietary and Fiduciary Funds follow the Governmental Funds and include net position, revenues, expenses and changes in net position and cash flows. The Proprietary Funds represent the Township's Sewer, Pool, and Golf Funds and can be found in more detail beginning with the Statement of Net Position, Proprietary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide statements because the Township cannot use these assets to finance its operations.
- The notes to the Basic Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Township's financial condition.

Other Required Supplementary Information (RSI) is additional information consisting of budgetary comparisons for the General Fund, Special Project Fund, American Rescue Plan Fund, Sewer Sale Proceeds Fund, trend data on infrastructure condition, pension plan information and OPEB plan information.

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net Position and Statement of Activities

Our analysis of the Township as a whole begins with the Statement of Net Position. One of the most important questions asked about the Township's finances is "What is the Township's overall financial condition as compared to the previous year?" The Statement of Net Positions and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question.

TOWNSHIP OF LOWER MAKEFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

In these statements, we divide the Township into two kinds of activities:

- **Governmental Activities** - Most of the Township's basic services are reported here, including police, public works, planning and zoning, library, parks and recreation, and administration. Real estate and business taxes, fees and charges and grants finance most of these activities.
- **Business Type Activities** - The Township charges a fee to customers to help it cover most of the cost of certain services it provides. The Township's sewer system, pool and golf course are reported here.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
ASSETS						
Cash and cash equivalents	\$ 40,242,290	\$ 14,671,709	\$ 8,203,472	\$ 7,194,788	\$ 48,445,762	\$ 21,866,497
Other assets	1,230,488	867,585	571,423	3,603,572	1,801,911	4,471,157
Capital assets	88,427,933	88,035,537	15,430,381	32,493,442	103,858,314	120,528,979
TOTAL ASSETS	129,900,711	103,574,831	24,205,276	43,291,802	154,105,987	146,866,633
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows	4,204,490	973,083	-	42,388	4,204,490	1,015,471
Deferred OPEB outflows	510,524	424,780	-	-	510,524	424,780
Deferred charges	-	-	-	79,046	-	79,046
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,715,014	1,397,863	-	121,434	4,715,014	1,519,297
LIABILITIES						
Other liabilities	3,988,409	7,463,307	3,060,200	2,459,989	7,048,609	9,923,296
Long-term liabilities	27,516,305	20,691,436	648,577	24,508,999	28,164,882	45,200,435
TOTAL LIABILITIES	31,504,714	28,154,743	3,708,777	26,968,988	35,213,491	55,123,731
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	277,452	2,475,921	-	198,502	277,452	2,674,423
Deferred OPEB inflows	1,086,216	30,329	-	-	1,086,216	30,329
Deferred lease inflows	1,724,040	-	-	-	1,724,040	-
TOTAL DEFERRED INFLOWS OF RESOURCES	3,087,708	2,506,250	-	198,502	3,087,708	2,704,752
NET POSITION						
Invested in capital assets	84,535,217	83,600,279	14,789,313	8,135,975	99,324,530	91,736,254
Restricted	2,148,475	2,205,223	-	-	2,148,475	2,205,223
Unrestricted	13,339,611	(11,493,801)	5,707,186	8,109,771	19,046,797	(3,384,030)
TOTAL NET POSITION	\$ 100,023,303	\$ 74,311,701	\$ 20,496,499	\$ 16,245,746	\$ 120,519,802	\$ 90,557,447

Assets in the business type activity column reflect the Township's investment in its sewer system, community pool and golf course. The Township operates and maintains thirteen pump stations and approximately 230 miles of sewer lines. The community pool consists of four swimming pools, a snack bar area and bathhouse, the golf course is an 18-hole premier municipal course with practice facility, clubhouse, maintenance building and historic manor house.

TOWNSHIP OF LOWER MAKEFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenues						
Charges for services	\$ 2,797,190	\$ 2,504,138	\$ 7,182,503	\$ 16,508,166	\$ 9,979,693	\$ 19,012,304
Operating grants and contributions	2,832,725	2,142,387	-	-	2,832,725	2,142,387
Capital grants and contributions	1,939,576	-	408,481	-	2,348,057	-
General revenues						
Property taxes	11,007,500	11,203,748	-	-	11,007,500	11,203,748
Real estate transfer taxes	2,301,477	1,828,813	-	-	2,301,477	1,828,813
Local service taxes and per-capita taxes	598,165	564,893	22,434	36,180	620,599	601,073
Public utility taxes	13,308	13,217	-	-	13,308	13,217
Franchise taxes	735,943	727,639	-	-	735,943	727,639
Investment earnings	185,228	60,049	-	-	185,228	60,049
Rent, reimbursement and miscellaneous	1,608,546	944,636	-	-	1,608,546	944,636
Gain on defeasance of debt	-	-	42,091	-	42,091	-
Gain on sale of sewer system	-	-	35,273,715	2,500	35,273,715	2,500
TOTAL REVENUES	24,019,658	19,989,520	42,929,224	16,546,846	66,948,882	36,536,366
EXPENSES						
General government	3,987,122	2,623,669	-	-	3,987,122	2,623,669
Public safety	13,717,875	11,667,418	-	-	13,717,875	11,667,418
Public works (highways and streets)	6,263,154	3,933,386	-	-	6,263,154	3,933,386
Culture and recreation	2,104,833	1,252,544	-	-	2,104,833	1,252,544
Interest on long-term debt	656,796	263,831	-	-	656,796	263,831
Sewer	-	-	4,541,081	7,704,099	4,541,081	7,704,099
Community pool	-	-	1,185,998	1,054,301	1,185,998	1,054,301
Golf course	-	-	4,529,668	3,256,271	4,529,668	3,256,271
TOTAL EXPENSES	26,729,780	19,740,848	10,256,747	12,014,671	36,986,527	31,755,519
EXCESS (DEFICIENCY) BEFORE TRANSFERS	(2,710,122)	248,672	32,672,477	4,532,175	29,962,355	4,780,847
TRANSFER						
Transfers in	28,421,724	297,154	-	-	28,421,724	297,154
Transfers out	-	-	(28,421,724)	(297,154)	(28,421,724)	(297,154)
CHANGE IN NET POSITION	25,711,602	545,826	4,250,753	4,235,021	29,962,355	4,780,847
NET POSITION, BEGINNING, restated*	74,311,701	73,765,875	16,245,746	12,010,725 *	90,557,447	85,776,600
NET POSITION, ENDING	\$ 100,023,303	\$ 74,311,701	\$ 20,496,499	\$ 16,245,746	\$ 120,519,802	\$ 90,557,447

For the Township of Lower Makefield's governmental activities, total revenues and transfers in exceeded total expenses and transfers out by \$25,711,602 in 2022. In 2022, there was a decrease in real estate millage from 21.010 to 20.510. Revenues increased in 2022 by \$4,030,138, or 20.2%, expenses increased by \$6,988,932, or 35.4%.

For the Township of Lower Makefield's business-type activities, net position increased \$4,250,753 in 2022 as a result of a decrease in the Sewer Fund of \$7,773,050 and increases in Golf Fund of \$11,967,008 the Pool Fund of \$56,795.

TOWNSHIP OF LOWER MAKEFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

Governmental Activities

The Township generates governmental revenues from a variety of sources. Total revenue for governmental activities in 2022 was \$24,019,658; 2021 was \$19,989,520; and 2020 was \$19,457,901. Revenues by source are as follows:

Revenue	Amount		% of Total	
	2022	2021	2022	2021
Property taxes	\$ 11,007,500	\$ 11,203,748	45.83%	56.05%
Real estate transfer tax	2,301,477	1,828,813	9.58%	9.15%
Local services taxes and per-capita taxes	598,165	564,893	2.49%	2.83%
Public utility taxes	13,308	13,217	0.06%	0.07%
Franchise taxes	735,943	727,639	3.06%	3.64%
Investment earnings	185,228	60,049	0.77%	0.30%
Miscellaneous	1,608,546	944,636	6.70%	4.73%
Gain on sale of capital assets	-	-	0.00%	0.00%
Charges for services	2,797,190	2,504,138	11.65%	12.53%
Operating grants and contributions	2,832,725	2,142,387	12%	10.72%
Capital grants and contributions	1,939,576	-	8%	0.00%
	<u>\$ 24,019,658</u>	<u>\$ 19,989,520</u>	<u>100%</u>	<u>100%</u>

As seen above, revenues increased when comparing 2022 and 2021, by \$4,030,138 or 20.2%. Property taxes decreased by \$196,248. In December of 2010, the Township approved the enactment of a Local Services Tax, or LST at the legally allowed maximum of \$52 per annum for all people working within the Township borders earning more than \$12,000 per annum. This revenue source yielded over \$598,165 in 2022 and \$564,893 in 2021.

The Township's governmental programs consist of various operating departments, including police, public works, planning and zoning, park and recreation and several administrative departments. Total expenditures for fiscal 2022 were \$26,729,780; 2021 were \$19,740,848; and \$17,682,633 in 2020. Expenditures by source were as follows:

Expenses	Amount		% of Total	
	2022	2021	2022	2021
General government	\$ 3,987,122	\$ 2,623,669	14.92%	13.29%
Public safety	13,717,875	11,667,418	51.32%	59.10%
Highways and streets	6,263,154	3,933,386	23.43%	19.93%
Culture and recreation	2,104,833	1,252,544	7.87%	6.34%
Interest on long-term debt	656,796	263,831	2.46%	1.34%
	<u>\$ 26,729,780</u>	<u>\$ 19,740,848</u>	<u>100.00%</u>	<u>100.00%</u>

TOWNSHIP OF LOWER MAKEFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township of Lower Makefield's investment in capital assets for its governmental and business-type activities as of December 31, 2022, total \$103,858,314 and were \$120,528,979 in 2021 (net of accumulated depreciation). Township investment in capital assets includes land and land improvements, building improvements, equipment, vehicles and infrastructure (see Table 3). Infrastructure includes roadways, bike paths, curbing and sidewalks, storm sewers, basins, bridges and culverts, easements, streetlights and signs.

Additions to capital assets, land and improvements during 2022 include:

Construction in progress - other	\$	425,675
Equipment and vehicles	\$	870,303
Land improvements	\$	282,565
Building improvements	\$	32,740
Infrastructure	\$	87,630
Pool furniture and fixtures	\$	277,438
Golf course improvements and equipment	\$	226,351

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land*	\$ 23,859,951	\$ 23,859,951	\$ 7,751,552	\$ 7,814,099	\$ 31,611,503	\$ 31,674,050
Construction in progress	1,941,555	1,515,880	37,037	1,137,714	1,978,592	2,653,594
Infrastructure	50,289,307	50,289,307	-	-	50,289,307	50,289,307
TOTAL CAPITAL ASSETS NOT DEPRECIATED	<u>76,090,813</u>	<u>75,665,138</u>	<u>7,788,589</u>	<u>8,951,813</u>	<u>83,879,402</u>	<u>84,616,951</u>
Land improvements	10,532,295	10,249,730	8,283,123	8,160,524	18,815,418	18,410,254
Infrastructure	1,512,088	1,424,458	4,473,198	49,620,235	5,985,286	51,044,693
Buildings and improvements	10,955,060	10,922,320	3,245,685	3,440,174	14,200,745	14,362,494
Furniture and equipment	4,344,371	4,178,669	1,164,399	2,590,821	5,508,770	6,769,490
Right-to-use leased vehicles	604,282	-	-	-	604,282	-
Right-to-use golf course equipment	-	-	470,284	-	470,284	-
Vehicles	7,765,705	7,665,386	-	-	7,765,705	7,665,386
TOTAL CAPITAL ASSETS DEPRECIATED	<u>35,713,801</u>	<u>34,440,563</u>	<u>17,636,689</u>	<u>63,811,754</u>	<u>53,350,490</u>	<u>98,252,317</u>
Accumulated depreciation	<u>(23,376,681)</u>	<u>(22,070,164)</u>	<u>(9,994,897)</u>	<u>(40,270,125)</u>	<u>(33,371,578)</u>	<u>(62,340,289)</u>
TOTAL CAPITAL ASSETS	<u>\$ 88,427,933</u>	<u>\$ 88,035,537</u>	<u>\$ 15,430,381</u>	<u>\$ 32,493,442</u>	<u>\$ 103,858,314</u>	<u>\$ 120,528,979</u>

*Land is recorded at historical cost; market values are significantly higher.

TOWNSHIP OF LOWER MAKEFIELD
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

Depreciable capital assets are depreciated using the straight-line method. Useful lives are as follows:

	<u>Years</u>
Infrastructure	20
Land improvements	5-40
Plant and pools	4-40
Building and building improvements	40
Furniture and equipment	5
Vehicles	3-10

In the case of road, curb, sidewalk and bike path infrastructure, the Township has elected to use the modified approach. Please see Page 77 in Required Supplementary Information section of the financial statements for a more detailed description of the method. Additional information on the Township's capital assets can be found in Notes A and D in the financial statements.

Total Liabilities

At the end of 2022, the Township had \$8,883,684 in outstanding debt for all Note Payables, Bonds and loans. Total Long-Term Liabilities at the end of 2022 were \$28,164,882, which includes leases, OPEB and pension liabilities and compensated absences.

Debt

Outstanding debt at year end (net of premiums, discounts, and amortization) for the years ended December 31, 2022 and 2021 is as follows:

<u>Governmental Activities</u>	<u>2022</u>	<u>2021</u>
General Obligation Bonds		
Series B of 2013	\$ -	\$ 803,616
Series of 2015	-	-
Series of 2016	5,837,071	6,176,316
Series of 2018	1,093,095	1,247,748
Notes Payable		
Bucks County	-	49,181
Series of 2022	1,383,327	-
Equipment loans	225,191	-
	<u>8,538,684</u>	<u>8,276,861</u>
 <u>Business-Type Activities</u>		
General Obligation Bonds		
Series A of 2013	345,000	1,892,079
Series B of 2013	-	1,988,918
Series of 2015	-	-
Series of 2016	-	11,944,893
Series of 2018	-	8,531,577
	<u>345,000</u>	<u>24,357,467</u>
Leases	<u>747,201</u>	<u>487,233</u>
Net OPEB obligation	<u>5,711,942</u>	<u>6,388,669</u>
Net pension liability	<u>11,106,468</u>	<u>4,104,352</u>
Compensated absences	<u>1,715,587</u>	<u>1,585,853</u>
Total long-term liabilities	<u>\$ 28,164,882</u>	<u>\$ 45,200,435</u>

TOWNSHIP OF LOWER MAKEFIELD
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

The Township of Lower Makefield services an area of seventeen square miles and a population of 33,180 (2020 United States Census). The Township is located in the southeastern portion of Bucks County, just across the river from Trenton, New Jersey and twenty-five miles northeast of Philadelphia. Economically, the Township is largely residential in nature, with some agricultural activity. Commercial development can be found on a limited basis, most of which support the residential community.

As shown in the data below, the Township of Lower Makefield is considerably wealthier than Bucks County as a whole. Both Bucks County and the Township of Lower Makefield are substantially wealthier than the Commonwealth of Pennsylvania and the nation. Several factors that create this wealth are the higher educational levels of our residents and the Township's ideal location for commuting to New York and Philadelphia, where higher paying jobs can be found.

	Lower Makefield Township	Bucks County	Pennsylvania	United States
Per capita income	\$ 79,572	\$ 54,930	\$ 41,234	\$ 41,804
Median family income	168,540	107,826	73,170	74,755
Percentage of population poverty level	3.70%	5.60%	11.80%	12.60%

Source: United States Census Bureau (2020 Census)

The 2023 Budget and Outlook

The total millage for the 2023 budget will be 20.51. The millage breakout is as follows: General Fund 13.88 mills, Debt Service 2.09 mills, Fire Protection 1.10 mills, Fire Hydrants 0.33 mills, Parks and Recreation 2.43 mills, Ambulance and Rescue 0.38 mills, and Road Machinery 0.30 mills.

The Township did accept an offer for its sanitary sewer system and successfully negotiated a \$3,000,000 down payment on the system. In response, Moody’s removed the negative outlook it had placed on the Township in 2019. Closing resulted in significant debt reduction and the offset of significant future sewage infrastructure debt/obligations as well.

TOWNSHIP OF LOWER MAKEFIELD
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022

As a result of the closing that occurred in March 2022, the \$3,000,000 pre-closing deposit will be listed as revenue and resulted in the Township’s a 2022 year-end general fund balance being in excess \$4,000,000.

The overwhelming majority of the Township’s revenue is generated from our property tax. Our total collection rate has averaged over 99% each year, and 2022 was no exception. Most property owners pay their taxes during discount and the face period of collection. In assessing where we were before the pandemic, during the pandemic and now in coming out of the pandemic we see the following collection trend in household collection comparisons:

	Total HH#	HH paying thru Face Period
2020	12,457	11,980*
2021	12,457	12,060
2022	12,558	12,278
2023	12,571	12,232

*In 2020 the face period was extended to July 30th

For budgeting purposes, we estimate a 98% collection rate for the year.

2023 Transfer taxes

The Township continues to meet its budgeted goals for transfer taxes. Through 2023 year-end, we have steadily seen property sales continue as in previous years.

	Total Transfer tax	Budget
2021	\$1,830,263.34	\$1,500,000
2022	\$2,301,477	\$1,585,000
2023	\$2,172,685.78	\$1,700,000

The Township is also seeing significant permit applications for property renovations and fully anticipates exceeding its overall 2023 budgeted revenues.

TOWNSHIP OF LOWER MAKEFIELD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to show the Township's accountability for the monies it receives and disburses. If you have any questions about this report or to request additional financial information, please contact Alison Stewart, Assistant Finance Director, 1100 Edgewood Road, Yardley, Pennsylvania 19067.

TOWNSHIP OF LOWER MAKEFIELD

STATEMENT OF NET POSITION

DECEMBER 31, 2022

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 40,242,290	\$ 8,203,472	\$ 48,445,762
Receivables, net	1,017,524	572,204	1,589,728
Internal balances	131,896	(131,896)	-
Inventory	-	85,325	85,325
Prepaid expenses	81,068	45,790	126,858
Capital assets, net	88,427,933	15,430,381	103,858,314
TOTAL ASSETS	129,900,711	24,205,276	154,105,987
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources, pension activity	4,204,490	-	4,204,490
Deferred outflows of resources, OPEB activity	510,524	-	510,524
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,715,014	-	4,715,014
LIABILITIES			
Accounts payable	2,039,017	209,741	2,248,758
Accrued expenses	267,685	2,425,746	2,693,431
Accrued interest	60,403	-	60,403
Unearned revenue	1,597,485	424,713	2,022,198
Security deposits	23,819	-	23,819
Noncurrent liabilities			
Due within one year:			
Bonds, loans and notes payable	1,220,627	170,000	1,390,627
Leases	124,473	141,171	265,644
Due in more than one year:			
Bonds, loans and notes payable	7,318,057	175,000	7,493,057
Leases	326,660	154,897	481,557
Other post-employment benefits	5,711,942	-	5,711,942
Compensated absences	1,708,078	7,509	1,715,587
Net pension liability	11,106,468	-	11,106,468
TOTAL LIABILITIES	31,504,714	3,708,777	35,213,491
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	277,452	-	277,452
Deferred inflows of resources, OPEB activity	1,086,216	-	1,086,216
Deferred inflows of resources, leases	1,724,040	-	1,724,040
TOTAL DEFERRED INFLOWS OF RESOURCES	3,087,708	-	3,087,708
NET POSITION			
Net investment in capital assets	84,535,217	14,789,313	99,324,530
Restricted			
Other governmental funds	2,148,475	-	2,148,475
Unrestricted	13,339,611	5,707,186	19,046,797
TOTAL NET POSITION	\$ 100,023,303	\$ 20,496,499	\$ 120,519,802

See accompanying notes to the basic financial statements.

TOWNSHIP OF LOWER MAKEFIELD
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
PRIMARY GOVERNMENT							
Governmental activities							
General government	\$ 3,987,122	\$ 837,866	\$ 3,343	\$ 1,939,576	\$ (1,206,337)	\$ -	\$ (1,206,337)
Public safety	13,717,875	177,264	925,268	-	(12,615,343)	-	(12,615,343)
Public works	6,263,154	1,418,010	1,128,878	-	(3,716,266)	-	(3,716,266)
Parks and recreation	2,104,833	364,050	775,236	-	(965,547)	-	(965,547)
Interest on long-term debt	656,796	-	-	-	(656,796)	-	(656,796)
TOTAL GOVERNMENTAL ACTIVITIES	26,729,780	2,797,190	2,832,725	1,939,576	(19,160,289)	-	(19,160,289)
Business-type activities							
Sewer fund	4,541,081	2,373,710	-	408,481	-	(1,758,890)	(1,758,890)
Community pool fund	1,185,998	1,041,032	-	-	-	(144,966)	(144,966)
Golf course fund	4,529,668	3,767,761	-	-	-	(761,907)	(761,907)
TOTAL BUSINESS-TYPE ACTIVITIES	10,256,747	7,182,503	-	408,481	-	(2,665,763)	(2,665,763)
TOTAL PRIMARY GOVERNMENT	\$ 36,986,527	\$ 9,979,693	\$ 2,832,725	\$ 2,348,057	(19,160,289)	(2,665,763)	(21,826,052)
GENERAL REVENUES							
Property taxes levied for general purposes					11,007,500	-	11,007,500
Transfer taxes					2,301,477	-	2,301,477
Local services and per capita taxes					598,165	-	598,165
PURTA Utility Tax					13,308	-	13,308
Franchise taxes					735,943	-	735,943
Investment earnings					185,228	22,434	207,662
Rent, reimbursement and miscellaneous					1,608,546	-	1,608,546
Gain on defeasance of debt					-	42,091	42,091
SPECIAL ITEM - Gain on sale of sewer system					-	35,273,715	35,273,715
TRANSFERS					28,421,724	(28,421,724)	-
TOTAL GENERAL REVENUES AND TRANSFERS					44,871,891	6,916,516	51,788,407
CHANGE IN NET POSITION					25,711,602	4,250,753	29,962,355
NET POSITION AT BEGINNING OF YEAR					74,311,701	16,245,746	90,557,447
NET POSITION AT END OF YEAR					\$ 100,023,303	\$ 20,496,499	\$ 120,519,802

See accompanying notes to the basic financial statements.

TOWNSHIP OF LOWER MAKEFIELD

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2022

	General Fund	Capital Reserve Fund	Bond Fund
ASSETS			
CURRENT ASSETS			
Cash	\$ 6,424,353	\$ 1,910,051	\$ 4,288,785
Accounts receivable, net	583,924	-	-
Interfund receivable	386,627	-	-
Prepaid expenses	45,588	-	-
TOTAL CURRENT ASSETS	<u>7,440,492</u>	<u>1,910,051</u>	<u>4,288,785</u>
TOTAL ASSETS	<u>\$ 7,440,492</u>	<u>\$ 1,910,051</u>	<u>\$ 4,288,785</u>
LIABILITIES			
Accounts payable	\$ 547,402	\$ 1,101,735	\$ -
Accrued expenses	242,680	-	-
Interfund payables	-	-	-
Unearned revenues	92,483	-	-
Security deposits	21,169	-	-
TOTAL LIABILITIES	<u>903,734</u>	<u>1,101,735</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue, property taxes	56,968	-	-
Deferred inflows of resources, leases	1,724,040	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,781,008</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Prepaid items	45,588	-	-
Restricted for			
Capital projects	-	808,316	4,288,785
Debt service	-	-	-
Special projects	-	-	-
Street lights	-	-	-
Fire protection	-	-	-
Hydrant fund	-	-	-
Park and recreation FIL	-	-	-
Traffic impact	-	-	-
Regency bridge	-	-	-
Tree fund	-	-	-
Highway aid	-	-	-
Ambulance rescue	-	-	-
Road machinery	-	-	-
Sidewalk FIL	-	-	-
Committed to			
Budgetary stabilization	-	-	-
9-11 memorial	-	-	-
Patterson farm	-	-	-
Garden of reflection	-	-	-
Unassigned	4,710,162	-	-
TOTAL FUND BALANCES	<u>4,755,750</u>	<u>808,316</u>	<u>4,288,785</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 7,440,492</u>	<u>\$ 1,910,051</u>	<u>\$ 4,288,785</u>

See accompanying notes to the basic financial statements.

Debt Service Fund	Special Project Fund	American Rescue Plan Fund	Sewer Sale Proceeds Fund	Other Governmental Funds	Total Governmental Funds
\$ 49,571	\$ 291,786	\$ 1,206,703	\$ 23,948,054	\$ 2,122,987	\$ 40,242,290
18,947	-	-	-	414,653	1,017,524
-	-	-	-	-	386,627
-	-	-	-	35,480	81,068
<u>68,518</u>	<u>291,786</u>	<u>1,206,703</u>	<u>23,948,054</u>	<u>2,573,120</u>	<u>41,727,509</u>
<u>\$ 68,518</u>	<u>\$ 291,786</u>	<u>\$ 1,206,703</u>	<u>\$ 23,948,054</u>	<u>\$ 2,573,120</u>	<u>\$ 41,727,509</u>
\$ -	\$ 134,580	\$ -	\$ -	\$ 255,300	\$ 2,039,017
-	-	-	-	25,005	267,685
-	-	-	-	254,731	254,731
-	-	1,504,639	-	363	1,597,485
-	-	-	-	2,650	23,819
<u>-</u>	<u>134,580</u>	<u>1,504,639</u>	<u>-</u>	<u>538,049</u>	<u>4,182,737</u>
11,462	-	-	-	17,754	86,184
-	-	-	-	-	1,724,040
<u>11,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,754</u>	<u>1,810,224</u>
-	-	-	-	35,480	81,068
-	-	-	-	-	5,097,101
57,056	-	-	-	-	57,056
-	157,206	-	-	-	157,206
-	-	-	-	156,570	156,570
-	-	-	-	90,129	90,129
-	-	-	-	40,051	40,051
-	-	-	-	549,460	549,460
-	-	-	-	201,410	201,410
-	-	-	-	661,017	661,017
-	-	-	-	70,292	70,292
-	-	-	-	96,794	96,794
-	-	-	-	1,773	1,773
-	-	-	-	15,966	15,966
-	-	-	-	50,751	50,751
-	-	-	23,948,054	-	23,948,054
-	-	-	-	19,868	19,868
-	-	-	-	93,648	93,648
-	-	-	-	5,014	5,014
-	-	(297,936)	-	(70,906)	4,341,320
<u>57,056</u>	<u>157,206</u>	<u>(297,936)</u>	<u>23,948,054</u>	<u>2,017,317</u>	<u>35,734,548</u>
<u>\$ 68,518</u>	<u>\$ 291,786</u>	<u>\$ 1,206,703</u>	<u>\$ 23,948,054</u>	<u>\$ 2,573,120</u>	<u>\$ 41,727,509</u>

TOWNSHIP OF LOWER MAKEFIELD

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2022

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 35,734,548
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$111,804,614 and the accumulated depreciation is \$23,376,681.	88,427,933
Some of the Township's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the governmental funds.	86,184
Deferred inflows and outflows of resources related to pension and OPEB activities are not financial resources and therefore are not reported in the governmental funds.	3,351,346
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Accrued interest	(60,403)
Bonds and notes payable, including premiums	(8,538,684)
Capital lease payable	(451,133)
Other post-employment benefits	(5,711,942)
Net pension liability	(11,106,468)
Compensated absences	<u>(1,708,078)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 100,023,303</u>

See accompanying notes to the basic financial statements.

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TOWNSHIP OF LOWER MAKEFIELD
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General Fund	Capital Reserve Fund	Bond Fund
REVENUES			
Real estate taxes	\$ 7,462,104	\$ -	\$ -
Real estate transfer taxes	2,301,477	-	-
Local services and per capita taxes	598,165	-	-
Licenses, permits and fees	2,179,932	-	-
Fines, forfeits and costs	56,962	-	-
Interest earnings	22,866	7,236	10,993
Rental income	321,574	-	-
Intergovernmental revenues	832,367	-	-
Charges for services	709,284	-	-
Contributions	-	10,000	-
Miscellaneous	1,011,337	4,266	-
TOTAL REVENUES	<u>15,496,068</u>	<u>21,502</u>	<u>10,993</u>
EXPENDITURES			
General government	3,173,065	-	-
Public safety	8,133,372	-	-
Public works	1,806,697	-	-
Parks and recreation	-	-	-
Capital outlay	-	2,911,184	-
Insurance	356,942	-	-
Employee benefits and taxes	2,348,729	-	-
Debt service			
Principal	-	28,946	-
Interest	-	14,838	-
TOTAL EXPENDITURES	<u>15,818,805</u>	<u>2,954,968</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OF REVENUES OVER EXPENDITURES	<u>(322,737)</u>	<u>(2,933,466)</u>	<u>10,993</u>
OTHER FINANCING SOURCES (USES)			
Refund prior year expenditure	49,944	-	-
Proceeds from long-term debt	-	1,650,000	-
Payment to bond refunding agent	-	-	-
Proceeds from leases	-	339,142	-
Transfers in	4,418,588	1,752,640	-
Transfers out	(922,608)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,545,924</u>	<u>3,741,782</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,223,187	808,316	10,993
FUND BALANCES AT BEGINNING OF YEAR	<u>1,532,563</u>	<u>-</u>	<u>4,277,792</u>
FUND BALANCES AT END OF YEAR	<u>\$ 4,755,750</u>	<u>\$ 808,316</u>	<u>\$ 4,288,785</u>

See accompanying notes to the basic financial statements.

<u>Debt Service Fund</u>	<u>Special Project Fund</u>	<u>American Rescue Plan Fund</u>	<u>Sewer Sale Proceeds Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,124,974	\$ -	\$ -	\$ -	\$ 2,429,671	\$ 11,016,749
-	-	-	-	-	2,301,477
-	-	-	-	-	598,165
-	-	-	-	-	2,179,932
-	-	-	-	-	56,962
1,136	-	3,302	123,246	16,449	185,228
-	-	-	-	141,549	463,123
-	548,340	1,939,576	-	1,332,735	4,653,018
-	-	-	-	473,428	1,182,712
-	8,250	-	-	221,989	240,239
-	-	-	-	83,549	1,099,152
<u>1,126,110</u>	<u>556,590</u>	<u>1,942,878</u>	<u>123,246</u>	<u>4,699,370</u>	<u>23,976,757</u>
-	-	-	-	-	3,173,065
-	-	-	-	1,081,359	9,214,731
-	-	-	-	1,396,187	3,202,884
-	-	-	-	1,929,937	1,929,937
-	762,912	-	-	476,690	4,150,786
-	-	-	-	-	356,942
-	-	-	-	-	2,348,729
768,504	-	-	-	247,971	1,045,421
253,543	-	-	-	11,306	279,687
<u>1,022,047</u>	<u>762,912</u>	<u>-</u>	<u>-</u>	<u>5,143,450</u>	<u>25,702,182</u>
<u>104,063</u>	<u>(206,322)</u>	<u>1,942,878</u>	<u>123,246</u>	<u>(444,080)</u>	<u>(1,725,425)</u>
-	-	-	-	2,206	52,150
-	-	-	-	-	1,650,000
(1,230,247)	-	-	-	-	(1,230,247)
-	-	-	-	177,910	517,052
1,539,449	377,500	-	41,336,324	268,000	49,692,501
(361,741)	-	(2,243,341)	(17,511,516)	(231,571)	(21,270,777)
<u>(52,539)</u>	<u>377,500</u>	<u>(2,243,341)</u>	<u>23,824,808</u>	<u>216,545</u>	<u>29,410,679</u>
51,524	171,178	(300,463)	23,948,054	(227,535)	27,685,254
<u>5,532</u>	<u>(13,972)</u>	<u>2,527</u>	<u>-</u>	<u>2,244,852</u>	<u>8,049,294</u>
<u>\$ 57,056</u>	<u>\$ 157,206</u>	<u>\$ (297,936)</u>	<u>\$ 23,948,054</u>	<u>\$ 2,017,317</u>	<u>\$ 35,734,548</u>

TOWNSHIP OF LOWER MAKEFIELD

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 27,685,254

Capital outlays are reported in the Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Adjustments consist of:

Capital outlays	1,698,913
Depreciation expense	(1,306,517)

Repayment of bond and lease principal is an expenditure in the Governmental Funds, but the repayments reduce long-term liabilities in the statement of net position.

1,849,037

Borrowing of debt and lease proceeds are a revenue in the Governmental Funds but increases long-term liabilities in the statement of net position.

(2,167,052)

Governmental funds report the effect of premiums when debt is issued, but these amounts are deferred and amortized in the statement of activities.

41,248

Taxes not collected within 60 days of year end are not recognized as revenue in the Governmental Funds, but are recognized as revenue in the statement of activities.

(9,249)

Compensated absences for unused sick time do not require the use of current financial resources and therefore, are not reported as expenditures in Governmental Funds, but are reported as expenses in the statement of activities.

(141,024)

Accrued interest does not require the use of current financial resources and therefore is not reported as an expenditure in the Governmental Funds.

8,337

Net pension liability and related deferrals are reported in the statement of activities, however they do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Funds.

(1,653,929)

Other post-employment benefits and related deferrals are reported in the statement of activities, however they do not require the use of current financial resources, and therefore, are not reported as expenditures in the Governmental Funds.

(293,416)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 25,711,602

See accompanying notes to the basic financial statements.

TOWNSHIP OF LOWER MAKEFIELD

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2022

	Sewer Fund	Community Pool Fund	Golf Course Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 7,517,299	\$ 14,199	\$ 671,974	\$ 8,203,472
Accounts receivable, net	560,554	-	11,650	572,204
Inventory	-	-	85,325	85,325
Prepaid expenses	-	-	45,790	45,790
TOTAL CURRENT ASSETS	<u>8,077,853</u>	<u>14,199</u>	<u>814,739</u>	<u>8,906,791</u>
CAPITAL ASSETS, net	<u>-</u>	<u>882,351</u>	<u>14,548,030</u>	<u>15,430,381</u>
TOTAL ASSETS	<u>8,077,853</u>	<u>896,550</u>	<u>15,362,769</u>	<u>24,337,172</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	31,051	92,476	66,090	189,617
Accrued expenses	2,400,000	9,675	36,195	2,445,870
Unearned revenue	-	215	424,498	424,713
Due to other funds	-	-	131,896	131,896
Current portion of lease payable	-	-	141,171	141,171
Current portion of long-term debt	-	-	170,000	170,000
TOTAL CURRENT LIABILITIES	<u>2,431,051</u>	<u>102,366</u>	<u>969,850</u>	<u>3,503,267</u>
LONG-TERM LIABILITIES				
Compensated absences	-	7,509	-	7,509
Leases	-	-	154,897	154,897
Bonds and notes payable	-	-	175,000	175,000
TOTAL LONG-TERM LIABILITIES	<u>-</u>	<u>7,509</u>	<u>329,897</u>	<u>337,406</u>
NET POSITION				
Net investment in capital assets	-	882,351	13,906,962	14,789,313
Unrestricted	<u>5,646,802</u>	<u>(95,676)</u>	<u>156,060</u>	<u>5,707,186</u>
TOTAL NET POSITION	<u>\$ 5,646,802</u>	<u>\$ 786,675</u>	<u>\$ 14,063,022</u>	<u>\$ 20,496,499</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF LOWER MAKEFIELD
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Sewer Fund	Community Pool Fund	Golf Course Fund	Total
OPERATING REVENUES				
Charges for services	\$ 2,168,828	\$ 1,036,960	\$ 3,748,948	\$ 6,954,736
Grants	408,481	-	-	408,481
Miscellaneous	14,580	4,072	18,813	37,465
TOTAL OPERATING REVENUES	2,591,889	1,041,032	3,767,761	7,400,682
OPERATING EXPENSES				
Operations	1,812,688	1,061,341	2,634,090	5,508,119
Depreciation	217,230	124,657	466,436	808,323
TOTAL OPERATING EXPENSES	2,029,918	1,185,998	3,100,526	6,316,442
OPERATING INCOME (LOSS)	561,971	(144,966)	667,235	1,084,240
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	17,448	1,394	3,592	22,434
Tapping fees	190,302	-	-	190,302
Interest expense	(111,163)	-	(18,195)	(129,358)
Settlement expense	(2,400,000)	-	-	(2,400,000)
Gain on defeasance of debt	42,091	-	-	42,091
Loss on defeasance of debt	-	-	(1,410,947)	(1,410,947)
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,261,322)	1,394	(1,425,550)	(3,685,478)
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	(1,699,351)	(143,572)	(758,315)	(2,601,238)
INTERFUND TRANSFERS				
Transfers in	180,791	200,367	14,692,466	15,073,624
Transfers out	(41,528,205)	-	(1,967,143)	(43,495,348)
TOTAL INTERFUND TRANSFERS	(41,347,414)	200,367	12,725,323	(28,421,724)
INCOME (LOSS) BEFORE SPECIAL ITEM	(43,046,765)	56,795	11,967,008	(31,022,962)
SPECIAL ITEM - GAIN ON SALE OF SEWER SYSTEM	35,273,715	-	-	35,273,715
CHANGE IN NET POSITION	(7,773,050)	56,795	11,967,008	4,250,753
NET POSITION AT BEGINNING OF YEAR	13,419,852	729,880	2,096,014	16,245,746
NET POSITION AT END OF YEAR	\$ 5,646,802	\$ 786,675	\$ 14,063,022	\$ 20,496,499

See accompanying notes to the basic financial statements.

TOWNSHIP OF LOWER MAKEFIELD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Sewer Enterprise Fund	Community Pool Fund	Golf Course Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 5,441,676	\$ 1,041,247	\$ 3,798,618	\$ 10,281,541
Cash payments to suppliers	(3,535,973)	(513,960)	(1,317,200)	(5,367,133)
Cash payments to employees	(69,576)	(404,372)	(1,208,843)	(1,682,791)
Cash payments to other governments	(7,048)	(46,713)	(112,062)	(165,823)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,829,079</u>	<u>76,202</u>	<u>1,160,513</u>	<u>3,065,794</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Tapping fees	190,302	-	-	190,302
Due to other funds	-	-	131,896	131,896
Interfund transfers	(41,347,414)	200,367	12,725,323	(28,421,724)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(41,157,112)</u>	<u>200,367</u>	<u>12,857,219</u>	<u>(28,099,526)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(251,991)	(277,438)	(226,352)	(755,781)
Principal paid on capital lease payable	-	-	(138,526)	(138,526)
Principal paid on long-term debt	(762,350)	-	(165,000)	(927,350)
Proceeds from sewer sale	53,000,000	-	-	53,000,000
Payment to escrow agent for debt payoff	(11,093,659)	-	(13,281,269)	(24,374,928)
Closing costs on sewer sale	(570,018)	-	-	(570,018)
Interest paid on long-term debt	(180,791)	-	(32,624)	(213,415)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>40,141,191</u>	<u>(277,438)</u>	<u>(13,843,771)</u>	<u>26,019,982</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings from investments	17,448	1,394	3,592	22,434
NET INCREASE IN CASH AND CASH EQUIVALENTS	830,606	525	177,553	1,008,684
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,686,693</u>	<u>13,674</u>	<u>494,421</u>	<u>7,194,788</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 7,517,299</u>	<u>\$ 14,199</u>	<u>\$ 671,974</u>	<u>\$ 8,203,472</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 561,971	\$ (144,966)	\$ 667,235	\$ 1,084,240
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	217,230	124,657	466,436	808,323
(Increase) decrease in				
Accounts receivable	2,934,239	-	2,719	2,936,958
Prepaid expenses	375	-	(11,845)	(11,470)
Inventory	-	-	(25,235)	(25,235)
Increase (decrease) in				
Accounts payable	(1,778,773)	91,402	12,189	(1,675,182)
Unearned revenue	(84,452)	215	28,138	(56,099)
Compensated absences	(13,603)	2,313	-	(11,290)
Accrued expenses	(7,908)	2,581	20,876	15,549
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,829,079</u>	<u>\$ 76,202</u>	<u>\$ 1,160,513</u>	<u>\$ 3,065,794</u>

See accompanying notes to the basic financial statements.

TOWNSHIP OF LOWER MAKEFIELD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Pension Trust Funds		
	Police Pension	Non-Uniform Pension	Deferred Contribution Plan
ASSETS			
Cash and cash equivalents	\$ 197,386	\$ 140,218	\$ -
Investments	13,423,779	8,697,947	881,866
Accounts receivable	-	7,576	-
TOTAL ASSETS	<u>13,621,165</u>	<u>8,845,741</u>	<u>881,866</u>
LIABILITIES			
Accounts payable	-	-	-
NET POSITION			
Net position restricted for pensions	13,621,165	8,845,741	881,866
Net position restricted for other purposes	-	-	-
Net position restricted for custodial purposes	-	-	-
TOTAL NET POSITION	<u>\$ 13,621,165</u>	<u>\$ 8,845,741</u>	<u>\$ 881,866</u>

See accompanying notes to the basic financial statements.

Deferred Retirement Option Plan Fund	Custodial Fund	Total Fiduciary Funds
\$ -	\$ 642,218	\$ 979,822
457,340	-	23,460,932
-	71,679	79,255
<u>457,340</u>	<u>713,897</u>	<u>24,520,009</u>
-	55,389	55,389
-	-	23,348,772
457,340	-	457,340
-	658,508	658,508
<u>457,340</u>	<u>658,508</u>	<u>24,464,620</u>

TOWNSHIP OF LOWER MAKEFIELD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Pension Trust Funds		
	Police Pension	Non-Uniform Pension	Deferred Contribution Pension
ADDITIONS			
Contributions			
Employer	\$ 1,053,793	\$ 411,075	\$ 102,169
Member	114,934	26,648	112,196
Transfer from police pension	-	-	-
Developers	-	-	-
TOTAL CONTRIBUTIONS	1,168,727	437,723	214,365
Investment income (loss)			
Net appreciation (depreciation) in fair value of investments	(3,006,019)	(2,030,991)	(134,889)
Interest income	30,311	20,246	-
Dividend income	324,088	219,898	-
TOTAL INVESTMENT INCOME (LOSS)	(2,651,620)	(1,790,847)	(134,889)
TOTAL ADDITIONS	(1,482,893)	(1,353,124)	79,476
DEDUCTIONS			
Administrative expenses	52,493	30,436	-
Benefits	838,622	644,711	231,759
Funds released for professional services	-	-	-
Funds returned to developer	-	-	-
Other	-	-	-
TOTAL DEDUCTIONS	891,115	675,147	231,759
CHANGE IN NET POSITION	(2,374,008)	(2,028,271)	(152,283)
NET POSITION			
BEGINNING OF YEAR	15,995,173	10,874,012	1,034,149
END OF YEAR	\$ 13,621,165	\$ 8,845,741	\$ 881,866

See accompanying notes to the basic financial statements.

Deferred Retirement Option Plan Fund	Custodial Fund	Total Fiduciary Funds
\$ -	\$ -	\$ 1,567,037
-	-	253,778
53,710	-	53,710
<u>-</u>	<u>224,411</u>	<u>224,411</u>
<u>53,710</u>	<u>224,411</u>	<u>2,098,936</u>
7,428	-	(5,164,471)
-	8,623	59,180
<u>-</u>	<u>-</u>	<u>543,986</u>
<u>7,428</u>	<u>8,623</u>	<u>(4,561,305)</u>
<u>61,138</u>	<u>233,034</u>	<u>(2,462,369)</u>
-	-	82,929
21,250	-	1,736,342
-	282,642	282,642
-	29,160	29,160
<u>-</u>	<u>4,533</u>	<u>4,533</u>
<u>21,250</u>	<u>316,335</u>	<u>2,135,606</u>
39,888	(83,301)	(4,597,975)
<u>417,452</u>	<u>741,809</u>	<u>29,062,595</u>
<u>\$ 457,340</u>	<u>\$ 658,508</u>	<u>\$ 24,464,620</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The Township of Lower Makefield (the Township) is located in Bucks County, Pennsylvania, was formed in 1692; exists as a Second-Class Township and is a "local government unit" as defined under the Local Government Unit Debt Act of General Assembly of the Commonwealth of Pennsylvania.

The five-member governing body of the Township is the Board of Supervisors. A Township manager is appointed by and serves at the direction of the Board of Supervisors to administer the daily operations of the Township. Principal services provided by the Township include public safety, maintenance of the roads and highways, culture and recreation, maintenance of the sewer system and general governmental administration.

The financial statements of the Township have been prepared in conformity with United States generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Township are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

In evaluating the Township as a reporting entity, management has addressed all potential component units for which the Township may or may not be financially accountable and as such, be included in the Township's financial statements. In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Township is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Police Pension Plan and Non-Uniformed Pension Plan are single employer defined benefit pension plans. Although the plans are separate legal entities they are reported as if they are part of the government as they are governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plans are reported as a fiduciary funds and a copy of each component unit's financial statements can be obtained at the Township's office located at 1100 Edgewood Road, Yardley, PA.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management has elected not to include the following potential component units in the December 31, 2022 annual financial report:

- Yardley Makefield Fire Company
- Lower Makefield Farmland Preservation, Inc.
- Yardley Makefield Rescue Squad

These entities are under the direction of a separate independent board. These entities are organized under a separate charter and therefore, not included in the annual financial report.

Basis of Presentation and Accounting

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

Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all non-fiduciary activities of the primary government and its blended component unit. All fiduciary activities are reported only in the fund financial statements. Government activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges to external customers for support.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund financial statements. Governmental Funds financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the providers have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues for each segment of the business type activities of the Township and for each function or program of the Township's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Administrative overhead charges of the general government are included in the direct expenses. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Township.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of the interfund activity has been eliminated from the government wide financial statements.

Fund Financial Statements

Separate Fund Financial Statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. The focus of Fund Financial Statements is on major funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by the measurement focus. The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within sixty days of the end of the fiscal period. Those revenues generally susceptible to accrual are real estate taxes, real estate transfer taxes, and local services and per capita taxes. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other postemployment benefits, compensated absences, and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which report on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

In applying the susceptible to accrual concept in intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Township. Therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses, permits, and fees, fines, forfeitures, and costs, charges for services, rental income, and other miscellaneous income are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position (deficit). The statement of revenues, expenses and changes in net position (deficit) presents increases (i.e., revenues) and decreases (i.e., expenses) in total Net Position. The statement of cash flows provides information about how the Township finances and meets the cash flow needs of its proprietary activities.

Proprietary Funds distinguished operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Funds' ongoing operations. The principal operating revenues of the Township's Enterprise Funds are sewer charges, golf fees, and pool membership fees. Operating expenses for the Township's Enterprise Funds include supplies, administrative costs and depreciation on capital assets. All revenue or expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Township functions or activities. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues, and expenditures or expenses, as appropriate.

The Township has the following funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in current financial resources, rather than upon net income determination.

The Township reports the following major Governmental Funds:

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Reserve Fund (Capital Project Fund) - The Capital Reserve Fund is used to account for financial resources, including bond and loan proceeds, to be used for acquisitions or construction of major capital assets (other than those financed by the Special Project Fund, the 9-11 Memorial Fund, and Proprietary Funds).

Bond Fund - The Bond Fund contains bond proceeds restricted for capital projects.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs.

Special Project Fund - The Special Project Fund is used to account for non-recurring financial resources that are not part of any other special revenue funds.

American Rescue Plan Fund - The American Rescue Plan Fund is used to account for funding received from the U.S. Federal Government passed through the Pennsylvania Department of Community Development and Economic Development as part of the American Rescue Plan Act of 2021 economic stimulus package.

Sewer Sale Proceeds Fund - The Sewer Sale Proceeds Fund is used to account for the proceeds from the sale of the sewer system.

Other Special Revenue Funds - The other special revenue funds of the Township are considered non-major (presented in a single column) and are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Township's Other Special Revenue Funds include: Liquid Fuels, Hydrant, Ambulance, Fire Protection, 9-11 Memorial, Parks and Recreation, Street Lights, Parks and Recreation Fee-in-Lieu, Traffic Impact, Regency Bridge, Tree, Road Machinery, Patterson Farm, and Sidewalk Fee-in-Lieu.

Other Capital Reserve Funds consist of the Garden of Reflection Capital Reserve Fund.

Proprietary Funds

Proprietary funds are used to account for operations that are organized to be self-supporting through user charges. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the Township has not and does not intend to apply any Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989 to the government-wide financial statements and the proprietary funds.

The Township reports the following major Proprietary Funds:

Sewer Fund

The Sewer Fund accounts for the activities of the sewer system infrastructure, sewage pumping stations and collection systems.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Community Pool Fund

The Community Pool Fund accounts for the operations of the Township's municipal pool.

Golf Course Fund

The Golf Course Fund accounts for the construction and operation of the Township's municipal golf course.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Township as a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

The Township reports the following Fiduciary Funds:

Pension Trust Funds

The Pension Trust Funds account for the assets and liabilities held by the Township in a trustee capacity for the police officers and non-uniform employees' pension plans.

Deferred Retirement Option Plan Fund

The Deferred Retirement Option Plan Fund accounts for the assets and liabilities held by the Township in a trustee capacity for policy officers within forty-eight months of retirement. (See Note J).

Custodial Fund

The Custodial Fund accounts for the assets held as an agent for the various developer escrows.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Township considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents.

Investments

Investments are stated at fair value. State statutes authorize the Township to invest in obligations of the United States Treasury, short-term obligations of the United States Government or its agencies or instrumentalities, backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision and insured certificates of deposit.

As of December 31, 2022, only the Township's fiduciary funds held investments.

Interest earnings attributable to the Township's concentration accounts is allocated to the Township's various funds based on the ratio of each participating fund's average balance to the total pooled average balance.

Accounts Receivable

Real estate tax receivables are recognized when levied to the extent that they are available as current assets. Real estate taxes are levied March 1. An elected tax collector bills and collects all real estate taxes and remits them to the Township. Taxes unpaid in the current year are liened January 15 of the succeeding year. Taxes are paid as follows: two percent (2%) discount, March 1 through April 30; face amount May through June 30; and a ten percent (10%) penalty thereafter.

Other fees and assessments include franchise fees, transfer taxes, and streetlight and solid waste collection assessments and are recognized when billed.

Accounts receivable includes all invoices owed by other governments, individuals and private enterprises for services rendered and/or materials supplied. Revenue is recognized when the invoice is prepared.

Short-Term Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" on the Governmental Funds balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory and Prepaid Expenditures/Expenses

Inventories are valued using the average cost method. Inventory in the Golf Course Fund is capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

The inventories on hand in the Golf Course Fund at December 31, 2022, consist of the following:

Pro shop	\$ 69,378
Food and beverage	<u>15,947</u>
	<u>\$ 85,325</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures/expenses in both the government wide and fund financial statements.

Deferred Charges

Deferred charges consist of bond and note deferred losses on early retirement of debt, which are amortized over the life of the new debt.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructures (e.g., roads, bridges, curbs, sidewalks, drainage systems and lighting systems) and construction in progress, are reported in the applicable governmental or business type activities columns in the government wide financial statements. The Township defines capital assets as assets with an initial, individual cost equal to or greater than \$5,000 (amount not rounded) or purchased with debt proceeds and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest and real estate taxes incurred during the construction phase of capital assets of business type activities are included as part of the capitalized value of the assets constructed and associated land.

In the case of road, curb, sidewalk and bike path infrastructure, the Township has elected to use the modified approach and the assets are not depreciated. See page 77 for a more detailed description of the method.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>Years</u>
Infrastructure	20
Land improvements	5-40
Plant and pools	4-40
Building and building improvements	40
Furniture and equipment	5
Vehicles	3-10

Leases

Lessee

In accordance with GASB 87, right to use leased assets are initially measured at an amount equal to the initial term, less lease incentives, and plus ancillary charges necessary to place the leased asset into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease. If the lease has a purchase option which is reasonably certain of being exercised, the leased asset is depreciated over the useful life of the underlying asset as if the lessee owns the underlying asset, using the lessee's depreciation policy, unless non-depreciable.

Lessor

The Township is the lessor for a noncancellable lease for a portion of the Township's property for communications facilities and cellular attachments. The Township recognizes a lease receivable and a deferred inflow of resources in the government-wide and government fund financial statements.

At commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category. The deferred pension outflow is reported in the government-wide statement of net position. The deferred OPEB outflow is reported on the government-wide statement of net position.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time. The Township has four items that qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position. The deferred inflow of resources related to OPEB is reported in the government-wide statement of net position. The deferred inflow of resources related to leases is reported on the Governmental Funds and the government-wide statement of net position.

Compensated Absences, Post-Employment Benefits and Net Pension Liability

The Township accounts for compensated absences by complying with GASB Statement No. 16 Accounting for Compensated Absences. This statement requires a liability be reported for certain compensated absences as the benefits are earned by employees instead of when they are paid. Certain Township employees are entitled to vacation pay based on years of service. The unpaid vacation time incurred as of December 31, 2022 is reported as compensated absences in the government-wide financial statements and accrued expenses in the proprietary fund financial statements. Police officers are entitled to a maximum of sixty days' sick pay upon retirement and the accrued sick time is reported as compensated absences in the government-wide financial statements. In addition, per the terms of the Township's police and public works contract, officers and public works employees are due certain other benefits after retirement. See Note H - Post Retirement Health Benefits.

These post-retirement health benefits include thirty-six months of medical, dental, prescription, and life insurance coverage for eligible retirees and their dependents. The CSA that was enacted effective January 1, 2010 extend the thirty-month window an additional sixty months if an officer elected to retire by December 31, 2010.

During 2015, the Township adopted GASB 68 which is the inclusion of the Net Pension Liability. See Note G - Defined Benefit Pension Plans. During 2018, the Township adopted GASB 75 which is the inclusion of the Total OPEB liability. See Note H - Post Retirement Health Benefits.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

In the government-wide financial statements and Proprietary Fund in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or Proprietary Fund statement of net position. Bond/note premiums and discounts, as well as deferred losses on early retirement of debt, are deferred and amortized over the life of the bonds. Bond/notes payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Funds recognize bond/note premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government wide and Proprietary Funds financial statements. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets, net of related debt excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, granters or laws or regulations of other governments. All other net position amounts are considered unrestricted. The Township applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

The Township follows GASB Statement No. 54, "*Fund Balance Reporting and Government Fund Type Definitions*." This statement provides defined fund balance categories to make the nature and extent of the constraints placed upon a government's fund balance more transparent. Fund balances of the government funds are classified as follows:

Non-Spendable - Amounts that cannot be spent because of their form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions of enabling legislation or because of constraints that are externally imposed by creditors, granters, contributors, or the laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Township Board of Supervisors. The Board of Supervisors is the highest decision-making authority of the Township. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Supervisors.

Assigned - Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the authority. The board has not delegated the authority to assign fund balance.

Unassigned - Amounts available for any purpose.

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.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real Estate Tax Calendar

Property taxes are levied no later than the fourth Monday in March of each year based on assessed values as of the preceding January 1 for all real property located in the Township. Taxpayers are granted discounts if payments are made by April 30 and are subject to penalties if payments are not made by June 30. An elected tax collector monitors, collects and remits property taxes to the Township.

The Township also annually levies a \$10 per capita tax on all residents over the age of eighteen. In addition, a Local Services Tax on all people employed within the township boundaries with annual salaries over \$12,000 are assessed at a \$52 annual charge. Real estate transfer taxes received by the Township are .5% on the transfer of title of real property in the Township.

The tax collector, who is responsible for collecting taxes on behalf of the Township, County and School District, is an elected official. The Township regards the tax collector's office as a separate entity and, therefore, does not account for its activity in the financial statements.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township follows state statute as it relates to custodial credit risk. As of December 31, 2022, the bank balance of all Township funds on deposit with financial institutions, including Fiduciary Funds totaled \$49,955,282, of which, \$790,901 was covered by FDIC and \$49,164,381 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the Township's name	\$ <u>49,164,381</u>
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TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Investments

As of December 31, 2022, the Township had the following investments and maturities in its Pension Trust and Deferred Retirement Option Plan Funds:

Investment Type	Fair Value				Total
	Police Pension Fund	Non-Uniform Pension Fund	Deferred Retirement Option Plan	Deferred Contribution Pension Fund	
Fixed income mutual funds	\$ 4,576,279	\$ 3,178,280	\$ -	\$ -	\$ 7,754,559
Equity mutual funds	8,847,500	5,519,667	-	-	14,367,167
Stable value/cash management funds	-	-	457,340	881,866	1,339,206
	<u>\$ 13,423,779</u>	<u>\$ 8,697,947</u>	<u>\$ 457,340</u>	<u>\$ 881,866</u>	<u>\$ 23,460,932</u>

Investment Type	Investment Maturities			Total
	Less than One Year	One to Five Years	Five to Ten Years	
Fixed income mutual funds	\$ 7,754,559	\$ -	\$ -	\$ 7,754,559
Equity mutual funds	14,367,167	-	-	14,367,167
Stable value/cash management funds	1,339,206	-	-	1,339,206
	<u>\$ 23,460,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,460,932</u>

Interest Rate Risk

As a means of limiting its expose to fair value losses arising from interest rates, the Township's Pension Trust Funds' investment policy limits investments to the following criteria:

Asset Allocation	Minimum	Maximum
Cash	0%	10%
Fixed income	30%	50%
Equities	50%	70%

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Restrictions

Fixed Income

- Average credit quality -AA, maximum of 10% in BBB.
- Minimum issuer credit quality - investment grade.
- Duration range - 80% to 120% of index duration
- No maturity may exceed 30 years.

Equities

- Mutual funds are acceptable vehicles for equity allocation.
- The allocation may include international and small cap funds.

The Township's Pension Trust Funds met these requirements. All other investments of the Township follow state statute as it relates to interest rate risk.

Credit Risk

The Township's Pension Trust Funds' credit risk policy is described under interest rate risk restrictions.

Concentration of Credit Risk

The Township's Pension Trust Funds' concentration of credit risk is described in Note G.

Fair Value Measurement – 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 quotes prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The Township's Pension Trust Fund investments are level 1 investments.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivables are comprised of the following:

	Governmental Type Funds			
	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Real estate taxes	\$ 80,993	\$ 18,947	\$ 24,864	\$ 124,804
Other fees and assessments	502,931	-	389,789	892,720
	\$ 583,924	\$ 18,947	\$ 414,653	\$ 1,017,524
			Proprietary Funds	
			Enterprise Funds	Fiduciary Funds
Golf Course			\$ 11,650	\$ -
Sewer billings			560,554	-
Other			-	7,576
Due from developers			-	71,679
			\$ 572,204	\$ 79,255

Accounts receivable for the sewer billings is reported net of allowance for doubtful accounts of \$499,474. No bad debt expense was recorded for the year ended December 31, 2022.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE D - CAPITAL ASSETS

Changes in capital asset activity for the year ended December 31, 2022, were as follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
GOVERNMENTAL ACTIVITIES				
Capital assets not subject to depreciation				
Land	\$ 23,859,951	\$ -	\$ -	\$ 23,859,951
Infrastructure	50,289,307	-	-	50,289,307
Construction in progress	1,515,880	425,675	-	1,941,555
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>75,665,138</u>	<u>425,675</u>	<u>-</u>	<u>76,090,813</u>
Capital assets subject to depreciation				
Infrastructure	1,424,458	87,630	-	1,512,088
Land improvements	10,249,730	282,565	-	10,532,295
Building and improvements	10,922,320	32,740	-	10,955,060
Vehicles	7,578,156	187,549	-	7,765,705
Right-to-use leased vehicles	87,230	517,052	-	604,282
Furniture and equipment	4,178,669	165,702	-	4,344,371
	<u>34,440,563</u>	<u>1,273,238</u>	<u>-</u>	<u>35,713,801</u>
Accumulated depreciation	<u>(22,070,164)</u>	<u>(1,306,517)</u>	<u>-</u>	<u>(23,376,681)</u>
TOTAL CAPITAL ASSETS SUBJECT TO DEPRECIATION, net	<u>12,370,399</u>	<u>(33,279)</u>	<u>-</u>	<u>12,337,120</u>
TOTAL GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	<u>88,035,537</u>	<u>392,396</u>	<u>-</u>	<u>88,427,933</u>
BUSINESS-TYPE ACTIVITIES				
Capital Assets not being depreciated				
Land	7,814,099	-	(62,547)	7,751,552
Construction in progress	1,137,714	-	(1,100,677)	37,037
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>8,951,813</u>	<u>-</u>	<u>(1,163,224)</u>	<u>7,788,589</u>
Capital assets subject to depreciation				
Land improvements	8,160,524	122,599	-	8,283,123
Sewer infrastructure and pools	49,620,235	277,438	(45,424,475)	4,473,198
Buildings and improvements	3,440,174	58,500	(252,989)	3,245,685
Right-to-use leased golf course equipment	470,284	-	-	470,284
Furniture and equipment	2,504,087	45,253	(1,384,941)	1,164,399
	<u>64,195,304</u>	<u>503,790</u>	<u>(47,062,405)</u>	<u>17,636,689</u>
Accumulated depreciation	<u>(40,270,125)</u>	<u>(808,323)</u>	<u>31,083,551</u>	<u>(9,994,897)</u>
TOTAL CAPITAL ASSETS SUBJECT TO DEPRECIATION, net	<u>23,925,179</u>	<u>(304,533)</u>	<u>(15,978,854)</u>	<u>7,641,792</u>
TOTAL BUSINESS-TYPE ACTIVITY CAPITAL ASSETS, net	<u>32,876,992</u>	<u>(304,533)</u>	<u>(17,142,078)</u>	<u>15,430,381</u>
TOTAL CAPITAL ASSETS, net	<u>\$ 120,912,529</u>	<u>\$ 87,863</u>	<u>\$ (17,142,078)</u>	<u>\$ 103,858,314</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE D - CAPITAL ASSETS (Continued)

Depreciation/amortization expense was charged to governmental functions and business-type functions as follows:

GOVERNMENTAL	
General government	\$ 233,064
Public safety	689,427
Public works	239,633
Parks and recreations	<u>144,393</u>
	\$ <u>1,306,517</u>
BUSINESS - TYPE	
Sewer Fund	\$ 217,230
Golf Course Fund	466,436
Pool Fund	<u>124,657</u>
	\$ <u>808,323</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - LONG-TERM LIABILITIES

The following is a summary of long-term activity of the Township for the year ended December 31, 2022:

	Principal Outstanding January 1, 2022	Additions	Deletions/ Maturities	Principal Outstanding December 31, 2022	Due Within One year
GOVERNMENTAL ACTIVITIES					
General obligation bonds					
Series B of 2013	\$ 803,616	\$ -	\$ (803,616)	\$ -	\$ -
Series of 2016	5,852,400	-	(317,650)	5,534,750	330,500
Series of 2018	1,120,000	-	(135,000)	985,000	145,000
Notes payable					
Bucks County	49,181	-	(49,181)	-	-
Series of 2022	-	1,650,000	(266,673)	1,383,327	543,216
Equipment loans	395,084	-	(169,893)	225,191	160,663
Deferred amounts					
Bond premiums	451,664	-	(41,248)	410,416	41,248
TOTAL BONDS, LOANS AND NOTES	8,671,945	1,650,000	(1,783,261)	8,538,684	1,220,627
Leases	41,105	517,052	(107,024)	451,133	124,473
Other post-employment benefits	6,388,669	-	(676,727)	5,711,942	-
Compensated absences	1,567,054	-	141,024	1,708,078	-
Net pension liability	4,022,663	7,083,805	-	11,106,468	-
TOTAL GOVERNMENTAL ACTIVITIES	20,691,436	9,250,857	(2,425,988)	27,516,305	1,345,100
BUSINESS-TYPE ACTIVITIES					
General obligation bonds					
Series A of 2013	1,885,000	-	(1,540,000)	345,000	170,000
Series B of 2013	1,988,918	-	(1,988,918)	-	-
Series of 2016	11,277,600	-	(11,277,600)	-	-
Series of 2018	7,955,000	-	(7,955,000)	-	-
Deferred amounts					
Bond premiums	1,250,949	-	(1,250,949)	-	-
TOTAL BONDS, LOANS AND NOTES	24,357,467	-	(24,012,467)	345,000	170,000
Leases	434,594	-	(138,526)	296,068	141,171
Compensated absences	18,799	-	(11,290)	7,509	-
Net pension liability	81,689	-	(81,689)	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	24,892,549	-	(24,243,972)	648,577	311,171
TOTAL LONG-TERM LIABILITIES	\$ 45,583,985	\$ 9,250,857	\$ (26,669,960)	\$ 28,164,882	\$ 1,656,271

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - LONG-TERM LIABILITIES (Continued)

The following is a summary of long-term activity of the Township for the year ended December 31, 2022:

Funds to repay outstanding bonds and notes will be provided from future taxes, other general revenues and charges for services.

General Obligation Note, Series 1 of 2022

Note payable for the purpose of reconstruction and improvement of various roads. Principal and interest are due quarterly at a rate of 2.45% through April 2025.

\$ 1,383,327

General Obligation Bonds, Series A of 2013

Issued in 2013 for the purpose of funding the litigation settlement payment and establishing a golf course construction fund. The bond proceeds will be payable annually beginning in December 2014, interest will be payable semi-annually beginning December 2013, at fixed intervals, ranging from 2.0% to 3.5%, with maturity scheduled for December 2024.

345,000

General Obligation Bonds, Series of 2016

Issued in 2016 for the purpose of refunding the townships 2011 general obligation bonds and the remaining proceeds to be used for future capital projects. The bond proceeds will be payable annually-beginning March 2017 at fixed intervals ranging from 2.00% to 5.00% with maturity scheduled for March 2036.

5,534,750

SUBTOTAL FORWARD

\$ 7,263,077

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - LONG-TERM LIABILITIES (Continued)

SUBTOTAL FORWARDED \$ 7,263,077

General Obligation Bonds, Series of 2018

Issued in 2018 for the purpose of refunding the townships 2002 general obligation bonds and 2004 general obligation bonds and the remaining proceeds to be used for the payment of related expenses to replace notes with bonds as permitted by the Debt Act. The bond proceeds will be payable annually beginning December 2018 at fixed intervals, ranging from 1.65% to 3.150% with a maturity scheduled for June 2033.

985,000

Equipment Loans

Various equipment loans payable through April 2024. Loans will be payable at fixed intervals, with interest ranging from 1.85% to 2.70%.

225,191

\$ 8,473,268

Debt Service Requirements

A summary of long-term debt service requirements to maturity, including principal and interest are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2023	\$ 1,349,379	\$ 257,040	\$ 1,606,419
2024	1,289,125	214,147	1,503,272
2025	801,914	171,441	973,355
2026	541,600	142,333	683,933
2027	566,300	120,260	686,560
2028-2032	2,212,500	393,996	2,606,496
2033-2036	<u>1,712,450</u>	<u>107,981</u>	<u>1,820,431</u>
	<u>\$ 8,473,268</u>	<u>\$ 1,407,198</u>	<u>\$ 9,880,466</u>

The Township is subject to the Local Governmental Unit Debt Act of the Commonwealth of Pennsylvania, which limits the amount of net bonded debt the Township may have outstanding as of any point of time. The Township's bonded indebtedness as of the statement of net assets date is not in excess of statutory limits.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - LONG-TERM LIABILITIES (Continued)

The various bond indentures contain limitations and restrictions on annual debt service requirements and maintenance of flow of monies through various sinking funds. Management believes the Township is in compliance with all such significant financial limitations and restrictions.

NOTE F - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund transfers are summarized as follows for the year-ended December 31, 2022:

	Operating Transfers In	Operating Transfers Out
	<u> </u>	<u> </u>
General Fund	\$ 4,418,588	\$ 922,608
Capital Reserve Fund	1,752,640	-
Debt Service Fund	1,539,449	361,741
Special Project Fund	377,500	-
American Rescue Plan Fund	-	2,243,341
Sewer Sale Proceeds Fund	41,336,324	17,511,516
Other Governmental Funds	268,000	231,571
Enterprise Funds		
Sewer Fund	180,791	41,528,205
Community Pool Fund	200,367	-
Golf Course Fund	<u>14,692,466</u>	<u>1,967,143</u>
	<u>\$ 64,766,125</u>	<u>\$ 64,766,125</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE F - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)

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) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 386,627	\$ -
Other Governmental Funds	-	254,731
Golf Course Fund	-	131,896
	<u>\$ 386,627</u>	<u>\$ 386,627</u>

The purpose of the General Fund interfund receivable is to provide cash for operations on Other Governmental Funds and the Golf Course Fund.

NOTE G - DEFINED BENEFIT PENSION PLANS

Description of Plans

The Township of Lower Makefield sponsors a single employer defined benefit pension plan for both police officers and non-uniformed employees of the Township. These plans are included in the Pension Trust Fund of the Township and are controlled by various ordinances adopted pursuant to Pennsylvania Act 205.

At December 31, 2022, plan membership consisted of the following:

	<u>Police Pension Plan</u>	<u>Non-Uniform Pension Plan</u>
Active employees	40	14
Retirees and beneficiaries currently receiving benefits	26	40
Terminated employees entitled to benefits but not yet receiving them	1	9
Total Membership	<u>67</u>	<u>63</u>

Police Pension Plan

The Township sponsors a Public Employee Retirement System (PERS) to provide retirement and disability benefits as well as the return of members' contributions in the event of death. For the year ended December 31, 2022, the plan's assets were managed by RBC Wealth Management.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Benefits Provided

The following table provides information concerning the Township's Police Pension Plan:

Covered Employees:	All full-time uniformed employees.
Normal Retirement Date:	Age 53 and the completion of 25 years of service for all participants.
Disability Retirement Date:	The first day of the month following the date on which the member incurs a total and permanent service-related disability. The Township Supervisors shall determine if a member is eligible to receive a disability benefit under the Plan after securing the opinion of one or more practicing physicians licensed to practice medicine.
Drop Retirement Date:	The first day of the month following eligibility for a normal retirement date.
Vesting:	None for the first 12 years of service; thereafter, 100%.
Retirement Benefit:	The monthly pension shall be 50% of the average compensation of the participant's last 36 months of employment, plus a service increment of \$100 per month, if officer completes 25 years or more of benefit service. The monthly benefit attributable to the contractually limited service increment shall not exceed \$500 per month. The normal retirement benefit is payable monthly during the lifetime of the retired officer.
Death Benefit:	<p>Pre-Retirement - Upon the death of a member, the beneficiary shall receive a lump sum death benefit equal to a refund of the member's contributions plus interest earned at the rate of five percent (5%) per annum.</p> <p>Post-Retirement Survivors Benefit - The widow of a member who has attained eligibility for retirement, or a member who retired on pension, shall receive during the spouse's lifetime, seventy-five percent (75%) of the pension the member was receiving or would have been receiving had he been retired at the time of his death.</p> <p>If no such widow survives, or if the spouse survives and subsequently dies or remarries, then the children under the age of eighteen (18) [or are attending college and have not yet attained age twenty-three (23)], shall be entitled to the same benefit described above.</p>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Disability Benefit Service

Related:

A disability pension shall be provided to an officer with a total and permanent service-related disability equal to 50% of the officer's average monthly salary at the time of disability, reduced by Social Security disability benefits provided for the same illness or injury.

Deferred Retirement Option Program (DROP) (See Note J)

As of December 31, 2022, one Police Pension Plan member is participating in the DROP and is considered retired for pension purposes. The DROP is in accordance with pre Act 44. Therefore, assets and liabilities associated with the DROP accounts are not included for purposes of GASB 68.

Non-Uniform Pension Plan

The Township sponsors a Public Employee Retirement System (PERS) to provide retirement benefits as well as death and disability benefits. For the year ended December 31, 2022, the plan's assets were managed by RBC Wealth Management.

The following table provides information concerning the Township's Non-Uniform Employees' Pension Plan:

Covered Employees:	All full-time non-uniformed employees. Participation is frozen effective January 1, 2012.
Normal Retirement Date:	The later of the first day of the month following the attainment of age sixty-five (65) or the fifth (5th) anniversary of his date of employment.
Early Retirement Date:	The first day of the month following the latter of the attainment of age fifty-five (55) or the completion of five (5) years of service.
Vesting:	None for the first five years of service; thereafter 100%.
Normal Retirement Benefit:	2.0% of the Average Monthly Compensation of a member multiplied by years of benefit service not exceeding thirty (30) years of service. The minimum monthly benefit shall not be less than \$200.00 provided the participant works until the Normal Retirement Date.
Early Retirement Benefit:	The accrued Normal Retirement Benefit actuarially reduced by five-tenths percent (.5%) for each month that a member's Early Retirement Date precedes the Normal Retirement Date.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the amounts necessary to fund the plans. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Summary of Significant Accounting Policies

Basis of Accounting

Pension plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed.

Method Used to Value Investments

Investments are reported at fair value. Market related value of assets is used to determine the indicated contribution.

Financial Reporting

A separate financial statement is not issued on the pension plans.

Contributions

Act 205 requires that annual contributions to the plans be based upon the plan's minimum municipal obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. In accordance with the plan's governing document, all employees are required to contribute 3% of compensation to the plan. The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Plan Expenses

Plan expenses are paid from plan assets.

Investments

Investment Policy

The police and non-uniform pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. The investment policy of the plan is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among various investments in domestic equity securities, international equity securities; domestic fixed instruments and other asset classes as may be deemed prudent.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

The plan's investment policy establishes that the portfolio may be invested in the following asset classes with the following target asset allocation:

Police Pension Plan		Non-Uniform Pension Plan	
Asset Class	Target	Asset Class	Target
Domestic equity large cap	47%	Domestic equity large cap	42%
Domestic equity small cap	4%	Domestic equity small cap	5%
International equity	14%	International equity	15%
Fixed income	34%	Fixed income	36%
Cash	1%	Cash	2%

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -16.71% for the Police Pension Plan and -16.94% for the Non-Uniform Pension Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer. The Township does not currently invest more than 5% of its assets in any one of its equities, corporate or international bond issuers.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability

The components of the net pension liabilities of the Township at December 31, 2022, were as follows:

	<u>Non-Uniform</u>	<u>Police</u>	<u>Total</u>
Total pension liability	\$ 11,713,709	\$ 21,852,089	\$ 33,565,798
Plan fiduciary net position	<u>8,838,165</u>	<u>13,621,165</u>	<u>22,459,330</u>
NET PENSION LIABILITY	<u>\$ 2,875,544</u>	<u>\$ 8,230,924</u>	<u>\$ 11,106,468</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>75.5%</u>	<u>62.3%</u>	<u>66.9%</u>

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biannually. The total pension liability was determined as part of an actuarial valuation at January 1, 2021. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2022. This report was based upon the plan's actuarial assumptions, asset valuation method, and cost method described below:

Police Pension Plan

1. Liabilities - All plan benefits are valued using the entry age normal cost valuation method.
2. Economic Assumptions
 - a. Investment Return - 8.0% per annum, net of investment expenses.
 - b. Salary Increases - 5.0% compounded annually.
3. Demographic Assumptions
 - a. Mortality
 - Mortality: PUBS-2010 Mortality projected 5 years past the valuation date using Scale MP-2020.
 - b. Retirement Age - Normal retirement age, or age on valuation date if greater.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

- c. Marital Status - 80% of active members are assumed to be married. Female spouse is assumed to be 3 years younger than male spouse.
- d. Form of Annuity - Joint & 75% survivor.

Non-Uniformed Pension Plan

- 1. Liabilities - All plan benefits are valued using the entry age normal cost valuation method.
- 2. Economic Assumptions
 - a. Investment Return - 8.0% per annum, net of investment expenses.
 - b. Salary Increases - 5.0% compounded annually.
- 3. Demographic Assumptions
 - a. Mortality - PUBG-2010 Mortality projected 5 years past the valuation date using the Scale MP-2020.
 - b. Termination - T-1 table of the pension Actuary's Handbook.
 - c. Disability - None assumed.
 - d. Retirement Age - Normal retirement age, or age on valuation date if greater.
 - e. Form of Annuity - Single life annuity.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Police and Non-Uniformed Pension Plan

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.45%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity large cap	5.37%
Domestic equity mid cap	6.53%
Domestic equity small cap	6.53%
International equity	6.22%
Fixed income	2.09%
Real estate	4.87%
Cash	-0.45%

Changes in the Net Pension Liability

Changes in the Police Defined Benefit Pension Plan net pension liability recognized over the measurement period are as follows:

	<u>Increase/(Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
BALANCES AT DECEMBER 31, 2021	\$ 19,621,811	\$ 15,995,173	\$ 3,626,638
Changes for the year			
Service cost	519,909	-	519,909
Interest	1,649,850	-	1,649,850
Changes in benefit terms	902,284	-	902,284
Contributions - employer	-	483,943	(483,943)
Contributions - state aid	-	569,850	(569,850)
Contributions - member	-	114,934	(114,934)
Net investment income	-	(2,700,170)	2,700,170
Benefit payments	(841,765)	(841,765)	-
Administrative expense	-	(800)	800
NET CHANGES	<u>2,230,278</u>	<u>(2,374,008)</u>	<u>4,604,286</u>
BALANCE AT DECEMBER 31, 2022	<u>\$ 21,852,089</u>	<u>\$ 13,621,165</u>	<u>\$ 8,230,924</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Changes in the Non-Uniformed Defined Benefit Plan net pension liability recognized over the measurement period are as follows:

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
BALANCES AT DECEMBER 31, 2021	\$ 11,351,726	\$ 10,874,012	\$ 477,714
Changes for the year			
Service cost	118,876	-	118,876
Interest	891,704	-	891,704
Contributions - employer	-	411,075	(411,075)
Contributions - member	-	26,669	(26,669)
Net investment income	-	(1,823,594)	1,823,594
Benefit payments	(648,597)	(648,597)	-
Administrative expense	-	(1,400)	1,400
NET CHANGES	<u>361,983</u>	<u>(2,035,847)</u>	<u>2,397,830</u>
BALANCE AT DECEMBER 31, 2022	\$ <u>11,713,709</u>	\$ <u>8,838,165</u>	\$ <u>2,875,544</u>

Discount Rate

The discount rate used to measure the total pension liability is 8.00%. The projections of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, the Township recognized pension expense of \$2,373,249 (Police) and \$507,745 (Non-Uniformed). At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Deferred Outflows of Resources	Non-Uniformed Deferred Outflows of Resources	Total
Changes in assumptions	\$ 645,852	\$ 43,021	\$ 688,873
Net difference between projected and actual earnings on pension plan investments	<u>2,125,958</u>	<u>1,389,659</u>	<u>3,515,617</u>
	<u>\$ 2,771,810</u>	<u>\$ 1,432,680</u>	<u>\$ 4,204,490</u>
	Police Deferred Inflows of Resources	Non-Uniformed Deferred Inflows of Resources	Total
Differences between expected and actual experience	<u>\$ 232,969</u>	<u>\$ 44,483</u>	<u>\$ 277,452</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Police</u>	<u>Non-Uniform</u>	<u>Total</u>
2023	303,026	132,676	435,702
2024	534,755	307,517	842,272
2025	682,806	412,645	1,095,451
2026	845,982	535,359	1,381,341
2027	61,218	-	61,218
Thereafter	<u>111,054</u>	<u>-</u>	<u>111,054</u>
	<u>\$ 2,538,841</u>	<u>\$ 1,388,197</u>	<u>\$ 3,927,038</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liabilities of the Township, calculated using the discount rate of 8.0%, as well as what the Township's net pension liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease <u>7.00%</u>	Discount Rate <u>8.00%</u>	1% Increase <u>9.00%</u>
Net pension liability - Police	\$ <u>10,796,635</u>	\$ <u>8,230,924</u>	\$ <u>6,072,635</u>
Net pension liability - Non-Uniform	\$ <u>3,941,078</u>	\$ <u>2,875,544</u>	\$ <u>1,945,181</u>

NOTE H - POST RETIREMENT HEALTH BENEFITS

Plan Description

The Township provides health benefits to eligible employees and retirees through three separate single-employer defined benefit plans for benefits other than pension. The retiree group health plan provides the first thirty months of benefits for eligible retirees and their dependents. Benefit coverage includes medical, dental, prescription, and life insurance.

Plan Membership – At January 1, 2022, plan membership consisted of the following:

	<u>Administrative</u>	<u>Public Works</u>	<u>Police</u>
Inactive plan members, or beneficiaries currently receiving benefits	16	1	6
Active plan members	<u>19</u>	<u>19</u>	<u>40</u>
Total	<u>35</u>	<u>20</u>	<u>46</u>

Investments

The Township does not have a GASB qualified trust, and therefore, there are no investments.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - POST RETIREMENT HEALTH BENEFITS (Continued)

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation at January 1, 2022 with update procedures used to roll forward the plan's fiscal plan year ending December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Administrative Plan

1. Actuarial Methods
 - a. Liabilities - All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.
2. Economic Assumptions
 - a. Investment return - There are no invested assets.
 - b. Salary increases - 5% compounded annually.
 - c. Discount rate - 4.31%. The discount rate is based on the S&P 20 year AA municipal bond rate.
3. Demographic Assumptions
 - a. Mortality - 2010 Public General Amount Based Mortality Tables for Male and Female Employees projected to 2027 using Scale MP-2021.
 - b. Termination - T-1 Table of Pension Actuary's Handbook.
 - c. Disability - None assumed.
 - d. Retirement is assumed to occur at a minimum of age 65 with 5 years of service.

Public Works Plan

1. Actuarial Methods
 - a. Liabilities - All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.
2. Economic Assumptions
 - a. Investment return - There are no invested assets.
 - b. Salary increases - 5% compounded annually.
 - c. Discount rate - 4.31%. The discount rate is based on the S&P 20 year AA municipal bond rate.
3. Healthcare Cost Trend Rate
 - a. Non-Medicare Medical and Rx costs are assumed to increase by 7.00% during 2023, reduced by 0.25% per year thereafter to an ultimate level of 4% per year.
 - b. Medicare Medical and Rx costs are assumed to increase by 5% per year.
 - c. HRA costs are assumed to increase by 2.5% per year for 40 years.
 - d. Dental costs are assumed to increase by 3% per year.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - POST RETIREMENT HEALTH BENEFITS (Continued)

4. Demographic Assumptions
 - a. Mortality - 2010 Public General Amount Based Mortality Tables for Male and Female Employees projected to 2027 using Scale MP-2021.
 - b. Termination - T-1 Table of Pension Actuary's Handbook.
 - c. Disability - None assumed.
 - d. Retirement is assumed to occur at a minimum of age 65 with 5 years of service.
 - e. Participation - 100% of retirees, spouses and eligible dependents who are eligible to participate are assumed to do so. No retirees are assumed to participate in Township coverage beyond the Township-paid period.
 - f. 80% of all future retirees are assumed to have a spouse participating in coverage. Female spouses are assumed to be 3 years younger than male spouses.

Police Plan

1. Actuarial Methods
 - a. Liabilities - All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.
2. Economic Assumptions
 - a. Investment return - There are no invested assets.
 - b. Salary increases - 5% compounded annually.
 - c. Discount rate - 4.31.%. The discount rate is based on the S&P 20 year AA municipal bond rate.
3. Healthcare Cost Trend Rate
 - a. Non-Medicare Medical and Rx costs are assumed to increase by 7.00% during 2023, reduced by 0.25% per year thereafter to an ultimate level of 4% per year.
 - b. Medicare Medical and Rx costs are assumed to increase by 5% per year.
 - c. HRA costs are assumed to increase by 2.5% per year for 40 years.
 - d. Dental costs are assumed to increase by 3% per year.
4. Demographic Assumptions
 - a. Mortality - 2010 Public Safety Amount Based Mortality Tables for Male and Female Employees projected to 2027 using Scale MP-2021.
 - b. Termination - T-1 Table of Pension Actuary's Handbook.
 - c. Disability - 100% of the United Auto Workers Table.
 - d. Retirement is assumed to occur at a minimum of age 55 with 25 years of service.
 - e. Participation - 100% of retirees, spouses and eligible dependents who are eligible to participate are assumed to do so. No retirees are assumed to participate in Township coverage beyond the Township paid period.
 - f. 80% of all future retirees are assumed to have a spouse participating in coverage. Female spouses are assumed to be 3 years younger than male spouses.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - POST RETIREMENT HEALTH BENEFITS (Continued)

Changes in Assumptions: For the Administrative Plan, Public Works Plan and Police Plan, the discount rate changed from 2.25% for the reporting period ended December 31, 2021, to 4.31% for the reporting period ended December 31, 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Administrative Plan	
BALANCES AT JANUARY 1, 2022	\$ 287,864
Changes for the year	
Service cost	7,609
Interest cost	6,962
Differences between expected and actual experience	20,201
Changes in assumptions	(77,349)
Benefit payments	(12,551)
NET CHANGES	<u>(55,128)</u>
BALANCES AT DECEMBER 31, 2022	<u>\$ 232,736</u>
Public Works Plan	
BALANCES AT JANUARY 1, 2022	\$ 1,027,591
Changes for the year	
Service cost	60,349
Interest cost	20,796
Differences between expected and actual experience	(147,171)
Changes in assumptions	(219,062)
Benefit payments	(33,199)
NET CHANGES	<u>(318,287)</u>
BALANCES AT DECEMBER 31, 2022	<u>\$ 709,304</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - POST RETIREMENT HEALTH BENEFITS (Continued)

Police Plan	<u>Total OPEB Liability</u>
BALANCES AT JANUARY 1, 2022	\$ <u>5,073,214</u>
Changes for the year	
Service cost	337,999
Interest cost	114,631
Differences between expected and actual experience	(224,552)
Changes in assumptions	(346,486)
Benefit payments	<u>(184,904)</u>
NET CHANGES	<u>(303,312)</u>
 BALANCES AT DECEMBER 31, 2022	 \$ <u><u>4,769,902</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Township, calculated using the discount rate of 4.31% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (3.31%) or 1 percent higher (5.31%) than the current rate:

	<u>1% Decrease 3.31%</u>	<u>Current Discount Rate 4.31%</u>	<u>1% Increase 5.31%</u>
Administrative Plan	\$ 264,552	\$ 232,736	\$ 206,577
Public Works Plan	756,102	709,304	666,533
Police Plan	<u>5,137,534</u>	<u>4,769,902</u>	<u>4,427,946</u>
 Total Net OPEB liability	 \$ <u><u>6,158,188</u></u>	 \$ <u><u>5,711,942</u></u>	 \$ <u><u>5,301,056</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following is a sensitivity analysis of the net OPEB liability to changes in the healthcare trend rate. The table below presents the total OPEB liability calculated using the current trend rate as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percent higher and 1 percent lower than expected:

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Administrative Plan	\$ 232,736	\$ 232,736	\$ 232,736
Public Works Plan	659,388	709,304	766,747
Police Plan	<u>4,262,608</u>	<u>4,769,902</u>	<u>5,364,342</u>
 Total Net OPEB liability	 \$ <u><u>5,154,732</u></u>	 \$ <u><u>5,711,942</u></u>	 \$ <u><u>6,363,825</u></u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - POST RETIREMENT HEALTH BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2022, the Township recognized OPEB expense of \$14,457 (Administrative Plan), \$59,738 (Public Works Plan), and \$449,875 (Police Plan). At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Administrative Deferred Outflows of Resources	Public Works Deferred Outflows of Resources	Police Deferred Outflows of Resources	Total
Differences between expected and actual experience	\$ 27,057	\$ -	\$ -	\$ 27,057
Changes in assumptions	<u>29,432</u>	<u>63,114</u>	<u>390,921</u>	<u>483,467</u>
	<u>\$ 56,489</u>	<u>\$ 63,114</u>	<u>\$ 390,921</u>	<u>\$ 510,524</u>

	Deferred Inflows of Resources	Deferred Inflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience	\$ -	\$ 147,356	\$ 223,330	\$ 370,686
Changes in assumptions	<u>78,460</u>	<u>218,633</u>	<u>418,437</u>	<u>715,530</u>
	<u>\$ 78,460</u>	<u>\$ 365,989</u>	<u>\$ 641,767</u>	<u>\$ 1,086,216</u>

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

Year Ending December 31,	Deferred Outflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources	Total
2023	\$ (114)	\$ (21,407)	\$ (2,755)	\$ (24,276)
2024	(114)	(21,407)	(2,755)	(24,276)
2025	(114)	(21,407)	(2,755)	(24,276)
2026	(114)	(21,407)	(2,755)	(24,276)
2027	(1,001)	(21,407)	(2,755)	(25,163)
Thereafter	<u>(20,514)</u>	<u>(195,840)</u>	<u>(237,071)</u>	<u>(453,425)</u>
Total	<u>\$ (21,971)</u>	<u>\$ (302,875)</u>	<u>\$ (250,846)</u>	<u>\$ (575,692)</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions are invested with an outside trustee, ICMA Retirement Corporation.

On August 21, 2000, the Board of Supervisors passed a resolution to comply with GASB Statements No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, reestablishing the ICMA Retirement Corporation Deferred Compensation Plan and Trust. The resolution directs that the assets of the plan shall be held in trust, with the Township serving as Trustee, for the exclusive benefit of plan participants and their beneficiaries, and the assets shall not be diverted to any other purpose. The assets have been removed from the Township's financial statements.

NOTE J - DEFERRED RETIREMENT OPTION PLAN

The Township sponsors a Deferred Retirement Option Plan (DROP) for members of the police department who have not retired prior to the implementation date (May 2005) of the DROP. Employees may enter into the DROP on the first day of any month following completion of twenty-five years of credited service and attaining the age of fifty-five. When electing to participate in the DROP, the employee must resign from employment no less than twelve months and no more than forty-eight months from the execution of the DROP option. An employee may elect in writing to terminate participation in the DROP any time up to six months before the previously selected resignation date. Once termination is elected, the employee is barred from any future participation in the program.

After the effective date of the DROP option, the employee shall no longer earn or accrue additional years of continuous service for pension purposes. Earnings or increases in earnings thereafter shall not be recognized or used for the calculation or determination of any benefits payable by the Police Pension Fund. The monthly retirement benefits that would have been payable had the employee elected to cease employment and receive a normal retirement benefit shall, upon the employee commencing participation in the DROP, be paid into the separate account established to receive that participant's monthly pension payments. All other contractual benefits shall continue to accrue, with the exception of those provisions relating to the Police Pension Plan.

Upon the termination date set forth in the employee's DROP option notice or such date as the Township separates the employee from employment, the retirement benefits payable to the employee or employee's beneficiary, if applicable, shall be paid to the employee or beneficiary and shall no longer be paid to the employee's DROP account. Within thirty days following termination of an employee's employment, the balance in the employee's DROP account shall be paid to the employee in a single lump-sum payment or, at the employee's option, in any fashion permitted by law.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - DEFERRED RETIREMENT OPTION PLAN (Continued)

The Township has entered into an administrative service agreement with The International City Management Association Retirement Corporation (RC). RC acts as investment adviser to the Vantage Trust (the Trust). The Trust is a common law trust governed by an elected Board of Trustees for the commingled investment of retirement funds held by state and local government units for their employees. The Township has adopted the Declaration of Trust of the Trust and agrees to the commingled investments of assets of the DROP within the Trust. Cost of management of the DROP shall be paid directly from the Police Pension Fund and not by the Township.

Any amendments to the DROP Ordinance shall be consistent with the provisions covering deferred retirement option plans set forth in the collective bargaining agreement and shall be binding upon all future DROP participants and existing participants.

No DROP payment shall be made unless and until the Pennsylvania Legislature authorizes the adoption of the DROP program for police officers employed by a Township of the Second Class or a final judicial determination issues from the Pennsylvania Appellate Court that such DROP benefits is lawful for police officers employed by a Township of the Second Class. In the event that either of these two situations occurs, the DROP will be modified only to the extent necessary to become compliant with the maximum then allowed by law for DROP programs. If neither of these occurs by the DROP date, the participant shall receive his full pension benefits as set forth in the Police Pension Ordinance as if no such DROP election were made.

NOTE K - TRANSACTIONS WITH DEVELOPERS

In connection with the development agreements for the construction of residential housing within the Township, the Township receives contributions from developers to finance various infrastructure and related costs and to fund legal, engineering and other costs of administering regulatory responsibilities concerning development of real estate.

The Township also receives developer deposits applicable to plan review and development billing activities. In such instances, the Township is required to hold such deposits in escrow and refund amounts not ultimately required to fund anticipated administrative costs. Potentially refundable deposits are accounted for in Custodial Funds, which reflects a net position balance of \$658,508 as of December 31, 2022.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE L - LEASES, COMMITMENTS AND CONTINGENT LIABILITIES

Lessor - Governmental Activities

In June 2018, the Township entered into a thirty-five year communication easement agreement with a Company over real property currently leased by the Company from the Township. A one-time payment in the sum of \$2,020,000 was made to the Township in advance to execute the agreement for the thirty-five year term. Upon payment, rent for the balance of the thirty-five year period was satisfied. The advance payment to the Township will be recognized as lease revenue over the term of the lease. As of December 31, 2022, \$1,724,040 has yet to be recognized into revenue. This amount is included in deferred inflows of resources from leases on the General Fund Balance Sheet. The Township recognized \$57,564 in lease revenue from this agreement in the year ended December 31, 2022.

Lessee - Governmental Activities

The Township leases various vehicles through separate agreements into 2027. The value of the right-to-use assets as of December 31, 2022 was \$604,282 and had accumulated amortization of \$141,210. The future principal and interest lease payments as of December 31, 2022, were as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 124,473	\$ 25,059	\$ 149,532
2024	124,907	19,256	144,163
2025	85,842	13,418	99,260
2026	76,803	7,053	83,856
2027	39,108	961	40,069
	<u>\$ 451,133</u>	<u>\$ 65,747</u>	<u>\$ 516,880</u>

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE L - LEASES, COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Lessee - Business-Type Activities

The Township leases various equipment to be used at the Makefield Highlands Golf Club as needed. The leases extend into 2025. The value of the right-to-use assets as of December 31, 2022, was \$470,284 and had accumulated amortization of \$147,341. The future principal and interest lease payments as of December 31, 2022, were as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 141,171	\$ 10,622	\$ 151,793
2024	81,011	5,859	86,870
2025	<u>73,886</u>	<u>2,613</u>	<u>76,499</u>
	<u>\$ 296,068</u>	<u>\$ 19,094</u>	<u>\$ 315,162</u>

Management Agreement

The Township has a management agreement with Highland Golf Management Company, LLC and Spirit Golf, LLC to manage the day-to-day operations of the Makefield Highlands Golf Club. The agreement runs through December 31, 2025 and calls for monthly management fee payments of approximately \$8,357 per month.

The future minimum management fee payments are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 100,279
2024	100,279
2025	<u>100,279</u>
	<u>\$ 300,837</u>

Self-Insured Unemployment Compensation

The Township is self-insured for unemployment compensation coverage. During 2022, the Township made no payments for claims.

Litigation

The Township is party to legal proceedings. Other than the matter disclosed as a subsequent event in Note P, the Township is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the Township.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE M - RISK MANAGEMENT

The Township is exposed to various risk of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township participates in a public entity risk pool (Delaware Valley Insurance Trust (OVIT)) operated as a common risk management and insurance program for municipalities. The Trust retains the first \$250,000 of each general liability, police professional liability and automobile liability loss. OVIT assumes the first \$100,000 of each first party property loss public official liability claim. Reinsurance coverage is through commercial companies. The Trust also serves a group purchaser of boiler and machinery and crime and public official policies for its members.

The calculation of premium contributions, loss assessments and any redistribution or surplus is predicated on each participant's individual loss history. An experience modification factor is applied to annual membership contributions.

The Township continues to carry commercial insurance for all other risk of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from all risks have not exceeded commercial and OVIT insurance coverage in any of the past three years.

NOTE N - SALE OF SEWER SYSTEM

On September 17, 2020, the Township entered into an Asset Purchase Agreement with Aqua Pennsylvania Wastewater, Inc. for the purchase of the sanitary wastewater collection and treatment system ("the System"). The purchase price for the system was \$53,000,000. The sale of the System closed in March 2022. The proceeds from the sale paid off the sewer fund debt at closing. After closing, excess proceeds were used to payoff the remaining balances of the golf course fund debt.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE O - PRIOR PERIOD RESTATEMENT

The Township implemented GASB Statement No. 87, *Leases*, effective January 1, 2022. The objective of GASB 87 is to better meet the information needs of the financial statement user by improving accounting and financial reporting for leases by governments.

GASB 87 requires recognition of lease assets and liabilities using the foundational principle that leases are financings of the right to use an underlying asset. GASB 87 supersedes GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements in which the Township's original contracts were previously recognized as capital leases. As part of the implementation of GASB 87, these contracts were reassessed. It was determined that 2 of the contracts previously recognized under GASB 62 be recognized as GASB 87 Lease Liabilities and 3 of the contracts be recognized as equipment loans payable. For the government-wide governmental activities, the Township has treated the beginning of the year lease assets and liabilities as having been recognized in the period incurred. As part of the implementation, the Township has adjusted the beginning balance of lease liabilities from \$0 to \$41,105. The corresponding right to use leased asset was previously recognized as capital assets. The Township has adjusted the beginning balance of capital leases payable from \$436,189 to \$0 and equipment loans from \$0 to \$395,084.

For the business-type activities, the Township has treated the beginning of the year lease assets and liabilities as having been recognized in the period incurred. As part of the implementation, the Township has adjusted the beginning balance of right-to-use leased assets from \$0 to \$470,284 and the beginning balance of lease liabilities from \$0 to \$434,594. One of the corresponding right-to-use leased assets was previously recognized in capital assets and capital leases. The Township has adjusted the beginning balance of furniture and equipment from \$2,590,821 to \$2,504,087 and the beginning balance of capital leases from \$51,044 to \$0.

In addition, GASB 87 requires recognition of lease receivables and deferred inflows of resources using the foundational principle that leases are financings of the right to use an underlying asset. The Township has treated the beginning of the year lease receivables and deferred inflows of resources as having been recognized in the period incurred. As part of the implementation, the Township has adjusted the beginning balance of general fund unearned revenue from \$1,883,138 to \$101,534, and the beginning balance of deferred inflows from leases from \$0 to \$1,781,604.

NOTE P - SUBSEQUENT EVENTS

Trust

In 2023, the Township established a trust for the purpose of investing sewer sale proceeds and any additional contributions made to the trust. In 2023, the Township has contributed \$21,000,000 to the trust. For each calendar year that begins on or after January 1, 2025, the Township can instruct the trustee to make cash distributions to the Township equal to 5% of the average aggregate fair market values of the trust assets at the end of the immediately preceding three calendar years.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE P - SUBSEQUENT EVENTS (Continued)

Upon Instruction by the Township, at any time and from time to time after January 1, 2025, the Township may direct the Trustee in writing to distribute all or any part of the Trust Assets to the Township, but only if (i) at least four (4) members of the Board have approved such withdrawal or (ii) the Township has been determined to be in financial distress under the Municipalities Financial Recovery Act ("Act 47").

Litigation

In December 2023, the Township and the Municipal Authority of the Borough of Morrisville entered into a settlement agreement to resolve disputes over billings for treatment costs. As a result of the settlement, the Township paid the Municipal Authority of the Borough of Morrisville \$2,400,000. The Sewer Fund has accrued for this expense as of December 31, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF LOWER MAKEFIELD
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amount Final	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 9,650,277	\$ 10,361,746	\$ 711,469
Licenses, permits and fees	835,700	2,179,932	1,344,232
Fines, forfeits and costs	-	56,962	56,962
Interest earnings and rental income	373,700	344,440	(29,260)
Intergovernmental revenues	647,137	832,367	185,230
Charges for services	1,732,700	709,284	(1,023,416)
Contributions	500	-	(500)
Miscellaneous	3,120,300	1,011,337	(2,108,963)
TOTAL REVENUES	<u>16,360,314</u>	<u>15,496,068</u>	<u>(864,246)</u>
EXPENDITURES			
General government	1,810,365	3,173,065	(1,362,700)
Public safety	7,853,239	8,133,372	(280,133)
Public works	2,142,343	1,806,697	335,646
Insurance	350,075	356,942	(6,867)
Employee benefits	2,617,534	2,348,729	268,805
TOTAL EXPENDITURES	<u>14,773,556</u>	<u>15,818,805</u>	<u>(1,045,249)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,586,758</u>	<u>(322,737)</u>	<u>(1,909,495)</u>
OTHER FINANCING SOURCES (USES)			
Refund of prior year expenditures	-	49,944	49,944
Transfers in	1,286,692	4,418,588	3,131,896
Transfers out	(922,608)	(922,608)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>364,084</u>	<u>3,545,924</u>	<u>3,181,840</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,950,842</u>	3,223,187	<u>\$ 1,272,345</u>
FUND BALANCE AT BEGINNING OF YEAR			
		<u>1,532,563</u>	
FUND BALANCES AT END OF YEAR		<u>\$ 4,755,750</u>	

See accompanying notes to the budgetary comparison statements.

TOWNSHIP OF LOWER MAKEFIELD
BUDGETARY COMPARISON STATEMENT
SPECIAL PROJECT FUND
YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental revenues	\$ 1,004,000	\$ 548,340	\$ (455,660)
Contributions	-	8,250	8,250
TOTAL REVENUES	<u>1,004,000</u>	<u>556,590</u>	<u>(447,410)</u>
EXPENDITURES			
Capital outlay	<u>1,643,750</u>	<u>762,912</u>	<u>880,838</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(639,750)</u>	<u>(206,322)</u>	<u>433,428</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	<u>639,750</u>	<u>377,500</u>	<u>262,250</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>171,178</u>	<u>\$ 171,178</u>
FUND BALANCES AT BEGINNING OF YEAR		<u>(13,972)</u>	
FUND BALANCES AT END OF YEAR		<u>\$ 157,206</u>	

See accompanying notes to the budgetary comparison statements.

TOWNSHIP OF LOWER MAKEFIELD
BUDGETARY COMPARISON STATEMENT
AMERICAN RESCUE PLAN FUND
YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Interest earnings	\$ 1,500	\$ 3,302	\$ 1,802
Intergovernmental revenues	<u>1,716,681</u>	<u>1,939,576</u>	<u>222,895</u>
TOTAL REVENUES	<u>1,718,181</u>	<u>1,942,878</u>	<u>224,697</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out	<u>(1,732,440)</u>	<u>(2,243,341)</u>	<u>510,901</u>
NET CHANGE IN FUND BALANCES	<u>\$ (14,259)</u>	(300,463)	<u>\$ (286,204)</u>
FUND BALANCES AT BEGINNING OF YEAR		<u>2,527</u>	
FUND BALANCES AT END OF YEAR		<u>\$ (297,936)</u>	

See accompanying notes to the budgetary comparison statements.

TOWNSHIP OF LOWER MAKEFIELD
BUDGETARY COMPARISON STATEMENT
SEWER SALE PROCEEDS FUND
YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Interest earnings	\$ <u>100,000</u>	\$ <u>123,246</u>	\$ <u>23,246</u>
EXPENDITURES			
Miscellaneous	<u>860,000</u>	<u>-</u>	<u>860,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(760,000)</u>	<u>123,246</u>	<u>883,246</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	50,000,000	41,336,324	8,663,676
Operating transfers out	<u>(29,163,723)</u>	<u>(17,511,516)</u>	<u>(11,652,207)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,836,277</u>	<u>23,824,808</u>	<u>(2,988,531)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 20,076,277</u>	23,948,054	<u>\$ 3,871,777</u>
FUND BALANCES AT BEGINNING OF YEAR		<u>-</u>	
FUND BALANCES AT END OF YEAR		<u>\$ 23,948,054</u>	

See accompanying notes to the budgetary comparison statements.

TOWNSHIP OF LOWER MAKEFIELD
NOTES TO THE BUDGETARY COMPARISON STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE A - BUDGETARY INFORMATION

The Township's process for establishing its annual operating budget involves submission of the budget by the Township Manager to the Board of Supervisors for its approval and adoption. The Township Manager, Finance Director and Budget Review Committee are responsible for the preparation of the annual budget.

The budgetary process consists of the evaluation and review of appropriation requests of the operating directors and various Township departments. Revenue estimates are made throughout the process to determine the amount of Township property taxes and other revenue required to balance the budget.

The Board of Supervisors is required to introduce the budget for the following year by twenty days prior to the end of the fiscal year, after which it is advertised and reviewed at public hearings held by the Board of Supervisors of the Township. After the close of the public hearings, the Board of Supervisors approves and adopts the budget on or before December 31, the close of the Township's fiscal year.

The Township Supervisors may authorize supplemental appropriations for any lawful purpose via resolution. In addition, the Supervisors are permitted to transfer funds from one Township account to another; however, such transfers are not permitted during the first three months of the fiscal year. Appropriations lapse at the close of the fiscal year to the extent by have not been expended. It is the Township's policy to maintain budgetary control at the fund level.

The Township prepares budgets for Governmental Funds on a basis of accounting, which is consistent with United States general accepted accounting principles.

NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2022, expenditures exceeded appropriations in the following fund object levels (the legal level of the budgetary control):

<u>General Fund</u>	
General government	\$ (1,362,700)
Public safety	\$ (280,133)
Insurance	\$ (6,867)

These over expenditures were funded by available fund balance and transfers in the respected fund.

TOWNSHIP OF LOWER MAKEFIELD
TREND DATA ON INFRASTRUCTURE CONDITION
YEAR ENDED DECEMBER 31, 2022

The Township has elected to use the modified approach to account for maintenance of its streets system. The Township annually inspects its streets, and the Township engineers use the Micro PAVER program, developed by the United States Army Corps of Engineers, as part of a pavement management system to describe the condition of all roadways in the Township. The streets are rated on their life expectancy before milling and overlay work is needed. The rating is the probable number of years remaining before resurfacing work is needed. The Township's streets as a whole are given an overall rating, indicating the average condition of all streets operated by the Township. The assessment of condition is made by visual and mechanical tests designed to reveal any condition that would reduce highway user benefits below the maximum level service. The Township's policy is to maintain the street condition at a level of sixty-five or better. The results of the last inspection were:

<u>Period</u>	<u>Evaluation Rating</u>
2014	67.00
2017	103.41
2020	106.30
2021	107.34
2022	113.78

The budgeted expenditures and amounts actually expensed for maintenance and preservation for the past five years are as follows:

<u>Period</u>	<u>Budget</u>	<u>Actual</u>
2018	\$ 1,145,000	\$ 963,312
2019	\$ 875,000	\$ 1,078,551
2020	\$ 991,877	\$ 961,494
2021	\$ 645,347	\$ 636,284
2022	\$ 777,233	\$ 777,234

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF CHANGES IN THE NET POLICE PENSION PLAN
LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS

	2022	2021	2020	2019
TOTAL PENSION LIABILITY				
Service cost	\$ 519,909	\$ 458,349	\$ 399,965	\$ 380,919
Interest	1,649,850	1,486,254	1,307,074	1,243,678
Changes in benefit terms	902,284	673,919	-	-
Differences between expected and actual experience	-	(22,155)	-	(244,432)
Changes of assumptions	-	688,463	-	-
Benefit payments, including refunds of member contributions	(841,765)	(885,246)	(846,540)	(855,849)
NET CHANGE IN TOTAL PENSION LIABILITY	2,230,278	2,399,584	860,499	524,316
Total pension liability, beginning	19,621,811	17,222,227	16,361,728	15,837,412
TOTAL PENSION LIABILITY, ENDING (a)	21,852,089	19,621,811	17,222,227	16,361,728
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	483,943	350,537	348,046	176,743
State aid	569,850	527,701	526,850	553,014
Member	114,934	116,361	92,179	72,666
Net investment income	(2,700,170)	1,972,800	1,695,866	1,958,084
Benefit payments, including refunds of member contributions	(841,765)	(885,246)	(846,540)	(855,849)
Administrative expense	(800)	(6,475)	(800)	(6,268)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(2,374,008)	2,075,678	1,815,601	1,898,390
Plan fiduciary net position, beginning	15,995,173	13,919,495	12,103,894	10,205,504
PLAN FIDUCIARY NET POSITION, ENDING (b)	13,621,165	15,995,173	13,919,495	12,103,894
NET PENSION LIABILITY, ENDING (a)-(b)	\$ 8,230,924	\$ 3,626,638	\$ 3,302,732	4,257,834
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	62.3%	81.5%	80.8%	74.0%
COVERED PAYROLL	\$ 4,285,475	\$ 4,044,206	\$ 3,777,569	3,594,354
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	192.1%	89.7%	87.4%	118.5%

NOTES TO SCHEDULE

Assumption changes - In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-200 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2017 using Scale AA to the PubS-2010 projected 5 years past 2021 valuation date using MP-2020.

Change in benefit terms: In 2021, the Normal Retirement Age changed from age 55 and 25 years of service to age 53 and 25 years of service. In 2022, the definition of compensation changed to include overtime.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a 10-year trend is complete, available information is presented.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	345,035	\$ 328,605	\$ 324,509	\$ 309,056
	1,195,846	1,128,769	1,066,588	1,020,453
	-	-	-	-
	-	(251,682)	-	-
	-	359,941	-	-
	<u>(613,022)</u>	<u>(657,652)</u>	<u>(794,727)</u>	<u>(741,830)</u>
	927,859	907,981	596,370	587,679
	<u>14,909,553</u>	<u>14,001,572</u>	<u>13,405,202</u>	<u>12,817,523</u>
	<u>15,837,412</u>	<u>14,909,553</u>	<u>14,001,572</u>	<u>13,405,202</u>
	223,063	176,857	209,735	281,180
	459,070	449,649	406,842	388,163
	69,493	61,862	46,495	29,940
	(1,039,024)	1,403,735	473,031	(241,454)
	(613,022)	(657,652)	(794,727)	(741,830)
	<u>(2,110)</u>	<u>(6,050)</u>	<u>(1,000)</u>	<u>(6,707)</u>
	(902,530)	1,428,401	340,376	(290,708)
	<u>11,108,034</u>	<u>9,679,633</u>	<u>9,339,257</u>	<u>9,629,965</u>
	<u>10,205,504</u>	<u>11,108,034</u>	<u>9,679,633</u>	<u>9,339,257</u>
\$	<u><u>5,631,908</u></u>	<u><u>3,801,519</u></u>	<u><u>4,321,939</u></u>	<u><u>4,065,945</u></u>
	<u>64.4%</u>	<u>74.5%</u>	<u>69.1%</u>	<u>69.7%</u>
\$	<u><u>3,363,814</u></u>	<u><u>3,276,201</u></u>	<u><u>3,164,517</u></u>	<u><u>3,083,827</u></u>
	<u>167.4%</u>	<u>116.0%</u>	<u>136.6%</u>	<u>131.8%</u>

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF POLICE PENSION PLAN CONTRIBUTIONS
LAST EIGHT FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 1,053,793	\$ 878,238	\$ 874,896	\$ 729,757
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>1,053,793</u>	<u>878,238</u>	<u>874,896</u>	<u>729,757</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
COVERED PAYROLL	\$ <u>4,285,475</u>	\$ <u>4,044,206</u>	\$ <u>3,777,569</u>	\$ <u>3,594,354</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>24.59%</u>	<u>21.72%</u>	<u>23.16%</u>	<u>20.3%</u>

NOTES TO SCHEDULE

Valuation date:

January 1, 2021

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported. Therefore, the actuarially determined contribution rate for calendar year ended 2022 is upon the January 1, 2021 valuation and calendar years ended 2021 and 2020 are based upon the January 1, 2019 actuarial valuation and calendar years ended 2019 and 2018 are based upon the January 1, 2017 actuarial valuation and calendar years ended 2017 and 2016 are based upon the January 1, 2015 actuarial valuation and calendar year ended 2015 is based upon the January 1, 2013 actuarial valuation.

Assumption changes - In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-200 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2017 using Scale AA to the PubS-2010 projected 5 years past 2021 valuation date using MP-2020.

Change in benefit terms: In 2021, the Normal Retirement Age changed from age 55 and 25 years of service to age 53 and 25 years of service. In 2022, the definition of compensation changed to include overtime.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Asset valuation method	Market value of assets
Inflation	2.25%
Salary increases	5.0%
Investment rate of return	8.0%
Retirement age	Normal retirement age
Mortality	RP2000 Table

This schedule is presented to illustrate the requirement to show information for ten years. However, until a 10-year trend is complete, available information is presented.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 682,133	\$ 626,506	\$ 616,577	\$ 669,343
<u>682,133</u>	<u>626,506</u>	<u>616,577</u>	<u>669,343</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>3,363,814</u>	\$ <u>3,276,201</u>	\$ <u>3,164,517</u>	\$ <u>3,083,327</u>
<u>20.3%</u>	<u>19.1%</u>	<u>19.5%</u>	<u>21.7%</u>

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF CHANGES IN THE NET NON-UNIFORM
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PENSION LIABILITY				
Service cost	\$ 118,876	\$ 113,215	\$ 137,318	\$ 130,779
Interest	891,704	865,477	841,232	812,727
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(468,137)	-	168,807
Changes of assumptions	-	452,753	-	-
Benefit payments, including refunds of member contributions	(648,597)	(664,430)	(607,567)	(579,911)
NET CHANGE IN TOTAL PENSION LIABILITY	<u>361,983</u>	<u>298,878</u>	<u>370,983</u>	<u>532,402</u>
Total pension liability, beginning	<u>11,351,726</u>	<u>11,052,848</u>	<u>10,681,865</u>	<u>10,149,463</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>11,713,709</u>	<u>11,351,726</u>	<u>11,052,848</u>	<u>10,681,865</u>
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	411,075	416,889	468,595	381,418
Member	26,669	38,027	41,949	45,274
Net investment income	(1,823,594)	1,373,884	1,201,386	1,439,548
Benefit payments, including refunds of member contributions	(648,597)	(664,430)	(607,567)	(579,911)
Administrative expense	(1,400)	(6,075)	(2,300)	(5,950)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	<u>(2,035,847)</u>	<u>1,158,295</u>	<u>1,102,063</u>	<u>1,280,379</u>
Plan fiduciary net position, beginning	<u>10,874,012</u>	<u>9,715,717</u>	<u>8,613,654</u>	<u>7,333,275</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>8,838,165</u>	<u>10,874,012</u>	<u>9,715,717</u>	<u>8,613,654</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 2,875,544</u>	<u>\$ 477,714</u>	<u>\$ 1,337,131</u>	<u>\$ 2,068,211</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>75.5%</u>	<u>95.8%</u>	<u>87.9%</u>	<u>80.6%</u>
COVERED PAYROLL	<u>\$ 1,327,848</u>	<u>\$ 1,438,958</u>	<u>\$ 1,476,752</u>	<u>\$ 1,597,351</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>216.6%</u>	<u>33.2%</u>	<u>90.5%</u>	<u>129.5%</u>

NOTES TO SCHEDULE

Assumption changes - In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the PubG-2010 projected 5 years past 2021 valuation date using MP-2020.

Benefit changes - In 2017, participants who meet the eligibility of Rule of 80 (minimum of age 60) during January 1, 2017 to December 31, 2018 are eligible for a special early retirement window.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a 10-year trend is complete, available information is presented.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	158,556	\$ 151,006	\$ 189,059	\$ 180,056
	771,817	738,351	721,329	677,694
	-	220,140	-	-
	-	(806,422)	-	-
	-	321,965	-	-
	<u>(540,124)</u>	<u>(417,055)</u>	<u>(373,431)</u>	<u>(269,183)</u>
	390,249	207,985	536,957	588,567
	<u>9,759,214</u>	<u>9,551,229</u>	<u>9,014,272</u>	<u>8,425,705</u>
	<u>10,149,463</u>	<u>9,759,214</u>	<u>9,551,229</u>	<u>9,014,272</u>
	390,176	385,095	404,119	368,300
	48,182	53,292	41,322	46,553
	(610,498)	1,126,696	333,001	(207,138)
	(540,124)	(417,055)	(373,431)	(269,183)
	<u>(1,450)</u>	<u>(6,750)</u>	<u>(1,850)</u>	<u>(7,894)</u>
	(713,714)	1,141,278	403,161	(69,362)
	<u>8,046,989</u>	<u>6,905,711</u>	<u>6,502,550</u>	<u>6,571,912</u>
	<u>7,333,275</u>	<u>8,046,989</u>	<u>6,905,711</u>	<u>6,502,550</u>
\$	<u><u>2,816,188</u></u>	<u><u>1,712,225</u></u>	<u><u>2,645,518</u></u>	<u><u>2,511,722</u></u>
	<u>72.3%</u>	<u>82.5%</u>	<u>72.3%</u>	<u>72.1%</u>
\$	<u><u>1,696,430</u></u>	<u><u>1,757,346</u></u>	<u><u>1,984,189</u></u>	<u><u>1,965,213</u></u>
	<u>166.0%</u>	<u>97.4%</u>	<u>133.3%</u>	<u>127.8%</u>

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF NET NON-UNIFORM
PENSION PLAN CONTRIBUTIONS
LAST EIGHT FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 411,075	\$ 416,889	\$ 468,595	\$ 381,418
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>411,075</u>	<u>416,889</u>	<u>468,595</u>	<u>381,418</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 1,327,848</u>	<u>\$ 1,438,958</u>	<u>\$ 1,476,752</u>	<u>\$ 1,597,351</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>31.0%</u>	<u>29.0%</u>	<u>31.7%</u>	<u>23.9%</u>

NOTES TO SCHEDULE

Valuation date:

January 1, 2021

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported. Therefore, the actuarially determined contribution rate for calendar year ended 2022 is based upon the January 1, 2021 actuarial valuation and calendar years ended 2021 and 2020 are based upon the January 1, 2019 actuarial valuation and calendar years ended 2019 and 2018 are based upon the January 1, 2017 actuarial valuation and calendar years ended 2017 and 2016 are based upon the January 1, 2015 actuarial valuation and calendar year ended 2015 is based upon the January 1, 2013 actuarial valuation.

Assumption Changes - In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the PubG-2010 projected 5 years past 2021 valuation date using MP-2020.

Benefit Changes - In 2017, participants who meet the eligibility of Rule of 80 (minimum of age 60) during January 1, 2017 to December 31, 2018 are eligible for a special retirement window.

Methods and assumptions used to determine contribution rates:

Asset valuation method	Market Value of Assets
Salary increases	5%
Investment rate of return	8%
Retirement age	Normal retirement age
Mortality	PUBG-2010
Termination	T-1 table actuary handbook
Disability	None assumed
Form of annuity	Single life annuity

This schedule is presented to illustrate the requirement to show information for ten years. However, until a 10-year trend is complete, available information is presented.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 390,176	\$ 385,095	\$ 404,119	\$ 368,300
<u>390,176</u>	<u>385,095</u>	<u>404,119</u>	<u>368,300</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>1,696,430</u>	\$ <u>1,757,346</u>	\$ <u>1,984,198</u>	\$ <u>1,965,213</u>
<u>23.0%</u>	<u>21.9%</u>	<u>20.4%</u>	<u>18.7%</u>

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF INVESTMENT RETURNS
POLICE AND NON-UNIFORM DEFINED BENEFIT PENSION PLAN
LAST EIGHT FISCAL YEARS

	<u>Year</u>	<u>Police</u>	<u>Non-Uniform</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2015	-2.52%	-3.12%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2016	5.12%	5.11%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2017	14.48%	16.30%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2018	-9.30%	-7.64%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2019	19.24%	19.85%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2020	13.94%	14.03%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2021	14.12%	14.30%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2022	-16.71%	-16.94%

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF CHANGES IN THE ADMINISTRATIVE
TOTAL OPEB PLAN LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY					
Service cost	\$ 7,609	\$ 10,123	\$ 10,467	\$ 6,379	\$ 6,075
Interest	6,962	6,454	5,685	7,861	7,740
Differences between expected and actual experience	20,201	-	14,687	-	-
Changes in assumptions	(77,349)	(13,003)	47,498	-	-
Benefit payments	(12,551)	(10,841)	(10,264)	(10,797)	(10,517)
NET CHANGE IN TOTAL OPEB LIABILITY	(55,128)	(7,267)	68,073	3,443	3,298
TOTAL OPEB LIABILITY, BEGINNING	<u>287,864</u>	<u>295,131</u>	<u>227,058</u>	<u>223,615</u>	<u>220,317</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 232,736</u>	<u>\$ 287,864</u>	<u>\$ 295,131</u>	<u>\$ 227,058</u>	<u>\$ 223,615</u>
COVERED ADMINISTRATIVE PAYROLL	<u>\$ 1,389,047</u>	<u>\$ 1,419,922</u>	<u>\$ 1,352,307</u>	<u>\$ 1,004,206</u>	<u>\$ 956,387</u>
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED ADMINISTRATIVE PAYROLL	<u>16.8%</u>	<u>20.3%</u>	<u>21.8%</u>	<u>22.6%</u>	<u>23.4%</u>

NOTE TO SCHEDULE

This schedule is presented to illustrate the requirement to show information for ten years. However, until a 10-year trend is complete, available information is presented.

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF CHANGES IN THE PUBLIC WORKS
TOTAL OPEB PLAN LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY					
Service cost	\$ 60,349	\$ 56,314	\$ 56,758	\$ 41,009	\$ 39,056
Interest	20,796	23,170	19,561	30,435	28,650
Differences between expected and actual experience	(147,171)	-	(17,704)	-	-
Changes in assumptions	(219,062)	(21,422)	97,107	-	-
Benefit payments	<u>(33,199)</u>	<u>(50,755)</u>	<u>(25,622)</u>	<u>(19,653)</u>	<u>(17,648)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(318,287)	7,307	130,100	51,791	50,058
TOTAL OPEB LIABILITY, BEGINNING	<u>1,027,591</u>	<u>1,020,284</u>	<u>890,184</u>	<u>838,393</u>	<u>788,335</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 709,304</u>	<u>\$ 1,027,591</u>	<u>\$ 1,020,284</u>	<u>\$ 890,184</u>	<u>\$ 838,393</u>
COVERED PUBLIC WORKS PAYROLL	<u>\$ 1,658,757</u>	<u>\$ 1,403,228</u>	<u>\$ 1,336,408</u>	<u>\$ 1,561,031</u>	<u>\$ 1,486,696</u>
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PUBLIC WORKS PAYROLL	<u>42.8%</u>	<u>73.2%</u>	<u>76.3%</u>	<u>57.0%</u>	<u>56.4%</u>

NOTE TO SCHEDULE

This schedule is presented to illustrate the requirement to show information for ten years. However, until a 10-year trend is complete, available information is presented.

TOWNSHIP OF LOWER MAKEFIELD
SCHEDULE OF CHANGES IN THE POLICE
TOTAL OPEB PLAN LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY					
Service cost	\$ 337,999	\$ 326,133	\$ 328,371	\$ 222,666	\$ 212,063
Interest	114,631	113,125	93,634	139,072	131,080
Differences between expected and actual experience	(224,552)	-	(20,637)	-	-
Changes in assumptions	(346,486)	(119,084)	544,416	-	-
Benefit payments	<u>(184,904)</u>	<u>(135,410)</u>	<u>(113,380)</u>	<u>(113,037)</u>	<u>(137,728)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(303,312)	184,764	832,404	248,701	205,415
TOTAL OPEB LIABILITY, BEGINNING	<u>5,073,214</u>	<u>4,888,450</u>	<u>4,056,046</u>	<u>3,807,345</u>	<u>3,601,930</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 4,769,902</u>	<u>\$ 5,073,214</u>	<u>\$ 4,888,450</u>	<u>\$ 4,056,046</u>	<u>\$ 3,807,345</u>
COVERED POLICE PAYROLL	<u>\$ 5,606,954</u>	<u>\$ 4,945,784</u>	<u>\$ 4,710,270</u>	<u>\$ 4,462,044</u>	<u>\$ 4,249,566</u>
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>85.1%</u>	<u>102.6%</u>	<u>103.8%</u>	<u>90.9%</u>	<u>89.6%</u>

NOTE TO SCHEDULE

This schedule is presented to illustrate the requirement to show information for ten years. However, until a 10-year trend is complete, available information is presented.

SUPPLEMENTARY INFORMATION SECTION

TOWNSHIP OF LOWER MAKEFIELD
BUDGETARY COMPARISON STATEMENT
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
REVENUES			
Real estate taxes	\$ 1,124,628	\$ 1,124,974	\$ 346
Interest earnings	500	1,136	636
TOTAL REVENUES	<u>1,125,128</u>	<u>1,126,110</u>	<u>982</u>
EXPENDITURES			
Debt service			
Principal	661,754	501,831	159,923
Interest	250,971	231,770	19,201
Loan payment	435,141	286,071	149,070
Trustee fees	2,500	2,375	125
TOTAL EXPENDITURES	<u>1,350,366</u>	<u>1,022,047</u>	<u>328,319</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(225,238)</u>	<u>104,063</u>	<u>329,301</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	223,439	1,539,449	(1,316,010)
Payment to bond refunding agent	-	(1,230,247)	1,230,247
Operating transfers out	-	(361,741)	361,741
TOTAL OTHER FINANCING SOURCES (USES)	<u>223,439</u>	<u>(52,539)</u>	<u>275,978</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,799)</u>	51,524	<u>\$ 53,323</u>
FUND BALANCES AT BEGINNING OF YEAR		<u>5,532</u>	
FUND BALANCES AT END OF YEAR		<u>\$ 57,056</u>	

See accompanying notes to the budgetary comparison statements.

TOWNSHIP OF LOWER MAKEFIELD
BUDGETARY COMPARISON STATEMENT
CAPITAL RESERVE FUND
YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Interest earnings	\$ -	\$ 7,236	\$ 7,236
Contributions	-	10,000	10,000
Miscellaneous	-	4,266	4,266
TOTAL REVENUES	<u>-</u>	<u>21,502</u>	<u>21,502</u>
EXPENDITURES			
Capital outlay	3,329,856	2,911,184	418,672
Debt service			
Principal	-	28,946	(28,946)
Interest	-	14,838	(14,838)
TOTAL EXPENDITURES	<u>3,329,856</u>	<u>2,954,968</u>	<u>374,888</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,329,856)</u>	<u>(2,933,466)</u>	<u>396,390</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	1,650,000	1,650,000	-
Proceeds from leases	-	339,142	339,142
Operating transfers in	1,679,856	1,752,640	72,784
TOTAL OTHER FINANCING SOURCES	<u>3,329,856</u>	<u>3,741,782</u>	<u>411,926</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>808,316</u>	<u>\$ 808,316</u>
FUND BALANCES AT BEGINNING OF YEAR		<u>-</u>	
FUND BALANCES AT END OF YEAR		<u>\$ 808,316</u>	

See accompanying notes to the budgetary comparison statements.

TOWNSHIP OF LOWER MAKEFIELD
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Street Light Fund	9-11 Memorial Fund	Fire Protection Fund	Hydrant Fund	Park and Recreation Fund	Park and Recreation FIL Fund	Traffic Impact Fund	Regency Bridge Fund	Tree Fund	Liquid Fuels Fund	Ambulance Rescue Fund	Road Machinery Fund	Patterson Farm Fund	Sidewalk FIL Fund	Garden of Reflection Capital Reserve Fund	Total Other Governmental Funds
ASSETS																
CURRENT ASSETS																
Cash and cash equivalents	\$ 163,868	\$ 19,798	\$ 94,134	\$ 64,438	\$ -	\$ 549,460	\$ 201,410	\$ 684,923	\$ 70,292	\$ 96,794	\$ 1,184	\$ 22,500	\$ 98,421	\$ 50,751	\$ 5,014	\$ 2,122,987
Accounts receivable	74	3,343	5,456	1,861	399,758	-	-	-	-	-	2,140	1,671	350	-	-	414,653
Prepaid expenses	-	-	35,480	-	-	-	-	-	-	-	-	-	-	-	-	35,480
TOTAL ASSETS	\$ 163,942	\$ 23,141	\$ 135,070	\$ 66,299	\$ 399,758	\$ 549,460	\$ 201,410	\$ 684,923	\$ 70,292	\$ 96,794	\$ 3,324	\$ 24,171	\$ 98,771	\$ 50,751	\$ 5,014	\$ 2,573,120
LIABILITIES																
Accounts payable	\$ 7,372	\$ 3,273	\$ 894	\$ 24,869	\$ 184,115	\$ -	\$ -	\$ 23,906	\$ -	\$ -	\$ -	\$ 6,998	\$ 3,873	\$ -	\$ -	\$ 255,300
Accrued expenses	-	-	4,861	-	20,144	-	-	-	-	-	-	-	-	-	-	25,005
Interfund payables	-	-	-	-	254,731	-	-	-	-	-	-	-	-	-	-	254,731
Unearned revenue	-	-	-	-	363	-	-	-	-	-	-	-	-	-	-	363
Security deposits	-	-	-	-	1,400	-	-	-	-	-	-	-	1,250	-	-	2,650
TOTAL LIABILITIES	7,372	3,273	5,755	24,869	460,753	-	-	23,906	-	-	-	6,998	5,123	-	-	538,049
DEFERRED INFLOWS OF RESOURCES																
Unavailable revenue, property taxes	-	-	3,706	1,379	9,911	-	-	-	-	-	1,551	1,207	-	-	-	17,754
FUND BALANCES																
Nonspendable																
Prepaid items	-	-	35,480	-	-	-	-	-	-	-	-	-	-	-	-	35,480
Restricted for																
Street lights	156,570	-	-	-	-	-	-	-	-	-	-	-	-	-	-	156,570
Fire protection	-	-	90,129	-	-	-	-	-	-	-	-	-	-	-	-	90,129
Hydrant fund	-	-	-	40,051	-	-	-	-	-	-	-	-	-	-	-	40,051
Park and recreation FIL	-	-	-	-	-	549,460	-	-	-	-	-	-	-	-	-	549,460
Traffic impact	-	-	-	-	-	-	201,410	-	-	-	-	-	-	-	-	201,410
Regency bridge	-	-	-	-	-	-	-	661,017	-	-	-	-	-	-	-	661,017
Tree fund	-	-	-	-	-	-	-	-	70,292	-	-	-	-	-	-	70,292
Highway aid	-	-	-	-	-	-	-	-	-	96,794	-	-	-	-	-	96,794
Ambulance rescue	-	-	-	-	-	-	-	-	-	-	1,773	-	-	-	-	1,773
Road machinery	-	-	-	-	-	-	-	-	-	-	-	15,966	-	-	-	15,966
Sidewalk FIL	-	-	-	-	-	-	-	-	-	-	-	-	-	50,751	-	50,751
Committed to																
9-11 memorial	-	19,868	-	-	-	-	-	-	-	-	-	-	-	-	-	19,868
Patterson farm	-	-	-	-	-	-	-	-	-	-	-	-	93,648	-	-	93,648
Garden of reflection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,014	5,014
Unassigned	-	-	-	-	(70,906)	-	-	-	-	-	-	-	-	-	-	(70,906)
TOTAL FUND BALANCES	156,570	19,868	125,609	40,051	(70,906)	549,460	201,410	661,017	70,292	96,794	1,773	15,966	93,648	50,751	5,014	2,017,317
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 163,942	\$ 23,141	\$ 135,070	\$ 66,299	\$ 399,758	\$ 549,460	\$ 201,410	\$ 684,923	\$ 70,292	\$ 96,794	\$ 3,324	\$ 24,171	\$ 98,771	\$ 50,751	\$ 5,014	\$ 2,573,120

TOWNSHIP OF LOWER MAKEFIELD
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	Street Light Fund	9-11 Memorial Fund	Fire Protection Fund	Hydrant Fund	Park and Recreation Fund	Park and Recreation FIL Fund	Traffic Impact Fund	Regency Bridge Fund	Tree Fund	Liquid Fuels Fund	Ambulance Rescue Fund	Road Machinery Fund	Patterson Farm Fund	Sidewalk FIL Fund	Garden of Reflection Capital Reserve Fund	Total Other Governmental Funds
REVENUES																
Real estate taxes	\$ -	\$ -	\$ 590,575	\$ 168,066	\$ 1,305,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,203	\$ 161,201	\$ -	\$ -	\$ -	\$ 2,429,671
Interest earnings	955	71	768	441	1,697	2,613	1,185	3,587	454	2,749	336	426	853	300	14	16,449
Rental income	-	-	-	-	81,777	-	-	-	-	-	-	-	59,772	-	-	141,549
Intergovernmental revenues	-	-	316,535	-	-	-	-	-	-	1,016,200	-	-	-	-	-	1,332,735
Charges for services	71,172	-	38,206	-	364,050	-	-	-	-	-	-	-	-	-	-	473,428
Contributions	-	3,343	-	-	-	218,646	-	-	-	-	-	-	-	-	-	221,989
Miscellaneous	-	-	-	-	26,811	-	2,238	51,150	-	-	-	-	3,350	-	-	83,549
TOTAL REVENUES	72,127	3,414	946,084	168,507	1,779,961	221,259	3,423	54,737	454	1,018,949	204,539	161,627	63,975	300	14	4,699,370
EXPENDITURES																
Public safety	-	-	876,359	-	-	-	-	-	-	-	205,000	-	-	-	-	1,081,359
Public works	47,878	-	-	157,999	-	-	-	-	-	1,085,885	-	-	104,425	-	-	1,396,187
Parks and recreation	-	43,710	-	-	1,886,227	-	-	-	-	-	-	-	-	-	-	1,929,937
Capital outlays	-	-	-	-	265,300	-	-	25,010	8,407	-	-	177,973	-	-	-	476,690
Debt service																
Principal	-	-	-	-	12,937	-	-	-	-	-	-	235,034	-	-	-	247,971
Interest	-	-	-	-	121	-	-	-	-	-	-	11,185	-	-	-	11,306
TOTAL EXPENDITURES	47,878	43,710	876,359	157,999	2,164,585	-	-	25,010	8,407	1,085,885	205,000	424,192	104,425	-	-	5,143,450
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	24,249	(40,296)	69,725	10,508	(384,624)	221,259	3,423	29,727	(7,953)	(66,936)	(461)	(262,565)	(40,450)	300	14	(444,080)
OTHER FINANCING SOURCES (USES)																
Refund of prior year expenditures	-	-	237	-	1,969	-	-	-	-	-	-	-	-	-	-	2,206
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-	-	177,910	-	-	-	177,910
Transfers in	-	58,000	-	-	205,000	-	-	-	-	-	-	-	-	-	5,000	268,000
Transfers out	-	-	(43,064)	-	(188,507)	-	-	-	-	-	-	-	-	-	-	(231,571)
TOTAL OTHER FINANCING SOURCES (USES)	-	58,000	(42,827)	-	18,462	-	-	-	-	-	-	177,910	-	-	5,000	216,545
NET CHANGE IN FUND BALANCES	24,249	17,704	26,898	10,508	(366,162)	221,259	3,423	29,727	(7,953)	(66,936)	(461)	(84,655)	(40,450)	300	5,014	(227,535)
FUND BALANCES AT BEGINNING OF YEAR	132,321	2,164	98,711	29,543	295,256	328,201	197,987	631,290	78,245	163,730	2,234	100,621	134,098	50,451	-	2,244,852
FUND BALANCES AT END OF YEAR	\$ 156,570	\$ 19,868	\$ 125,609	\$ 40,051	\$ (70,906)	\$ 549,460	\$ 201,410	\$ 661,017	\$ 70,292	\$ 96,794	\$ 1,773	\$ 15,966	\$ 93,648	\$ 50,751	\$ 5,014	\$ 2,017,317