

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
Financial Statements and Supplementary Information
For the Year Ended December 31, 2023

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors
Township of Lower Makefield
Yardley, Pennsylvania

Report on the Audit of the Financial Statements

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, 2023, and the related notes to the financial statements, which collectively comprise the 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, 2023, 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 the 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.

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 the 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.



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Auditor's 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 auditor's 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 the 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 the 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.

Adoption of New GASB Statements

As discussed in Note A to the financial statements, in 2024 the Township of Lower Makefield adopted the required provisions of Governmental Accounting Standards Board's Statements GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability", Statement No. 96, "Subscription-Based Information Technology Arrangements", and Statement No. 99, "Omnibus 2022". Our opinion is not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer contributions – police and non-uniform pension plans, schedule of investment returns – police and non-uniform pension plans, schedule of changes in the employer's net pension liability and related ratios – police and non-uniform pension plans, schedule of changes in the total OPEB liability and related ratios – administrative, public works, and police OPEB plans, and budgetary comparison information on pages 4-11 and 56-68 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



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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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Lower Makefield's basic financial statements. The nonmajor governmental funds combining statements, and budgetary comparison for certain major funds ("supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania

April 9, 2025

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2023**

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, 2023. 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 431 property transfers totaling \$2,161,748.

	<u>Total Transfers</u>	<u>Total Transfer Tax</u>
2021	707	\$ 1,830,263
2022	621	\$ 2,301,477
2023	431	\$ 2,161,748

- In 2022 the Township approved the Prickett Preserve project, which consisted with the development of residential upscale apartments, a Wegmans, a 3,000 square foot bank, a 13,000 square foot pharmacy and 35,750 additional square feet in four (4) commercial buildings which house retail and restaurant space. The development preserves and repurposes existing historic farmhouses and barns. In 2023, the first of the construction, the residential portion was completed. The residential portion consists of nine (9) multi-family buildings containing 200 upscale apartment units, plus a clubhouse. The mixed-use project allows 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 more occupancy expected in 2024 and in 2025.

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 renders an opinion as to the material components of the Township's financial position.

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

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2023**

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, as 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, 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.

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.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
ASSETS						
Cash and cash equivalents	\$ 36,521,702	\$ 40,242,290	\$ 6,796,296	\$ 8,203,472	\$ 43,317,998	\$ 48,445,762
Other assets	1,586,564	1,230,488	(512,147)	571,423	1,074,417	1,801,911
Capital assets	88,149,663	88,427,933	14,615,116	15,430,381	102,764,779	103,858,314
TOTAL ASSETS	126,257,929	129,900,711	20,899,265	24,205,276	147,157,194	154,105,987
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows	3,410,257	4,204,490	-	-	3,410,257	4,204,490
Deferred OPEB outflows	567,506	510,524	-	-	567,506	510,524
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,977,763	4,715,014	-	-	3,977,763	4,715,014
LIABILITIES						
Other liabilities	2,613,993	3,988,409	3,325,631	3,060,200	5,939,624	7,048,609
Long-term liabilities	24,959,236	27,516,305	100,868	648,577	25,060,104	28,164,882
TOTAL LIABILITIES	27,573,229	31,504,714	3,426,499	3,708,777	30,999,728	35,213,491
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	116,304	277,452	-	-	116,304	277,452
Deferred OPEB inflows	989,315	1,086,216	-	-	989,315	1,086,216
Deferred lease inflows	1,666,476	1,724,040	-	-	1,666,476	1,724,040
TOTAL DEFERRED INFLOWS OF RESOURCES	2,772,095	3,087,708	-	-	2,772,095	3,087,708
NET POSITIONS						
Invested in capital assets	80,855,856	84,535,217	14,285,219	14,789,313	95,141,075	99,324,530
Restricted	7,025,438	2,148,475	-	-	7,025,438	2,148,475
Unrestricted	12,009,074	13,339,611	3,187,547	5,707,186	15,196,621	19,046,797
TOTAL NET POSITION	\$ 99,890,368	\$ 100,023,303	\$ 17,472,766	\$ 20,496,499	\$ 117,363,134	\$ 120,519,802

Assets in the business type activities column reflect the Township's investment in its sewer system, community pool and golf course. 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 facilities, clubhouse, maintenance building and historic manor house.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
REVENUES						
Program revenues						
Charges for services	\$ 2,107,732	\$ 3,533,133	\$ 5,132,366	\$ 7,182,503	\$ 7,240,098	\$ 10,715,636
Operating grants and contributions	5,057,401	2,846,033	-	-	5,057,401	2,846,033
Capital grants and contributions	-	1,939,576	-	408,481	-	2,348,057
General revenues						
Property taxes	11,304,769	11,007,500	-	-	11,304,769	11,007,500
Real estate transfer taxes	2,161,748	2,301,477	-	-	2,161,748	2,301,477
Local service taxes and per-capita taxes	209,264	598,165	-	22,434	209,264	620,599
Investment earnings	2,721,278	185,228	344,727	-	3,066,005	185,228
Rent, reimbursement and miscellaneous	1,399,446	1,608,546	16,723	-	1,416,169	1,608,546
Gain on defeasance of debt	-	-	-	42,091	-	42,091
Gain on sale of sewer system	-	-	-	35,273,715	-	35,273,715
TOTAL REVENUES	24,961,638	24,019,658	5,493,816	42,929,224	30,455,454	66,948,882
EXPENSES						
General government	7,705,463	3,987,122	-	-	7,705,463	3,987,122
Public safety	9,971,493	13,717,875	-	-	9,971,493	13,717,875
Public works	4,357,307	6,263,154	-	-	4,357,307	6,263,154
Culture and recreation	3,966,382	2,104,833	-	-	3,966,382	2,104,833
Interest on long-term debt	199,670	656,796	-	-	199,670	656,796
Sewer	-	-	2,618,600	4,541,081	2,618,600	4,541,081
Community pool	-	-	1,541,138	1,185,998	1,541,138	1,185,998
Golf course	-	-	3,526,459	4,529,668	3,526,459	4,529,668
TOTAL EXPENSES	26,200,315	26,729,780	7,686,197	10,256,747	33,886,512	36,986,527
EXCESS (DEFICIENCY) BEFORE TRANSFERS	(1,238,677)	(2,710,122)	(2,192,381)	32,672,477	(3,431,058)	29,962,355
TRANSFER						
Transfers in	605,000	28,421,724	-	-	605,000	28,421,724
Transfers out	-	-	(605,000)	(28,421,724)	(605,000)	(28,421,724)
CHANGE IN NET POSITION	(633,677)	25,711,602	(2,797,381)	4,250,753	(3,431,058)	29,962,355
NET POSITION, BEGINNING (RESTATEd)	100,524,045	74,311,701	20,270,147	16,245,746	120,794,192	90,557,447
NET POSITION, ENDING	\$ 99,890,368	\$ 100,023,303	\$ 17,472,766	\$ 20,496,499	\$ 117,363,134	\$ 120,519,802

For the Township of Lower Makefield's governmental activities, total revenues and transfers were lower than total expenses and transfers in 2023. Net position decreased by \$633,677 year over year. In 2023, revenues increased year over year by \$1941,980, or 3.9%, while expenses decreased by \$529,465 year over year, or -2%.

For the Township of Lower Makefield's business-type activities, net position decreased by \$2,797,381 in 2023. As noted earlier, Lower Makefield sold their sewer system in 2022, which caused a one-time boost in revenue that did not repeat in 2023.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2023**

Governmental Activities

The Township generates governmental revenues from a variety of sources. Total revenues for governmental activities in 2023 was \$25,157,164 and in 2022 was \$24,019,658. Revenue by source is below:

Revenue	Amount		% of Total	
	2023	2022	2023	2022
Property taxes	\$ 11,304,769	\$ 11,007,500	45%	45.83%
Real estate transfer tax	2,161,748	2,301,477	9%	9.58%
Local services taxes and per-capita taxes	209,264	598,165	1%	2.49%
Investment earnings	2,721,278	185,228	11%	0.77%
Miscellaneous	1,399,446	1,608,546	6%	6.70%
Charges for services	2,107,732	3,533,133	8%	14.71%
Operating grants and contributions	5,057,401	2,846,033	20%	11.85%
Capital grants and contributions	-	1,939,576	0%	8.07%
	<u>\$ 24,961,638</u>	<u>\$ 24,019,658</u>	<u>100%</u>	<u>100%</u>

As seen above, revenues increased when comparing 2023 and 2022, by \$941,980, or 3.9%. Property taxes increased by \$297,269. In December of 2010, the Township approved the enactment of a Local Service Tax, or LST at the legally allowed maximum of \$52 per annum for all people working in the Township borders earning more than \$12,000 per annum. This revenue source yielded \$209,264 in 2023 and \$598,165 in 2022, a decrease year over year due to late payments. Lastly, the Township was able to capture favorable market conditions as their investment earnings increased \$2,536,050 during the year, although those gains were offset by reductions in charges for services capital grants.

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 2023 were \$26,200,315 and \$26,729,780 for 2022. Expenditures by source were as follows:

Expenses	Amount		% of Total	
	2023	2022	2023	2022
General government	\$ 7,705,463	\$ 3,987,122	29%	14.92%
Public safety	9,971,493	13,717,875	38%	51.32%
Highways and streets	4,357,307	6,263,154	17%	23.43%
Culture and recreation	3,966,382	2,104,833	15%	7.87%
Interest on long-term debt	199,670	656,796	1%	2.46%
	<u>\$ 26,200,315</u>	<u>\$ 26,729,780</u>	<u>100%</u>	<u>100%</u>

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, 2023, the total was \$102,764,779 and was \$103,858,314 in 2022 (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.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2023**

Additions to capital assets, land improvements during 2023 include:

Furniture and equipment	\$ 68,969
Vehicles	\$ 558,076

	Governmental Activities		Business-Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 23,859,951	\$ 23,859,951	\$ 7,751,552	\$ 7,751,552	\$ 31,611,503	\$ 31,611,503
Construction in progress	1,941,555	1,941,555	37,037	37,037	1,978,592	1,978,592
Infrastructure	50,289,307	50,289,307	-	-	50,289,307	50,289,307
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	76,090,813	76,090,813	7,788,589	7,788,589	83,879,402	\$ 83,879,402
Land improvements	10,532,295	10,532,295	8,160,525	8,283,123	18,692,820	18,815,418
Infrastructure	1,512,088	1,512,088	4,473,198	4,473,198	5,985,286	5,985,286
Buildings and improvements	10,955,060	10,955,060	3,187,185	3,245,685	14,142,245	14,200,745
Furniture and equipment	4,297,531	4,344,371	1,119,145	1,164,399	5,416,676	5,508,770
Right-to-use leased vehicles	604,282	604,282	-	-	604,282	604,282
Right-to-use equipment - golf course	-	-	388,284	470,284	388,284	470,284
Vehicles	8,668,407	7,765,705	-	-	8,668,407	7,765,705
TOTAL CAPITAL ASSETS BEING DEPRECIATED	36,569,663	35,713,801	17,328,337	17,636,689	53,898,000	53,350,490
ACCUMULATED DEPRECIATION	(24,510,813)	(23,376,681)	(10,501,810)	(9,994,897)	(35,012,623)	(33,371,578)
TOTAL CAPITAL ASSETS	\$ 88,149,663	\$ 88,427,933	\$ 14,615,116	\$ 15,430,381	\$ 102,764,779	\$ 103,858,314

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

	Years
Infrastructure	20
Land improvements	5-40
Buildings and improvements	40
Furniture and equipment	5
Plant and pools	4-40
Vehicles	3-10

In the case of road, curb, sidewalk and bike path infrastructure, the Township has elected to use the modified approach. 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 2023, the Township had \$7,468,807 in outstanding debt for all Note Payables, Bonds and loans. Total Long-Term Liabilities at the end of 2023 were \$26,598,445, 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, 2023 and 2022 is as follows:

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Governmental Activities</u>	<u>2023</u>	<u>2022</u>
General Obligation Bonds		
Series of 2016	5,180,000	\$ 5,837,071
Series of 2018	840,000	1,093,095
Notes Payable		
Series of 2022	840,111	1,383,327
Equipment Loans	64,528	225,191
Deferred Amounts	369,168	-
	<u>7,293,807</u>	<u>8,538,684</u>
 <u>Business-Type Activities</u>		
General Obligation Bonds		
Series A of 2013	175,000	345,000
Leases	481,557	747,201
Net OPEB obligation	6,152,435	5,711,942
Net pension liability	10,885,191	11,106,468
Compensated absences	1,610,455	1,715,587
Total long-term liabilities	<u>\$ 26,598,445</u>	<u>\$ 28,164,882</u>

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 supports 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.

	<u>Lower Makefield Township</u>	<u>Bucks County</u>	<u>Pennsylvania</u>	<u>United States</u>
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)

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2023**

The 2024 Budget and Outlook

The total millage for the 2024 budget will be 23.05. The millage breakout is as follows: General Fund 13.88 mills, Debt Service 2.63 mills, Fire Protection 1.10 mills, Fire Hydrants 0.33 mills, Parks and Recreation 2.43 mills, Ambulance and Rescue 0.38 mills, Roadway Improvement (a newly added fund in 2024) 2.00 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 on the Township in 2019. Closing resulted in significant debt reduction and the offset of significant future sewage infrastructure debt/obligations as well.

As a result of the closing that occurred in March 2022, the \$3,000,000 pre-closing deposit was listed as revenue and resulted in the Township's 2022 year-end general fund balance being in excess \$4,000,000. In 2024 a \$1,285,166 transfer is planned from the sewer fund to the general fund to help cover revenue gaps.

The overwhelming majority of the Township's revenue is generated from property tax. Our total collection rate has averaged over 99% each year, and 2023 was no exception. Most property owners pay their taxes during the 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:

	<u>Total HH#</u>	<u>HH paying thru Face Period</u>
2022	12,558	12,278
2023	12,571	12,232
2024	12,524	12,186

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

2024 Transfer taxes

The Township continues to meet its budgeted goals for transfer taxes. Through 2024 year-end, we have steadily seen property sales continue as in previous years.

	<u>Total Transfer Tax</u>	<u>Budget</u>
2022	\$ 2,301,477	\$ 1,585,000
2023	\$ 2,161,748	\$ 1,700,000
2024	\$ 1,399,789	\$ 1,750,000

The Township is also seeing significant permit applications for property renovations and fully anticipates exceeding its overall 2024 budgeted revenues.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2023**

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 Mega Bhandary, Chief Financial Officer, 1100 Edgewood Road, Yardley, Pennsylvania 19067.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 36,521,702	\$ 6,796,296	\$ 43,317,998
Receivables, net	681,649	36,755	718,404
Taxes receivable	126,534		126,534
Inventory	-	89,310	89,310
Prepaid expenses	99,180	40,989	140,169
Interfunds	679,201	(679,201)	-
Capital assets, net	88,149,663	14,615,116	102,764,779
TOTAL ASSETS	126,257,929	20,899,265	147,157,194
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources, pension activity	3,410,257	-	3,410,257
Deferred outflows of resources, OPEB activity	567,506	-	567,506
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,977,763	-	3,977,763
LIABILITIES			
Accounts payables	749,391	206,894	956,285
Accrued expenses	386,802	2,429,493	2,816,295
Accrued interest	78,101	-	78,101
Unearned revenue	92,849	433,233	526,082
Security deposit	24,520	-	24,520
Noncurrent liabilities			
Due within one year:			
Bonds, loans, and notes payable	1,157,423	175,000	1,332,423
Leases	124,907	81,011	205,918
Due in more than one year:			
Bonds, loans, and notes payable	6,136,384	-	6,136,384
Leases	201,753	73,886	275,639
Compensated absences	1,583,473	26,982	1,610,455
Other post-employment benefits	6,152,435	-	6,152,435
Net Pension Liability	10,885,191	-	10,885,191
TOTAL LIABILITIES	27,573,229	3,426,499	30,999,728
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	116,304	-	116,304
Deferred inflows of resources, OPEB Activity	989,315	-	989,315
Deferred inflows of resources, leases	1,666,476	-	1,666,476
TOTAL DEFERRED INFLOWS OF RESOURCES	2,772,095	-	2,772,095
NET POSTIONS			
Net Investment in capital assets	80,855,856	14,285,219	95,141,075
Restricted:			
Other governmental funds	7,025,438	-	7,025,438
Unrestricted	12,009,074	3,187,547	15,196,621
TOTAL NET POSTION	\$ 99,890,368	\$ 17,472,766	\$ 117,363,134

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities							
General government	\$ 7,705,463	\$ 1,060,446	\$ 2,813,046	\$ -	\$ (3,831,971)	\$ -	\$ (3,831,971)
Public safety	9,971,493	299,615	365,793	-	(9,306,085)	-	(9,306,085)
Public works	4,357,307	594,933	1,113,986	-	(2,648,388)	-	(2,648,388)
Parks and recreation	3,966,382	152,738	764,576	-	(3,049,068)	-	(3,049,068)
Interest on Long-Term Debt	199,670	-	-	-	(199,670)	-	(199,670)
TOTAL GOVERNMENTAL ACTIVITIES	26,200,315	2,107,732	5,057,401	-	(19,035,182)	-	(19,035,182)
Business-type activities							
Sewer fund	2,618,600	-	-	-	-	(2,618,600)	(2,618,600)
Community pool fund	1,541,138	1,085,846	-	-	-	(455,292)	(455,292)
Golf course fund	3,526,459	4,046,520	-	-	-	520,061	520,061
TOTAL BUSINESS-TYPE ACTIVITIES	7,686,197	5,132,366	-	-	-	(2,553,831)	(2,553,831)
TOTAL PRIMARY GOVERNMENT	\$ 33,886,512	\$ 7,240,098	\$ 5,057,401	\$ -	(19,035,182)	(2,553,831)	(21,589,013)
GENERAL REVENUES							
Property taxes levied for general purposes					11,304,769	-	11,304,769
Transfer taxes					2,161,748	-	2,161,748
Local services and per capita taxes					209,264	-	209,264
Interest and rents					2,721,278	344,727	3,066,005
Miscellaneous					1,399,446	16,723	1,416,169
TRANSFERS					605,000	(605,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS					18,401,505	(243,550)	18,157,955
CHANGE IN NET POSTION					(633,677)	(2,797,381)	(3,431,058)
NET POSITION AT BEGINNING OF YEAR, AS RESTATED					100,524,045	20,270,147	120,794,192
NET POSITION AT END OF YEAR					\$ 99,890,368	\$ 17,472,766	\$ 117,363,134

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Major Funds							Other	
	General Fund	Capital Reserve Fund	Bond Fund	Debt Service Fund	Special Project Fund	American Rescue Plan Fund	Sewer Sales Proceeds Fund	Governmental Funds	Total
ASSETS									
CURRENT ASSETS									
Cash	\$ 3,755,615	\$ 302,688	\$ 4,460,235	\$ -	\$ -	\$ 200,510	\$ 25,317,879	\$ 2,484,775	\$ 36,521,702
Accounts receivable, net	375,398	-	-	-	-	-	-	306,251	681,649
Taxes receivable	85,264	-	-	15,915	-	-	-	25,355	126,534
Interfund receivable	1,835,405	-	-	181,000	-	-	-	-	2,016,405
Prepaid expenses	62,959	-	-	-	-	-	-	36,221	99,180
TOTAL ASSETS	\$ 6,114,641	\$ 302,688	\$ 4,460,235	\$ 196,915	\$ -	\$ 200,510	\$ 25,317,879	\$ 2,852,602	\$ 39,445,470
LIABILITIES									
Accounts payable	\$ 424,022	\$ 67,003	\$ -	\$ -	\$ 42,174	\$ -	\$ -	\$ 216,192	\$ 749,391
Accrued expenses	361,156	-	-	-	-	-	-	25,646	386,802
Interfund payables	-	-	-	279,564	373,151	-	-	684,489	1,337,204
Unearned revenues	92,486	-	-	-	-	-	-	363	92,849
Security deposits	21,870	-	-	-	-	-	-	2,650	24,520
TOTAL LIABILITIES	899,534	67,003	-	279,564	415,325	-	-	929,340	2,590,766
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue, leases	1,666,476	-	-	-	-	-	-	-	1,666,476
TOTAL DEFERRED INFLOWS OF RESOURCES	1,666,476	-	-	-	-	-	-	-	1,666,476
FUND BALANCES									
Nonspendable									
Prepaid items	62,959	-	-	-	-	-	-	36,221	99,180
Restricted for:									
Capital Projects	-	235,685	4,460,235	-	-	-	-	-	4,695,920
Street Lights	-	-	-	-	-	-	-	184,008	184,008
Fire Protection	-	-	-	-	-	-	-	62,849	62,849
Hydrant Fund	-	-	-	-	-	-	-	47,333	47,333
Park and Recreation FIL	-	-	-	-	-	-	-	838,641	838,641
Traffic Impact	-	-	-	-	-	-	-	207,800	207,800
Regency Bridge	-	-	-	-	-	-	-	431,632	431,632
Tree Fund	-	-	-	-	-	-	-	268,806	268,806
Highway Aid	-	-	-	-	-	-	-	199,326	199,326
Ambulance Rescue	-	-	-	-	-	-	-	6,719	6,719
Road Machinery	-	-	-	-	-	-	-	18,242	18,242
Sidewalk FIL	-	-	-	-	-	-	-	64,162	64,162
Committed to:									
Budgetary Stabilization	-	-	-	-	-	-	25,317,879	-	25,317,879
9-11 Memorial	-	-	-	-	-	-	-	16,856	16,856
Garden of Reflection	-	-	-	-	-	-	-	5,136	5,136
Unassigned	3,485,672	-	-	(82,649)	(415,325)	200,510	-	(464,469)	2,723,739
TOTAL FUND BALANCES	3,548,631	235,685	4,460,235	(82,649)	(415,325)	200,510	25,317,879	1,923,262	35,188,228
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,114,641	\$ 302,688	\$ 4,460,235	\$ 196,915	\$ -	\$ 200,510	\$ 25,317,879	\$ 2,852,602	\$ 39,445,470

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023**

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

TOTAL GOVERNMENTAL FUND BALANCES	\$ 35,188,228
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 \$112,660,476 and the accumulated depreciation is \$24,510,813.	88,149,663
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.	2,872,144
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	(78,101)
Bonds and notes payable, including premiums	(7,293,807)
Leases	(326,660)
Other post-employment benefits	(6,152,435)
Net pension liability	(10,885,191)
Compensated absences	(1,583,473)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 99,890,368</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Major Funds							Other Governmental Funds	Total
	General Fund	Capital Reserve Fund	Bond Fund	Debt Service Fund	Special Project Fund	American Rescue Plan Fund	Sewer Sale Proceeds Fund		
REVENUES									
Real estate taxes	\$ 7,855,272	\$ -	\$ -	\$ 1,116,723	\$ -	\$ -	\$ -	\$ 2,418,958	\$ 11,390,953
Real estate transfer taxes	2,161,748	-	-	-	-	-	-	-	2,161,748
Local services and per capita taxes	209,264	-	-	-	-	-	-	-	209,264
Licenses and permits	843,295	-	-	-	-	-	-	21,466	864,761
Fines, forfeits and costs	69,397	-	-	-	-	-	-	-	69,397
Interest and rent	485,414	11,290	171,450	3,895	1,854	32,022	1,827,224	188,129	2,721,278
Intergovernmental revenues	876,664	-	-	-	431,743	1,504,639	-	2,244,355	5,057,401
Charges for services	1,099,761	-	-	-	-	-	-	73,813	1,173,574
Miscellaneous	903,589	-	-	1,650	1,077	-	-	481,130	1,387,446
TOTAL REVENUES	14,504,404	11,290	171,450	1,122,268	434,674	1,536,661	1,827,224	5,427,851	25,035,822
EXPENDITURES									
General government	5,364,646	381,032	-	-	-	253,640	-	-	5,999,318
Public safety	7,645,420	30,498	-	-	-	-	-	1,447,783	9,123,701
Public works	1,795,106	76,196	-	-	1,007,205	-	-	1,183,079	4,061,586
Parks and recreation	-	288,988	-	-	-	-	-	3,138,304	3,427,292
Capital outlay	-	371,782	-	-	-	-	-	255,263	627,045
Employee Benefits	1,533,351	-	-	-	-	-	-	-	1,533,351
Debt service									
Principal	-	-	-	1,042,966	-	-	-	160,663	1,203,629
Interest	-	-	-	219,007	-	-	-	4,213	223,220
TOTAL EXPENDITURES	16,338,523	1,148,496	-	1,261,973	1,007,205	253,640	-	6,189,305	26,199,142
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,834,119)	(1,137,206)	171,450	(139,705)	(572,531)	1,283,021	1,827,224	(761,454)	(1,163,320)
OTHER FINANCING SOURCES (USES)									
Proceeds from sale of fixed assets	12,000	-	-	-	-	-	-	-	12,000
Transfers in	655,000	564,575	-	-	-	-	-	667,399	1,886,974
Transfers out	(40,000)	-	-	-	-	(784,575)	(457,399)	-	(1,281,974)
TOTAL OTHER FINANCING SOURCES (USES)	627,000	564,575	-	-	-	(784,575)	(457,399)	667,399	617,000
NET CHANGE IN FUND BALANCES	(1,207,119)	(572,631)	171,450	(139,705)	(572,531)	498,446	1,369,825	(94,055)	(546,320)
FUND BALANCES AT BEGINNING OF YEAR	4,755,750	808,316	4,288,785	57,056	157,206	(297,936)	23,948,054	2,017,317	35,734,548
FUND BALANCES AT END OF YEAR	\$ 3,548,631	\$ 235,685	\$ 4,460,235	\$ (82,649)	\$ (415,325)	\$ 200,510	\$ 25,317,879	\$ 1,923,262	\$ 35,188,228

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Net change in fund balances - total governmental funds	\$	(546,320)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlays		627,045
Depreciation expense		(1,406,057)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This amount is the net change in revenues accrued between the prior and current year:

Real estate tax revenues		(86,184)
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The issuance of long-term liabilities provide financial resources to governmental funds and contribute to the change in fund balance. However, the issuance of debt does not affect the Statement of Activities since it increases long-term liabilities in the Statement of Net Position. Accordingly, the repayment of principal and the proceeds of bond issuance are reported as an expenditure and revenue in the governmental funds, respectively, but reduce/increase the liability in the Statement of Net Position. The amounts related to the above items that make up differences are:

Principal payments on long-term debt		1,203,629
Principal payments on leases		124,473

Pursuant to the modified accrual basis of accounting, governmental funds do not recognize expenditures for transactions that are not normally paid with expendable available financial resources. Pursuant to the accrual basis of accounting, the Statement of Activities reports expenses and liabilities regardless of when financial resources are available. In addition, interest on long-term debt is not recognized in the governmental funds until due, while it is accrued in the Statement of Activities. The net differences for the items discussed above are:

OPEB expense		(286,610)
Pension Expense		(411,808)
Change in accrued interest payable		(17,698)
Change in bond premium		41,248
Change in accrued compensated absences		124,605

Change in net position of governmental activities	\$	<u>(633,677)</u>
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The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Sewer Fund	Community Pool Fund	Golf Course Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 5,727,384	\$ 15,325	\$ 1,053,587	\$ 6,796,296
Accounts receivable, net	27,409	-	9,346	36,755
Inventory	-	-	89,310	89,310
Prepaid expenses	-	-	40,989	40,989
TOTAL CURRENT ASSETS	<u>5,754,793</u>	<u>15,325</u>	<u>1,193,232</u>	<u>6,963,350</u>
Capital Assets, Net	-	753,394	13,861,722	14,615,116
TOTAL ASSETS	<u>5,754,793</u>	<u>768,719</u>	<u>15,054,954</u>	<u>21,578,466</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	7,330	5,912	193,652	206,894
Accrued expenses	2,400,000	34,752	21,723	2,456,475
Due to other funds	-	366,305	312,896	679,201
Unearned revenue	-	215	433,018	433,233
Current portion of lease payable	-	-	81,011	81,011
Current portion of long-term debt	-	-	175,000	175,000
TOTAL CURRENT LIABILITIES	<u>2,407,330</u>	<u>407,184</u>	<u>1,217,300</u>	<u>4,031,814</u>
LONG-TERM LIABILITIES				
Lease payable	-	-	73,886	73,886
TOTAL LONG-TERM LIABILITIES	<u>-</u>	<u>-</u>	<u>73,886</u>	<u>73,886</u>
NET POSITION				
Net investment in capital assets	-	753,394	13,531,825	14,285,219
Unrestricted	3,347,463	(391,859)	231,943	3,187,547
TOTAL NET POSITION	<u>\$ 3,347,463</u>	<u>\$ 361,535</u>	<u>\$ 13,763,768</u>	<u>\$ 17,472,766</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Sewer Fund	Community Pool Fund	Golf Course Fund	Total
OPERATING REVENUES				
Charges for services	\$ -	\$ 1,085,846	\$ 4,046,520	\$ 5,132,366
Miscellaneous	1,506	15,217	-	16,723
TOTAL OPERATING REVENUES	1,506	1,101,063	4,046,520	5,149,089
OPERATING EXPENSES				
Operations	2,618,600	1,412,181	3,066,503	7,097,284
Depreciation	-	128,957	459,956	588,913
TOTAL OPERATING EXPENSES	2,618,600	1,541,138	3,526,459	7,686,197
OPERATING INCOME (LOSS)	(2,617,094)	(440,075)	520,061	(2,537,108)
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	317,755	14,935	23,037	355,727
Interest expense	-	-	(11,000)	(11,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	317,755	14,935	12,037	344,727
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	(2,299,339)	(425,140)	532,098	(2,192,381)
INTERFUND TRANSFERS				
Transfers in	-	-	-	-
Transfers out	-	-	(605,000)	(605,000)
TOTAL INTERFUND TRANSFERS	-	-	(605,000)	(605,000)
CHANGE IN NET POSITION	(2,299,339)	(425,140)	(72,902)	(2,797,381)
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	5,646,802	786,675	13,836,670	20,270,147
NET POSTION AT END OF YEAR	<u>\$ 3,347,463</u>	<u>\$ 361,535</u>	<u>\$ 13,763,768</u>	<u>\$ 17,472,766</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	Sewer Fund	Community Pool Fund	Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 534,651	\$ 1,101,063	\$ 4,349,946
Cash payments to suppliers	(2,642,321)	(1,498,745)	(2,938,125)
Cash payments to employees	-	17,568	(14,472)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(2,107,670)</u>	<u>(380,114)</u>	<u>1,397,349</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due to other funds	-	366,305	(111,602)
Interfund transfers	-	-	(605,000)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>366,305</u>	<u>(716,602)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital lease payable	-	-	(141,171)
Principal paid on long-term debt	-	-	(170,000)
Interest paid on long-term debt	-	-	(11,000)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>(322,171)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings from investments	<u>317,755</u>	<u>14,935</u>	<u>23,037</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,789,915)	1,126	381,613
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>7,517,299</u>	<u>14,199</u>	<u>671,974</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 5,727,384</u></u>	<u><u>\$ 15,325</u></u>	<u><u>\$ 1,053,587</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (2,617,094)	\$ (440,075)	\$ 520,061
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	-	128,957	459,956
(Increase) decrease in			
Accounts receivable	533,145	-	2,304
Inventory	-	-	(3,985)
Prepaid expenses	-	-	4,801
Increase (decrease) in			
Accounts payable	(23,721)	(86,564)	127,562
Accrued expenses	-	(1,905)	(14,472)
Unearned revenue	-	-	301,122
Compensated absences	-	19,473	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (2,107,670)</u></u>	<u><u>\$ (380,114)</u></u>	<u><u>\$ 1,397,349</u></u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023

	Police Pension	Non-Uniform Pension	Deferred Contribution Plan	Deferred Retirement Option Plan Fund	Custodial Fund	Total Fiduciary Funds
ASSETS						
Cash and cash equivalents	\$ 737,663	\$ 264,261	\$ -	\$ -	\$ 247,859	\$ 1,249,783
Investments	15,270,344	9,669,867	1,333,079	647,063	-	26,920,353
Accounts receivables	-	39,176	-	-	157,856	197,032
TOTAL ASSETS	<u>16,008,007</u>	<u>9,973,304</u>	<u>1,333,079</u>	<u>647,063</u>	<u>405,715</u>	<u>28,367,168</u>
LIABILITIES						
Accounts payable	-	-	-	-	38,123	38,123
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,123</u>	<u>38,123</u>
NET POSITION						
Net position restricted for pensions	16,008,007	9,973,304	1,333,079	-	-	27,314,390
Net position restricted for other purposes	-	-	-	647,063	-	647,063
Net position restricted for custodial purposes	-	-	-	-	367,592	367,592
TOTAL NET POSITION	<u>\$ 16,008,007</u>	<u>\$ 9,973,304</u>	<u>\$ 1,333,079</u>	<u>\$ 647,063</u>	<u>\$ 367,592</u>	<u>\$ 28,329,045</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Police Pension	Non-Uniform Pension	Deferred Contribution Plan	Deferred Retirement Option Plan Fund	Custodial Fund	Total Fiduciary Funds
ADDITIONS						
Contributions						
Employer	\$ 1,070,523	\$ 403,262	\$ -	\$ -	\$ -	\$ 1,473,785
Member	167,413	32,240	270,537	204,329	-	674,519
Developers	-	-	-	-	100,281	100,281
TOTAL CONTRIBUTIONS	1,237,936	435,502	270,537	204,329	100,281	2,248,585
Investment income (loss)						
Net appreciation (depreciation) in fair value of investments	1,941,942	1,198,830	180,676	13,094	-	3,334,542
Interest income	17,846	3,195	-	-	-	21,041
Dividend income	409,623	270,089	-	-	-	679,712
TOTAL INVESTMENT INCOME (LOSS)	2,369,411	1,472,114	180,676	13,094	-	4,035,295
TOTAL ADDITIONS	3,607,347	1,907,616	451,213	217,423	100,281	6,283,880
DEDUCTIONS						
Administrative expenses	48,751	-	-	-	-	48,751
Benefits	1,171,754	780,053	-	27,700	-	1,979,507
Funds returned to developer	-	-	-	-	391,197	391,197
TOTAL DEDUCTIONS	1,220,505	780,053	-	27,700	391,197	2,419,455
CHANGE IN NET POSITION	2,386,842	1,127,563	451,213	189,723	(290,916)	3,864,425
NET POSITION						
BEGINNING OF YEAR	13,621,165	8,845,741	881,866	457,340	658,508	13,621,165
END OF YEAR	\$ 16,008,007	\$ 9,973,304	\$ 1,333,079	\$ 647,063	\$ 367,592	\$ 17,485,590

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 the 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.

Management has elected not to include the following potential component units in the December 31, 2023 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.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

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

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

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.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

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 2022 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.

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.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

Fiduciary Component Units

The Township's Pension Trust Funds and Deferred Retirement Option Plan Fund were established to provide retirement benefits to eligible retirees of the Township. The Plans are included in the financial reporting entity as fiduciary component units because the Plans are (1) considered to be separate legal entities, (2) the Township Board of Commissioners functions as the governing board of the plans, and (3) the plans impose a financial burden on the Township as it is legally obligated to make contributions to the Plans.

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.

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, 2023, 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

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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."

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, 2023, consist of the following:

ProShop	\$ 73,168
Food and beverage	<u>16,142</u>
	<u>\$ 89,310</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.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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
Buildings 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.

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.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023 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.

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, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

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.

Adoption of Governmental Accounting Standards Board Statements

The Town adopted the provisions of GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability", Statement No. 96, "Subscription-Based Information Technology Arrangements", and Statement No. 99, "Omnibus 2022". The adoption of these statements had no effect on previously reported amounts.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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DECEMBER 31, 2023**

Pending Changes in Accounting Principles

In June 2022, the GASB issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". The Township is required to adopt statement No. 100 for its fiscal year 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, "Compensated Absences". The Township is required to adopt statement No. 101 for its fiscal year 2024 financial statements.

In December 2023, the GASB issued Statement No. 102, "Certain Risk Disclosures". The Township is required to adopt the provisions of Statement No. 102 for its fiscal year 2024 financial statements.

In April 2024, the GASB issued Statement No. 103, "Financial Reporting Model Improvements". The Township is required to adopt the provisions of Statement No. 103 for its fiscal year 2026 financial statements.

In October 2024, the GASB issued Statement No. 104, "Disclosure of Certain Capital Assets". The Township is required to adopt the provisions of Statement No. 104 for its fiscal year 2026 financial statements.

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

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, 2023, the Township's deposit with a carrying value of \$44,567,781 and bank balance of \$44,619,251 were exposed to custodial credit risk as follows:

Insured by FDIC Insurance	\$ 500,000
Uninsured	1,001,924
Uninsured, collateral held by pledging Bank not in the Township's name	<u>43,117,327</u>
Total Deposits	<u>\$ 44,619,251</u>

Investments

As of December 31, 2023, the Township had the following investments and maturities in its Pension Trust and Deferred Retirement Option Plan Funds:

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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Investment Type	12/31/2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Fixed Income Mutual Funds	\$ 9,711,541	\$ 9,711,541	\$ -	\$ -
Total debt securities	9,711,541	9,711,541	-	-
Equity securities				
Equity Mutual funds	15,228,670	15,228,670	-	-
Stable value/cash management funds	1,980,142	-	1,980,142	-
Total equity securities	17,208,812	15,228,670	1,980,142	-
Total investments at fair value	\$ 26,920,353	\$ 24,940,211	\$ 1,980,142	\$ -

Fair Value Level 1 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.

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect an investment's value. The Township does not have a formal policy regarding interest rate risk. As of December 31, 2023, the Township's investments had the following weighted average maturities:

Investment Type	Investment Maturities			
	Less than One Year	One to Five Years	Five to Ten Years	Total
Fixed income mutual funds	\$ 9,711,541	\$ -	\$ -	\$ 9,711,541
Equity Mutual funds	15,228,670	-	-	15,228,670
Stable value/cash management funds	1,980,142	-	-	1,980,142
	\$ 26,920,353	\$ -	\$ -	\$ 26,920,353

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:

	Minimum	Maximum
Cash	0%	10%
Fixed Income	30%	50%
Equities	50%	70%

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.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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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

None of the Township's Pension Trust Funds' investment concentrations exceeded 5%.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivables are comprised of the following:

	Governmental Funds				Proprietary Funds	Fiduciary Funds
	General Fund	Debt Service Fund	Other Governmental Funds	Total		
Real estate taxes	\$ 85,264	\$ 15,915	\$ 25,355	\$ 126,534	\$ -	\$ -
Other fees and assessments	375,398	-	306,251	681,649	-	-
Golf Course	-	-	-	-	9,346	-
Sewer billings	-	-	-	-	27,409	-
Other	-	-	-	-	-	7,576
Due from developers	-	-	-	-	-	157,856
	<u>\$ 460,662</u>	<u>\$ 15,915</u>	<u>\$ 331,606</u>	<u>\$ 808,183</u>	<u>\$ 36,755</u>	<u>\$ 165,432</u>

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, 2023.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
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NOTE D - CAPITAL ASSETS

Changes in capital asset activity for the year ended December 31, 2023, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
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	1,941,555	-	-	1,941,555
Total Capital Assets not being Depreciated	76,090,813	-	-	76,090,813
Capital Assets subject to depreciation				
Infrastructure	1,512,088	-	-	1,512,088
Land Improvements	10,532,295	-	-	10,532,295
Building and Improvements	10,955,060	-	-	10,955,060
Vehicles	8,185,583	558,076	(75,252)	8,668,407
Right-to-use leased vehicles	604,282	-	-	604,282
Furniture and equipment	4,384,145	68,969	(155,583)	4,297,531
Total Capital Assets being Depreciated	36,173,453	627,045	(230,835)	36,569,663
Accumulated Depreciation	(23,335,591)	(1,406,057)	230,835	(24,510,813)
Total Capital Assets being Depreciated, Net	12,837,862	(779,012)	-	12,058,850
Governmental Activities Capital Assets, Net	\$ 88,928,675	\$ (779,012)	\$ -	\$ 88,149,663
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital Assets not subject to depreciation				
Land	\$ 7,751,552	\$ -	\$ -	\$ 7,751,552
Construction in Progress	37,037	-	-	37,037
Total Capital Assets not being Depreciated	7,788,589	-	-	7,788,589
Capital Assets subject to depreciation				
Land Improvements	8,160,525	-	-	8,160,525
Sewer infrastructure and pools	4,473,198	-	-	4,473,198
Building and Improvements	3,187,185	-	-	3,187,185
Right-to-use leased golf equipment	470,284	-	(82,000)	388,284
Furniture and equipment	1,119,145	-	-	1,119,145
	17,410,337	-	(82,000)	17,328,337
Accumulated Depreciation	(9,994,897)	(588,913)	82,000	(10,501,810)
Total Capital Assets being Depreciated, Net	7,415,440	(588,913)	-	6,826,527
Business-Type Activities Capital Assets, Net	\$ 15,204,029	\$ (588,913)	\$ -	\$ 14,615,116

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

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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Governmental Activities

General government	\$ 287,425
Public safety	238,228
Public works	341,314
Parks and Recreation	539,090
	<u>539,090</u>
Total Depreciation Expense	<u>\$ 1,406,057</u>

Business-Type Activities

Golf Course Fund	\$ 459,956
Pool Fund	128,957
	<u>128,957</u>
Total Depreciation Expense	<u>\$ 588,913</u>

NOTE E – LONG-TERM LIABILITIES

The Following is a summary of long-term liability activity of the Township for the year ended

December 31, 2023:

	Principal Outstanding January 1, 2023	Additions	Deletions/ Maturities	Principal Outstanding December 31, 2023	Due Within One Year
Governmental Activities					
General obligation bonds					
Series of 2016	\$ 5,534,750	\$ -	\$ (354,750)	\$ 5,180,000	\$ 345,000
Series of 2018	985,000	-	(145,000)	840,000	150,000
General obligation notes					
Series of 2022	1,383,327	-	(543,216)	840,111	556,647
Equipment loans	225,191	-	(160,663)	64,528	64,528
Deferred amounts					
Bond premiums	410,416	-	(41,248)	369,168	41,248
Total Bonds, Notes, and Loans	8,538,684	-	(1,244,877)	7,293,807	1,157,423
Leases	451,133	-	(124,473)	326,660	124,907
Other post-employment benefits	5,711,942	440,493	-	6,152,435	-
Compensated absences	1,708,078	-	(124,605)	1,583,473	-
Net pension liability	11,106,468	-	(221,277)	10,885,191	-
Total Governmental Activities	<u>\$ 27,516,305</u>	<u>\$ 440,493</u>	<u>\$ (1,715,232)</u>	<u>\$ 26,241,566</u>	<u>\$ 1,282,330</u>
Business-Type Activities					
General obligation bonds					
Series A of 2013	\$ 345,000	\$ -	\$ (170,000)	\$ 175,000	\$ 175,000
Total Bonds, Notes, and Loans	345,000	-	(170,000)	175,000	175,000
Leases	296,068	-	(141,171)	154,897	81,011
Compensated absences	7,509	19,473	-	26,982	-
Total Business-Type Activities	<u>\$ 648,577</u>	<u>\$ 19,473</u>	<u>\$ (311,171)</u>	<u>\$ 356,879</u>	<u>\$ 256,011</u>

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
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The following is a summary of long-term activity of the Township for the year ended December 31, 2023:

Purpose	Balance Outstanding at December 31, 2023
Governmental Activities	
<u>General Obligation Note, Series of 2022</u>	
Issued in 2022 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.	\$ 840,111
<u>General Obligation Bonds, Series of 2016</u>	
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	5,180,000
<u>General Obligation Bonds, Series of 2018</u>	
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.	840,000
<u>Equipment Loans</u>	
Various equipment loans payable through April 2024. Loans will be payable at fixed intervals, with interest ranging from 1.85% to 2.70%.	64,528
Total Governmental Activities	<u>\$ 6,924,639</u>
Business-Type Activities	
<u>General Obligation Bonds, Series A of 2013</u>	
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.	\$ 175,000
Total Business-Type Activities	<u>\$ 175,000</u>

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
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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, 2023</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 1,291,175	\$ 215,381	\$ 1,506,556
2025	803,464	171,413	974,877
2026	540,000	142,306	682,306
2027	565,000	120,288	685,288
2028	590,000	102,519	692,519
2029-2033	2,030,000	337,288	2,367,288
2034-2038	1,280,000	61,897	1,341,897
	<u>\$ 7,099,639</u>	<u>\$ 1,151,092</u>	<u>\$ 8,250,731</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. 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 restriction

NOTE F - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund transfers are summarized as follows for the year-ended December 31, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General Fund	\$ 655,000	\$ 40,000
Capital Reserve Fund	564,575	-
American Rescue Plan Fund	-	784,575
Sewer Sale Proceeds Fund	-	457,399
Other Government Funds	667,399	-
Total Governmental Funds	<u>1,886,974</u>	<u>1,281,974</u>
Enterprise Funds		
Golf Course Fund	-	605,000
	<u>\$ 1,886,974</u>	<u>\$ 1,886,974</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

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	Interfund Receivables	Interfund Payables
Governmental Funds		
General Fund	\$ 1,835,405	\$ -
Special Projects Fund	-	373,151
Debt Service Fund	181,000	279,564
Other Governmental Funds	-	684,489
Total Governmental Funds	<u>2,016,405</u>	<u>1,337,204</u>
Business-Type Funds		
Pool Fund	-	366,305
Golf Course Fund	-	312,896
Total Business-Type Funds	<u>-</u>	<u>679,201</u>
	<u>\$ 2,016,405</u>	<u>\$ 2,016,405</u>

The purpose of the General Fund interfund receivable is to provide cash for operations to the Special Projects Fund, Debt Service Fund, Other Governmental Funds, Pool Fund and 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, 2023, plan membership consisted of the following:

	Non-Uniform	Police
Active Plan Members	14	36
Retirees and beneficiaries currently receiving benefits	42	29
Terminated employees entitled to benefits but not yet receiving them	7	1
	<u>63</u>	<u>66</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, 2023, the plan's assets were managed by RBC Wealth Management.

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 OF LOWER MAKEFIELD, PENNSYLVANIA
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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:
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.

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.

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.

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, 2023, 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, 2023, the plan's assets were managed by RBC Wealth Management.

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

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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.

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.

Non-Uniform: In accordance with the plan's governing document, all employees are required to contribute 3% of compensation to the plan.

Police: In accordance with the plan's governing document, employees are required to contribute the following to the plan.

- *Command Officers* – 2% of compensation
- *Non-Command Officers* – 3.75% of compensation in 2023, 4% in 2024, and 5% in 2025

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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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.

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

Non-Uniform		Police	
Asset Class	Target	Asset Class	Target
Domestic Equity - Large Cap	42.0%	Domestic Equity - Large Cap	42.0%
Domestic Equity - Small Cap	4.0%	Domestic Equity - Small Cap	5.0%
International Equity	12.0%	International Equity	14.0%
Fixed Income	37.0%	Fixed Income	38.0%
Cash	5.0%	Cash	3.0%

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.00% for the Police Pension Plan and 16.62% 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.

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Net Pension Liability

The components of the net pension liabilities of the Township at December 31, 2023, were as follows:

	Non-Uniform	Police
Total Pension Liability	\$ 12,183,642	\$ 24,643,684
Plan Fiduciary Net Position	<u>9,934,128</u>	<u>16,008,007</u>
Net Pension Liability	<u>\$ 2,249,514</u>	<u>\$ 8,635,677</u>
Plan fiduciary net position as a percentage of the total pension liability	81.5%	65.0%

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, 2023. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2023. This report was based upon the plan's actuarial assumptions, asset valuation method, and cost method described below:

Police Pension Plan

- Liabilities - All plan benefits are valued using the entry age normal cost valuation method.
- Economic Assumptions
 - Investment Return – 7.5% per annum, net of investment expenses.
 - Salary Increases - 5.0% compounded annually.
- Demographic Assumptions
 - Mortality
 - Mortality: PUBS-2010 Mortality projected 5 years past the valuation date using Scale MP-2021.
 - Retirement Age - Normal retirement age or age on valuation date if greater.
 - Marital Status - 80% of active members are assumed to be married. Female spouse is assumed to be 3 years younger than male spouse.
 - Form of Annuity - Joint & 75% survivor.
 -

Non-Uniformed Pension Plan

- Liabilities - All plan benefits are valued using the entry age normal cost valuation method.
- Economic Assumptions
 - Investment Return – 7.5% per annum, net of investment expenses.
 - Salary Increases - 5.0% compounded annually.
- Demographic Assumptions
 - Mortality - PUBG-2010 Mortality projected 5 years past the valuation date using the Scale MP-2021.
 - Termination - T-1 table of the pension Actuary's Handbook.
 - Disability - None assumed.
 - Retirement Age - Normal retirement age, or age on valuation date if greater.
 - Form of Annuity - Single life annuity.

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

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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plan investment expense and inflation of 2.47%) 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, 2023 are summarized in the following table:

Asset Class	Long-Term Expected Real Rates of Return
Domestic Equity - Large Cap	6.20%
Domestic Equity - Mid Cap	7.25%
Domestic Equity - Small Cap	7.25%
International Equity	6.91%
Fixed Income	3.51%
Real Estate	5.01%
Cash	0.76%

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:

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
BALANCES AT DECEMBER 31, 2022	\$ 21,852,089	\$ 13,621,165	\$ 8,230,924
Changes for the year			
Service cost	639,704	-	639,704
Interest	1,760,202	-	1,760,202
Changes in benefit terms	13,768	-	13,768
Differences between expected and actual experience	284,550	-	284,550
Changes in assumptions	1,265,125	-	1,265,125
Contributions - employer	-	382,832	(382,832)
Contributions - state aid	-	687,691	(687,691)
Contributions - member	-	167,413	(167,413)
Net investment income	-	2,320,660	(2,320,660)
Benefit payments	(1,171,754)	(1,171,754)	-
Administrative expense	-	-	-
Other changes	-	-	-
NET CHANGES	2,791,595	2,386,842	404,753
BALANCE AT DECEMBER 31, 2023	\$ 24,643,684	\$ 16,008,007	\$ 8,635,677

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a-b)
BALANCES AT DECEMBER 31, 2022	\$ 11,713,709	\$ 8,838,165	\$ 2,875,544
Changes for the year			
Service cost	95,776	-	95,776
Interest	877,233	-	877,233
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(232,608)	-	(232,608)
Changes in assumptions	509,585	-	509,585
Contributions - employer	-	403,262	(403,262)
Contributions - state aid	-	-	-
Contributions - member	-	32,240	(32,240)
Net investment income	-	1,440,514	(1,440,514)
Benefit payments	(780,053)	(780,053)	-
Administrative expense	-	-	-
Other changes	-	-	-
NET CHANGES	469,933	1,095,963	(626,030)
BALANCE AT DECEMBER 31, 2023	\$ 12,183,642	\$ 9,934,128	\$ 2,249,514

Discount Rate

The discount rate used to measure the total pension liability is 7.50%. 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

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

For the year ended December 31, 2023, the Township recognized pension expense of \$1,475,667 (Police) and \$409,926 (Non-Uniformed). At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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DECEMBER 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 74,751	\$ -
Changes in assumptions	1,631,104	-
Net difference between projected and actual earnings on pension plan investments	832,595	-
Total	<u>\$ 2,538,450</u>	<u>\$ -</u>
<u>Police Pension Plan</u>		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 116,304
Changes in assumptions	254,792	-
Net difference between projected and actual earnings on pension plan investments	617,015	-
Total	<u>\$ 871,807</u>	<u>\$ 116,304</u>
Total - Both Plans	<u>\$ 3,410,257</u>	<u>\$ 116,304</u>

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

	Police	Non-Uniform
Year ending December 31,		
2024	\$ 465,132	\$ 286,378
2025	613,183	253,018
2026	776,359	375,732
2027	(8,403)	(159,625)
2028	273,032	-
Thereafter	419,147	-

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 7.50%, 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability - Police	\$ 11,670,022	\$ 8,635,677	\$ 6,094,733
Net Pension Liability - Non-Uniform	3,367,740	2,249,517	1,273,426

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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DECEMBER 31, 2023

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, 2023, plan membership consisted of the following:

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

Investments

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

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation at January 1, 2023 with update procedures used to roll forward the plan's fiscal plan year ending December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Administrative Plan

Actuarial Methods

- Liabilities - All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.

Economic Assumptions

- Investment return - There are no invested assets.
- Salary increases - 5% compounded annually.
- Discount rate - 4.00%. The discount rate is based on the S&P 20 year AA municipal bond rate.

Demographic Assumptions

- Mortality - 2010 Public General Amount Based Mortality Tables for Male and Female Employees projected to 2027 using Scale MP-2022.
- Termination - T-1 Table of Pension Actuary's Handbook.
- Disability - None assumed.
- Retirement is assumed to occur at a minimum of age 65 with 5 years of service.

Public Works Plan

Actuarial Methods

- Liabilities - All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.

Economic Assumptions

- Investment return - There are no invested assets.
- Salary increases - 5% compounded annually.
- Discount rate - 4.00%. The discount rate is based on the S&P 20 year AA municipal bond rate.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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Healthcare Cost Trend Rate

- Non-Medicare Medical and Rx costs are assumed to increase by 7.25% during 2023, reduced by 0.25% per year thereafter to an ultimate level of 4% per year.
- Medicare Medical and Rx costs are assumed to increase by 5% per year.
- HRA costs are assumed to increase by 2.5% per year for 40 years.
- Dental costs are assumed to increase by 3% per year.

Demographic Assumptions

- Mortality - 2010 Public General Amount Based Mortality Tables for Male and Female Employees projected to 2027 using Scale MP-2022.
- Termination - T-1 Table of Pension Actuary's Handbook.
- Disability - None assumed.
- Retirement is assumed to occur at a minimum of age 65 with 5 years of service.
- 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.
- 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

Actuarial Methods

- Liabilities - All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.

Economic Assumptions

- Investment return - There are no invested assets.
- Salary increases - 5% compounded annually.
- Discount rate - 4.00%. The discount rate is based on the S&P 20 year AA municipal bond rate.

Healthcare Cost Trend Rate

- Non-Medicare Medical and Rx costs are assumed an initial rate of 7.25% in fiscal 2022, then 7.00% in fiscal 2023, grading down to the ultimate trend rate of 4.00% in fiscal 2074.
- Medicare Medical and Rx costs are assumed to increase by 5% per year.
- HRA costs are assumed to increase by 2.5% per year for 40 years.
- Dental costs are assumed to increase by 3% per year.

Demographic Assumptions

- Mortality - 2010 Public Safety Amount Based Mortality Tables for Male and Female Employees projected to 2027 using Scale MP-2022.
- Termination - T-1 Table of Pension Actuary's Handbook.
- Disability - 100% of the United Auto Workers Table.
- Retirement is assumed to occur at a minimum of age 55 with 25 years of service.
- 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.
- 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.

Changes in Assumptions: For the Administrative Plan, Public Works Plan and Police Plan, the discount rate changed from 4.31% for the reporting period ended December 31, 2022, to 4.00% for the reporting period ended December 31, 2023.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

	Total OPEB Liability		
	Administrative	Public Works	Police
Balance at 1/1/2023	\$ 232,736	\$ 709,304	\$ 4,769,902
Changes for the year:			
Service Cost	4,559	38,400	269,517
Interest	9,968	31,585	212,426
Differences between Expected and actual Experience	-	-	-
Changes in Assumptions and Cost Method	9,231	14,614	116,213
Changes in Benefit Terms	-	-	-
Benefit Payments	(12,129)	(30,068)	(223,823)
Net Changes	11,629	54,531	374,333
Balance at 12/31/2023	\$ 244,365	\$ 763,835	\$ 5,144,235

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the township, calculated 4.00% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (3.00%) or 1 percent higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Administrative Plan	\$ 278,345	\$ 244,365	\$ 216,472
Public Works Plan	814,126	763,835	718,172
Police Plan	5,537,000	5,144,235	4,778,439

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 calculating a healthcare trend rate that is 1 percent higher and 1 percent lower than expected.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Administrative Plan	\$ 278,345	\$ 244,365	\$ 216,472
Public Works Plan	814,126	763,835	718,172
Police Plan	5,537,000	5,144,235	4,778,439

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2023, the Township recognized OPEB expense of \$15,439 (Administrative Plan), \$49,702 (Public Works Plan), and \$487,489 (Police Plan). At December 31, 2023, The Township reported deferred outflows of resources and deferred inflows of resources relate to OPEB from the following sources:

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

	Deferred Outflows of Resources		
	Administrative	Public Works	Police
Differences between Expected and actual Experience	\$ 22,950	\$ -	\$ -
Change in Assumptions	31,615	65,273	447,668
Total	<u>\$ 54,565</u>	<u>\$ 65,273</u>	<u>\$ 447,668</u>

	Deferred Inflows of Resources		
	Administrative	Public Works	Police
Differences between Expected and actual Experience	\$ -	\$ 133,969	\$ 205,351
Change in Assumptions	68,217	199,282	382,496
Total	<u>\$ 68,217</u>	<u>\$ 333,251</u>	<u>\$ 587,847</u>

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

ending December 31,	Administrative	Public Works	Police
2024	\$ 912	\$ (20,283)	\$ 5,546
2025	912	(20,283)	5,546
2026	912	(20,283)	5,546
2027	25	(20,283)	5,546
2028	(6,783)	(24,265)	5,546
Thereafter	(9,630)	(162,581)	(167,909)

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

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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.

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 \$367,592 as of December 31, 2023.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, \$1,666,476 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, 2023.

Lessee – Governmental

The Township leases various vehicles through separate agreements into 2027. The value of the right-to-use assets as of December 31, 2023 was \$604,282 and had accumulated amortization of \$342,216. The future principal and interest lease payments as of December 31, 2023, were as follows:

Year Ending December 31, 2023	Principal	Interest	Total
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
	\$ 326,660	\$ 40,688	\$ 367,348

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, 2023, was \$388,285 and had accumulated amortization of \$211,682. The future principal and interest lease payments as of December 31, 2023, were as follows:

Year Ending December 31, 2023	Principal	Interest	Total
2024	\$ 81,011	\$ 5,859	\$ 86,870
2025	73,866	2,613	76,479
	\$ 154,877	\$ 8,472	\$ 163,349

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.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

The future minimum management fee payments are as follows:

Year Ending December 31, 2023	
2024	\$ 100,279
2025	100,279
	<u>\$ 200,558</u>

Self-Insured Unemployment Compensation

The Township is self-insured for unemployment compensation coverage. During 2023, 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.

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 – RESTATEMENT OF NET POSITION

The following restatement to the government-wide governmental and business-type activities beginning net position as well as the fund level net position of the Golf Course Fund was necessary to adjust previously reported balances to account for the Township's capital assets and related accumulated depreciation:

	<u>Government-Wide</u>		<u>Proprietary Funds</u>
	<u>Governmental</u>	<u>Business-Type</u>	<u>Golf Course</u>
	<u>Activities</u>	<u>Activities</u>	<u>Fund</u>
Beginning Net Position (Deficit), previously reported	\$ 100,023,303	\$ 20,496,499	\$ 14,063,022
Restatement	500,742	(226,352)	(226,352)
Beginning Net Position (Deficit), as restated	<u>\$ 100,524,045</u>	<u>\$ 20,270,147</u>	<u>\$ 13,836,670</u>

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE O - SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through the report issuance date of April 9, 2025 and is not aware of items that would require recognition or disclosure in the financial statements

TOWNSHIP OF LOWER MAKEFIELD PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 9,844,685	\$ 10,226,284	\$ 381,599
Licenses, permits and fees	745,900	843,295	97,395
Fines, forfeits and costs	46,300	69,397	23,097
Interest and rent	350,200	485,414	135,214
Intergovernmental revenues	759,777	876,664	116,887
Charges for services	1,801,850	1,099,761	(702,089)
Miscellaneous	131,000	1,099,115	968,115
Total Revenues	<u>13,679,712</u>	<u>14,699,930</u>	<u>1,020,218</u>
Expenditures:			
General government	4,789,023	5,364,646	575,623
Public safety	6,525,821	7,645,420	1,119,599
Public works	3,293,524	1,795,106	(1,498,418)
Employee benefits and taxes	1,523,821	1,533,351	9,530
Total Expenditures	<u>16,132,189</u>	<u>16,338,523</u>	<u>206,334</u>
Excess of Revenues over (under) Expenditures	(2,452,477)	(1,638,593)	1,226,552
Other Financing sources/(uses):			
Refund from prior year expenditures	85,000	12,000	(73,000)
Transfers In	655,000	655,000	-
Transfers out	(45,000)	(40,000)	5,000
Total Other Financing sources/(uses)	<u>695,000</u>	<u>627,000</u>	<u>-</u>
Net Change in Fund Balance	<u><u>\$ (1,757,477)</u></u>	<u>(1,011,593)</u>	<u><u>\$ 1,226,552</u></u>
Fund Balance - Beginning of Year		<u>4,755,750</u>	
Fund Balance - End of Year		<u><u>\$ 3,744,157</u></u>	

TOWNSHIP OF LOWER MAKEFIELD PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS) - SPECIAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts	Actual	Variance with Final Budget
Revenues			
Intergovernmental revenues	\$ 279,000	\$ 431,743	\$ 152,743
Interest Revenue	-	1,854	1,854
Miscellaneous	-	1,077	1,077
Total Revenues	<u>279,000</u>	<u>434,674</u>	<u>155,674</u>
Expenditures:			
Public works	305,000	1,007,205	(702,205)
Capital outlay	550,000	-	550,000
Total Expenditures	<u>855,000</u>	<u>1,007,205</u>	<u>(152,205)</u>
Excess of Revenues over (under) Expenditu	(576,000)	(572,531)	3,469
Other Financing sources/(uses):			
Transfers In	500,000	-	500,000
Total Other Financing sources/(uses)	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Net Change in Fund Balance	<u><u>\$ (76,000)</u></u>	(572,531)	<u><u>\$ 503,469</u></u>
Fund Balance - Beginning of Year		<u>157,206</u>	
Fund Balance - End of Year		<u><u>\$ (415,325)</u></u>	

TOWNSHIP OF LOWER MAKEFIELD PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS) - AMERICAN RESCUE PLAN FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts	Actual	Variance with Final Budget
Revenues			
Interest and rent	\$ 1,500	\$ 32,022	\$ 30,522
Intergovernmental revenues	-	1,504,639	1,504,639
Total Revenues	<u>1,500</u>	<u>1,536,661</u>	<u>1,535,161</u>
Expenditures:			
General government	-	253,640	(253,640)
Total Expenditures	<u>-</u>	<u>253,640</u>	<u>(253,640)</u>
Excess of Revenues over (under) Expenditu	1,500	1,283,021	1,281,521
Other Financing sources/(uses):			
Transfers Out	(865,000)	(784,575)	(80,425)
Total Other Financing sources/(uses)	<u>(865,000)</u>	<u>(784,575)</u>	<u>(80,425)</u>
Net Change in Fund Balance	<u><u>\$ (863,500)</u></u>	498,446	<u><u>\$ 1,201,096</u></u>
Fund Balance - Beginning of Year		<u>(297,936)</u>	
Fund Balance - End of Year		<u><u>\$ 200,510</u></u>	

TOWNSHIP OF LOWER MAKEFIELD PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS) - SEWER SALE FUND
YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and rent	\$ 50,000	\$ 1,827,224	\$ 1,777,224
Total Revenues	<u>50,000</u>	<u>1,827,224</u>	<u>1,777,224</u>
Other Financing sources/(uses):			
Transfers Out	(1,245,933)	(457,399)	(788,534)
Total Other Financing sources/(uses)	<u>(1,245,933)</u>	<u>(457,399)</u>	<u>(788,534)</u>
Net Change in Fund Balance	<u>\$ (1,195,933)</u>	1,369,825	<u>\$ 988,690</u>
Fund Balance - Beginning of Year		<u>23,948,054</u>	
Fund Balance - End of Year		<u>\$ 25,317,879</u>	

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO BUDGETARY COMPARISON STATEMENTS
DECEMBER 31, 2023

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 appropriate 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 is 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 budgets on or before December 31, the cost 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 which they 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 generally accepted accounting principles.

NOTE B – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following major funds had an excess of actual expenditures over budget for the year ended December 31, 2023:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess over Appropriations</u>
General Fund	\$ 16,132,189	\$ 16,338,523	\$ 206,334
Special Project Fund	855,000	1,007,205	152,205
American Rescue Plan Fund	-	253,640	253,640

The excess expenditures over appropriation were funded by prior year fund balance in the General Fund and excess current year revenues in the American Rescue Plan Fund.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
POLICE PENSION PLAN - SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS**

	Police								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	\$ 639,704	\$ 519,909	\$ 458,349	\$ 399,965	\$ 380,919	\$ 345,035	\$ 328,605	\$ 324,509	\$ 309,056
Interest	1,760,202	1,649,850	1,486,254	1,307,074	1,243,678	1,195,846	1,128,769	1,066,588	1,020,453
Changes of Benefit Terms	13,768	902,284	673,919	-	-	-	-	-	-
Differences Between Actual and Expected Experience, if any	284,550	-	(22,155)	-	(244,432)	-	(251,682)	-	-
Assumptions Changes	1,265,125	-	688,463	-	-	-	359,941	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,171,754)	(841,765)	(885,246)	(846,540)	(855,849)	(613,022)	(657,652)	(794,727)	(741,830)
Net change in Total Pension Liability	2,791,595	2,230,278	2,399,584	860,499	524,316	927,859	907,981	596,370	587,679
Total Pension Liability - Beginning	21,852,089	19,621,811	17,222,227	16,361,728	15,837,412	14,909,553	14,001,572	13,405,202	12,817,523
Total Pension Liability - Ending (a)	<u>\$ 24,643,684</u>	<u>\$ 21,852,089</u>	<u>\$ 19,621,811</u>	<u>\$ 17,222,227</u>	<u>\$ 16,361,728</u>	<u>\$ 15,837,412</u>	<u>\$ 14,909,553</u>	<u>\$ 14,001,572</u>	<u>\$ 13,405,202</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 382,832	\$ 483,943	\$ 350,537	\$ 348,046	\$ 176,743	\$ 223,063	\$ 176,857	\$ 209,735	\$ 281,180
Contributions - State Aid	687,691	569,850	527,701	526,850	553,014	459,070	449,649	406,842	388,163
Contributions - Member	167,413	114,934	116,361	92,179	72,666	69,493	61,862	46,495	29,940
Net Investment Income	2,320,660	(2,700,170)	1,972,800	1,695,866	1,958,084	(1,039,024)	1,403,735	473,031	(241,454)
Benefit Payments	(1,171,754)	(841,765)	(885,246)	(846,540)	(855,849)	(613,022)	(657,652)	(794,727)	(741,830)
Administrative Expense	-	(800)	(6,475)	(800)	(6,268)	(2,210)	(6,050)	(1,000)	(6,707)
Net Change in Plan Fiduciary Position	\$ 2,386,842	\$ (2,374,008)	\$ 2,075,678	\$ 1,815,601	\$ 1,898,390	(902,630)	1,428,401	340,376	(290,708)
Plan Fiduciary Net Position - Beginning	13,621,165	15,995,173	13,919,495	12,103,894	10,205,504	11,108,034	9,679,633	9,339,257	9,629,965
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,008,007</u>	<u>\$ 13,621,165</u>	<u>\$ 15,995,173</u>	<u>\$ 13,919,495</u>	<u>\$ 12,103,894</u>	<u>\$ 10,205,404</u>	<u>\$ 11,108,034</u>	<u>\$ 9,679,633</u>	<u>\$ 9,339,257</u>
Net Pension Liability (a) - (b)	<u>\$ 8,635,677</u>	<u>\$ 8,230,924</u>	<u>\$ 3,626,638</u>	<u>\$ 3,302,732</u>	<u>\$ 4,257,834</u>	<u>\$ 5,632,008</u>	<u>\$ 3,801,519</u>	<u>\$ 4,321,939</u>	<u>\$ 4,065,945</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.0%	62.3%	81.5%	80.8%	74.0%	64.4%	74.5%	69.1%	69.7%
Covered Payroll	\$ 4,793,196	\$ 4,285,475	\$ 4,044,206	\$ 3,777,569	\$ 3,594,354	\$ 3,363,814	\$ 3,276,201	\$ 3,164,517	\$ 3,083,827
Net Pension Liability as a Percentage of Covered Payroll	180.2%	192.1%	89.7%	87.4%	118.5%	167.4%	116.0%	136.6%	131.8%

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 Blue Collar RP-2000 Table projected to 2017 using Scale AA to the PubS-2010 projected 5 years past the valuation date using most recent MP Scale. In 2023, the interest rate assumption was changed from 8.0% to 7.50%.

Benefit Change:

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. In 2023, the service increment provision was extended for the period 1/1/2023 - 12/31/2026.

Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available in future years.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS -
POLICE PENSION PLAN
10 YEARS ENDED DECEMBER 31, 2023**

	POLICE PENSION									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 1,070,523	\$ 1,053,793	\$ 878,238	\$ 874,896	\$ 729,757	\$ 682,133	\$ 626,506	\$ 616,577	\$ 669,343	\$ 671,390
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED	1,070,523	1,053,793	878,238	874,896	729,757	682,133	626,506	616,577	669,343	671,390
CONTRIBUTION (EXCESS) DEFICIENCY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COVERED PAYROLL	\$ 4,793,196	\$ 4,285,475	\$ 4,044,206	\$ 3,777,569	\$ 3,594,354	\$ 3,363,814	\$ 3,276,201	\$ 3,164,517	\$ 3,083,327	\$ 2,816,152
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	22.3%	24.6%	21.7%	23.2%	20.3%	20.3%	19.1%	19.5%	21.7%	23.8%

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 Blue Collar RP-2000 Table projected to 2017 using Scale AA to the PubS-2010 projected 5 years past the valuation date using most recent MP Scale. In 2023, the interest rate assumption was changed from 8.0% to 7.50%.

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. In 2023, the service increment provision was extended for the period 1/1/2023 - 12/31/2026.

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	2.47%
Salary increases	5.00%
Investment rate of return	7.50%
Retirement age	Normal retirement age
Mortality	
Pre-Retirement:	PubS-2010 Employee Mortality projected 5 years past the valuation date using the most recent projection scale.
Post-Retirement:	PubS-2010 Healthy Retiree Mortality projected 5 years past the valuation date using the most recent projection scale.

TOWNSHIP OF LOWERMAKEFIELD, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
NON-UNIFORM PENSION PLAN - SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS

	Non-Uniform								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	\$ 95,776	\$ 118,876	\$ 113,215	\$ 137,318	\$ 130,779	\$ 158,556	\$ 151,006	\$ 189,059	\$ 180,056
Interest	877,233	891,704	865,477	841,232	812,727	771,817	738,351	721,329	677,694
Changes of Benefit Terms	-	-	-	-	-	-	220,140	-	-
Differences Between Actual and Expected Experience, if any	(232,608)	-	(468,137)	-	168,807	-	(806,422)	-	-
Assumptions Changes	509,585	-	452,753	-	-	-	321,965	-	-
Benefit Payments, Including Refunds of Employee Contributions	(780,053)	(648,597)	(664,430)	(607,567)	(579,911)	(540,124)	(417,055)	(373,431)	(269,183)
Net change in Total Pension Liability	469,933	361,983	298,878	370,983	532,402	390,249	207,985	536,957	588,567
Total Pension Liability - Beginning	11,713,709	11,351,726	11,052,848	10,681,865	10,149,463	9,759,214	9,551,229	9,014,272	8,425,705
Total Pension Liability - Ending (a)	<u>\$ 12,183,642</u>	<u>\$ 11,713,709</u>	<u>\$ 11,351,726</u>	<u>\$ 11,052,848</u>	<u>\$ 10,681,865</u>	<u>\$ 10,149,463</u>	<u>\$ 9,759,214</u>	<u>\$ 9,551,229</u>	<u>\$ 9,014,272</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 403,262	\$ 411,075	\$ 416,889	\$ 468,595	\$ 381,418	\$ 390,176	\$ 385,095	\$ 404,119	\$ 368,300
Contributions - Member	32,240	26,669	38,027	41,949	45,274	48,182	53,292	41,322	46,553
Net Investment Income	1,440,514	(1,823,594)	1,373,884	1,201,386	1,439,548	(610,498)	1,126,696	333,001	(207,138)
Benefit Payments	(780,053)	(648,597)	(664,430)	(607,567)	(579,911)	(540,124)	(417,055)	(373,431)	(269,183)
Administrative Expense	-	(1,400)	(6,075)	(2,300)	(5,950)	(1,450)	(6,750)	(1,850)	(7,894)
Refund of Member Contributions	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Position	1,095,963	(2,035,847)	1,158,295	1,102,063	1,280,379	(713,714)	1,141,278	403,161	(69,362)
Plan Fiduciary Net Position - Beginning	8,838,165	10,874,012	9,715,717	8,613,654	7,333,275	8,046,989	6,905,711	6,502,550	6,571,912
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,934,128</u>	<u>\$ 8,838,165</u>	<u>\$ 10,874,012</u>	<u>\$ 9,715,717</u>	<u>\$ 8,613,654</u>	<u>\$ 7,333,275</u>	<u>\$ 8,046,989</u>	<u>\$ 6,905,711</u>	<u>\$ 6,502,550</u>
Net Pension Liability (a) - (b)	<u>\$ 2,249,514</u>	<u>\$ 2,875,544</u>	<u>\$ 477,714</u>	<u>\$ 1,337,131</u>	<u>\$ 2,068,211</u>	<u>\$ 2,816,188</u>	<u>\$ 1,712,225</u>	<u>\$ 2,645,518</u>	<u>\$ 2,511,722</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.5%	75.5%	95.8%	87.9%	80.6%	72.3%	82.5%	72.3%	72.1%
Covered Payroll	\$ 1,187,577	\$ 1,327,848	\$ 1,438,958	\$ 1,476,752	\$ 1,597,351	\$ 1,696,430	\$ 1,757,346	\$ 1,984,189	\$ 1,965,213
Net Pension Liability as a Percentage of Covered Payroll	189.4%	216.6%	33.2%	90.5%	129.5%	166.0%	97.4%	133.3%	127.8%

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 the valuation date using most recent MP Scale. In 2023, the interest rate assumption was changed from 8.0% to 7.5%.

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

Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available in future years.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS -
NON-UNIFORM PENSION PLAN
10 YEARS ENDED DECEMBER 31, 2023**

	NON-UNIFORM								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 403,262	\$ 411,075	\$ 416,889	\$ 468,595	\$ 381,418	\$ 390,176	\$ 385,095	\$ 404,119	\$ 368,300
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED	403,262	411,075	416,889	468,595	381,418	390,176	385,095	404,119	368,300
CONTRIBUTION (EXCESS) DEFICIENCY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COVERED PAYROLL	\$ 1,187,577	\$ 1,327,848	\$ 1,438,958	\$ 1,476,752	\$ 1,597,351	\$ 1,696,430	\$ 1,757,346	\$ 1,984,198	\$ 1,965,213
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	34.0%	31.0%	29.0%	31.7%	23.9%	23.0%	21.9%	20.4%	18.7%

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 Blue Collar RP-2000 Table projected to 2017 using Scale AA to the PubS-2010 projected 5 years past the valuation date using most recent MP Scale. In 2023, the interest rate assumption was changed from 8.0% to 7.50%.

Change in benefit terms - 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.

Methods and assumptions used to determine contribution rates:

Asset valuation method	Market value of assets
Salary increases	5.00%
Investment rate of return	7.50%
Retirement Age	Normal retirement age
Termination	T-1 table actuarial handbook
Mortality	
Pre-Retirement:	PubG-2010 Employee Mortality projected 5 years past the valuation date using the most recent projection scale.
Post-Retirement:	PubG-2010 Healthy Retiree Mortality projected 5 years past the valuation date using the most recent projection scale.

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, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS -
POLICE AND NON-UNIFORM PENSION PLANS**

	<u>Year</u>	<u>Police</u>	<u>Civilian</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%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2023	17.00%	16.62%

TOWNSHIP OF LOWER MAKEFIELD PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF CHANGES IN THE ADMINISTRATIVE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 4,559	\$ 7,609	\$ 10,123	\$ 10,467	\$ 6,379	\$ 6,075
Interest	9,968	6,962	6,454	5,685	7,861	7,740
Differences Between Expected and Actual Experience	-	20,201	-	14,687	-	-
Changes of Assumptions	9,231	(77,349)	(13,003)	47,498	-	-
Benefit Payments	(12,129)	(12,551)	(10,841)	(10,264)	(10,797)	(10,517)
Net Change in Total OPEB Liability	11,629	(55,128)	(7,267)	68,073	3,443	3,298
Total OPEB Liability - Beginning	232,736	287,864	295,131	227,058	223,615	220,317
Total OPEB Liability - Ending	<u>\$ 244,365</u>	<u>\$ 232,736</u>	<u>\$ 287,864</u>	<u>\$ 295,131</u>	<u>\$ 227,058</u>	<u>\$ 223,615</u>
Covered Payroll	\$ 1,389,047	\$ 1,389,047	\$ 1,419,922	\$ 1,352,307	\$ 1,004,206	\$ 956,387
Net OPEB Liability as a Percentage of Covered Payroll	17.6%	16.8%	20.3%	21.8%	22.6%	23.4%

Notes 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 PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF CHANGES IN THE PUBLIC WORKS TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 38,400	\$ 60,349	\$ 56,314	\$ 56,758	\$ 41,009	\$ 39,056
Interest	31,585	20,796	23,170	19,561	30,435	28,650
Differences Between Expected and Actual Experience	-	(147,171)	-	(17,704)	-	-
Changes of Assumptions	14,614	(219,062)	(21,422)	97,107	-	-
Benefit Payments	(30,068)	(33,199)	(50,755)	(25,622)	(19,653)	(17,648)
Net Change in Total OPEB Liability	54,531	(318,287)	7,307	130,100	51,791	50,058
Total OPEB Liability - Beginning	709,304	1,027,591	1,020,284	890,184	838,393	788,335
Total OPEB Liability - Ending	<u>\$ 763,835</u>	<u>\$ 709,304</u>	<u>\$ 1,027,591</u>	<u>\$ 1,020,284</u>	<u>\$ 890,184</u>	<u>\$ 838,393</u>
Covered Payroll	\$ 1,658,757	\$ 1,658,757	\$ 1,403,228	\$ 1,336,408	\$ 1,561,031	\$ 1,486,696
Net OPEB Liability as a Percentage of Covered Payroll	46.0%	42.8%	73.2%	76.3%	57.0%	56.4%

Notes 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 PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF CHANGES IN THE POLICE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 269,517	\$ 337,999	\$ 326,133	\$ 328,371	\$ 222,666	\$ 212,063
Interest	212,426	114,631	113,125	93,634	139,072	131,080
Differences Between Expected and Actual Experience	-	(224,552)	-	(20,637)	-	-
Changes of Assumptions	116,213	(346,486)	(119,084)	544,416	-	-
Benefit Payments	(223,823)	(184,904)	(135,410)	(113,380)	(113,037)	(137,728)
Net Change in Total OPEB Liability	374,333	(303,312)	184,764	832,404	248,701	205,415
Total OPEB Liability - Beginning	4,769,902	5,073,214	4,888,450	4,056,046	3,807,345	3,601,930
Total OPEB Liability - Ending	<u>\$ 5,144,235</u>	<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 Payroll	\$ 5,606,954	\$ 5,606,954	\$ 4,945,784	\$ 4,710,270	\$ 4,462,044	\$ 4,249,566
Net OPEB Liability as a Percentage of Covered Payroll	91.7%	85.1%	102.6%	103.8%	90.9%	89.6%

Notes 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, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts	Actual	Variance with Final Budget
Revenues			
Real estate taxes	\$ 1,137,878	1,116,723	\$ 21,155
Interest earnings	1,000	3,895	(2,895)
Miscellaneous	-	1,650	(1,650)
Total Revenues	<u>1,138,878</u>	<u>1,122,268</u>	<u>21,155</u>
Expenditures:			
Debt Service			
Principal Retirement	1,217,144	1,042,966	174,178
Interest	226,831	219,007	7,824
Total Expenditures	<u>1,443,975</u>	<u>1,261,973</u>	<u>182,002</u>
Excess of Revenues over (under) Expenditures	(305,097)	(139,705)	(165,392)
Other Financing Sources/(Uses):			
Operating Transfers In	99,182	-	(99,182)
Total Other Financing Sources/(Uses)	<u>99,182</u>	<u>-</u>	<u>(99,182)</u>
Net Change in Fund Balance	<u><u>\$ (205,915)</u></u>	<u>(139,705)</u>	<u><u>\$ (243,419)</u></u>
Fund Balance - Beginning of Year		<u>57,056</u>	
Fund Balance - End of Year		<u><u>\$ (82,649)</u></u>	

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL RESERVE FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts	Actual	Variance with Final Budget
Revenues			
Interest and Rents	\$ -	11,290	\$ 11,290
Total Revenues	-	11,290	11,290
Expenditures:			
Current:			
General government	200,000	381,032	(181,032)
Public safety	987,500	30,498	957,002
Public works	-	76,196	(76,196)
Parks and recreation	-	288,988	(288,988)
Capital outlay	-	371,782	(371,782)
Total Expenditures	1,187,500	1,148,496	39,004
Excess of Revenues over (under) Expenditures	(1,187,500)	(1,137,206)	50,294
Other Financing sources/(uses):			
Transfers In	665,123	564,575	(100,548)
Total Other Financing sources/(uses)	665,123	564,575	(100,548)
Net Change in Fund Balance	\$ (522,377)	(572,631)	\$ (50,254)
Fund Balance - Beginning of Year		808,316	
Fund Balance - End of Year		<u>\$ 235,685</u>	

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	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 Nonmajor Governmental Funds
Assets																
Cash and Cash Equivalents	\$ 191,352	\$ 14,257	\$ 63,262	\$ 58,577	-	\$ 872,135	\$ 207,800	\$ 433,326	\$ 336,183	\$ 199,326	\$ 4,598	\$ 34,661	\$ -	\$ 64,162	5,136	\$ 2,484,775
Accounts Receivable	-	3,343	-	-	302,558	-	-	-	-	-	-	-	350	-	-	306,251
Taxes receivable	-	-	6,187	1,820	13,552	-	-	-	-	-	2,121	1,675	-	-	-	25,355
Prepaid Expenses	-	-	36,221	-	-	-	-	-	-	-	-	-	-	-	-	36,221
Total Assets	\$ 191,352	\$ 17,600	\$ 105,670	\$ 60,397	\$ 316,110	\$ 872,135	\$ 207,800	\$ 433,326	\$ 336,183	\$ 199,326	\$ 6,719	\$ 36,336	\$ 350	\$ 64,162	\$ 5,136	\$ 2,852,602
Liabilities and Fund Balances																
Liabilities																
Accounts Payable	\$ 7,344	\$ 744	\$ 994	\$ 13,064	\$ 71,815	\$ 33,494	\$ -	\$ 1,694	\$ 67,377	\$ -	\$ -	\$ 18,094	\$ 1,572	\$ -	\$ -	\$ 216,192
Accrued Expenses	-	-	5,606	-	20,040	-	-	-	-	-	-	-	-	-	-	25,646
Interfund Payables	-	-	-	-	588,748	-	-	-	-	-	-	-	95,741	-	-	684,489
Unearned revenue	-	-	-	-	363	-	-	-	-	-	-	-	-	-	-	363
Security Deposits	-	-	-	-	1,400	-	-	-	-	-	-	-	1,250	-	-	2,650
Total Liabilities	7,344	744	6,600	13,064	682,366	33,494	-	1,694	67,377	-	-	18,094	98,563	-	-	929,340
Fund Balances																
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Items	-	-	36,221	-	-	-	-	-	-	-	-	-	-	-	-	36,221
Restricted:																
Street Lights	184,008	-	-	-	-	-	-	-	-	-	-	-	-	-	-	184,008
Fire Protection	-	-	62,849	-	-	-	-	-	-	-	-	-	-	-	-	62,849
Hydrant Fund	-	-	-	47,333	-	-	-	-	-	-	-	-	-	-	-	47,333
Park and Recreation FIL	-	-	-	-	-	838,641	-	-	-	-	-	-	-	-	-	838,641
Traffic Impact	-	-	-	-	-	-	207,800	-	-	-	-	-	-	-	-	207,800
Regency Bridge	-	-	-	-	-	-	-	431,632	-	-	-	-	-	-	-	431,632
Tree Fund	-	-	-	-	-	-	-	-	268,806	-	-	-	-	-	-	268,806
Highway Aid	-	-	-	-	-	-	-	-	-	199,326	-	-	-	-	-	199,326
Ambulance Rescue	-	-	-	-	-	-	-	-	-	-	6,719	-	-	-	-	6,719
Road Machinery	-	-	-	-	-	-	-	-	-	-	-	18,242	-	-	-	18,242
Sidewalk FIL	-	-	-	-	-	-	-	-	-	-	-	-	-	64,162	-	64,162
Committed																
9-11 Memorial	-	16,856	-	-	-	-	-	-	-	-	-	-	-	-	-	16,856
Garden of Reflection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,136	5,136
Unassigned	-	-	-	-	(366,256)	-	-	-	-	-	-	-	(98,213)	-	-	(464,469)
Total Fund Balances (Deficit)	184,008	16,856	99,070	47,333	(366,256)	838,641	207,800	431,632	268,806	199,326	6,719	18,242	(98,213)	64,162	5,136	1,923,262
Total Liabilities and Fund Balances	\$ 191,352	\$ 17,600	\$ 105,670	\$ 60,397	\$ 316,110	\$ 872,135	\$ 207,800	\$ 433,326	\$ 336,183	\$ 199,326	\$ 6,719	\$ 36,336	\$ 350	\$ 64,162	\$ 5,136	\$ 2,852,602

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES- NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	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 Nonmajor Governmental Funds
Revenues																
Real Estate Taxes	\$ -	\$ -	587,776	169,436	1,298,342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,079	\$ 160,325	\$ -	\$ -	\$ -	\$ 2,418,958
Interest Earnings	5,240	525	9,551	2,581	55,200	22,055	5,592	15,943	1,488	22,105	1,867	463	44,536	861	122	188,129
Intergovernmental Revenues	-	-	365,793	-	514,576	250,000	-	-	-	1,047,156	-	66,830	-	-	-	2,244,355
Licenses and permits	-	-	21,466	-	-	-	-	-	-	-	-	-	-	-	-	21,466
Charges for Services	73,813	-	-	-	-	-	-	-	-	-	-	-	-	-	-	73,813
Miscellaneous	-	-	261	-	46,809	50,620	798	3,300	294,458	-	-	72,334	-	12,550	-	481,130
Total Revenues	<u>79,053</u>	<u>525</u>	<u>984,847</u>	<u>172,017</u>	<u>1,914,927</u>	<u>322,675</u>	<u>6,390</u>	<u>19,243</u>	<u>295,946</u>	<u>1,069,261</u>	<u>204,946</u>	<u>299,952</u>	<u>44,536</u>	<u>13,411</u>	<u>122</u>	<u>5,427,851</u>
Expenditures																
Public Safety	-	-	1,011,386	-	-	-	-	-	-	-	200,000	-	236,397	-	-	1,447,783
Public Works	51,615	-	-	164,735	-	-	-	-	-	966,729	-	-	-	-	-	1,183,079
Parks and Recreation	-	43,537	-	-	2,748,707	-	-	248,628	97,432	-	-	-	-	-	-	3,138,304
Capital Outlays	-	-	-	-	68,969	33,494	-	-	-	-	-	152,800	-	-	-	255,263
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-	160,663	-	-	-	160,663
Interest	-	-	-	-	-	-	-	-	-	-	-	4,213	-	-	-	4,213
Total Expenditures	<u>51,615</u>	<u>43,537</u>	<u>1,011,386</u>	<u>164,735</u>	<u>2,817,676</u>	<u>33,494</u>	<u>-</u>	<u>248,628</u>	<u>97,432</u>	<u>966,729</u>	<u>200,000</u>	<u>317,676</u>	<u>236,397</u>	<u>-</u>	<u>-</u>	<u>6,189,305</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>27,438</u>	<u>(43,012)</u>	<u>(26,539)</u>	<u>7,282</u>	<u>(902,749)</u>	<u>289,181</u>	<u>6,390</u>	<u>(229,385)</u>	<u>198,514</u>	<u>102,532</u>	<u>4,946</u>	<u>(17,724)</u>	<u>(191,861)</u>	<u>13,411</u>	<u>122</u>	<u>(761,454)</u>
Other Financing Sources (Uses)	-	40,000	-	-	607,399	-	-	-	-	-	-	20,000	-	-	-	667,399
Transfers In	-	40,000	-	-	607,399	-	-	-	-	-	-	20,000	-	-	-	667,399
Total Other Financing Sources (Uses)	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>607,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>667,399</u>
Net Changes in Fund Balance	<u>27,438</u>	<u>(3,012)</u>	<u>(26,539)</u>	<u>7,282</u>	<u>(295,350)</u>	<u>289,181</u>	<u>6,390</u>	<u>(229,385)</u>	<u>198,514</u>	<u>102,532</u>	<u>4,946</u>	<u>2,276</u>	<u>(191,861)</u>	<u>13,411</u>	<u>122</u>	<u>(94,055)</u>
Fund Balances at Beginning of Year	<u>156,570</u>	<u>19,868</u>	<u>125,609</u>	<u>40,051</u>	<u>(70,906)</u>	<u>549,460</u>	<u>201,410</u>	<u>661,017</u>	<u>70,292</u>	<u>96,794</u>	<u>1,773</u>	<u>15,966</u>	<u>93,648</u>	<u>50,751</u>	<u>5,014</u>	<u>2,017,317</u>
Fund Balances at End of Year	<u>\$ 184,008</u>	<u>\$ 16,856</u>	<u>\$ 99,070</u>	<u>\$ 47,333</u>	<u>\$ (366,256)</u>	<u>\$ 838,641</u>	<u>\$ 207,800</u>	<u>\$ 431,632</u>	<u>\$ 268,806</u>	<u>\$ 199,326</u>	<u>\$ 6,719</u>	<u>\$ 18,242</u>	<u>\$ (98,213)</u>	<u>\$ 64,162</u>	<u>\$ 5,136</u>	<u>\$ 1,923,262</u>