

**LOWER PROVIDENCE TOWNSHIP
EAGLEVILLE, PENNSYLVANIA
MONTGOMERY COUNTY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)**



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(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)**

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Lower Providence Township
Eagleville, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Lower Providence Township (the Township), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2024, 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.

We did not audit the financial statements of the Lower Providence Township Sewer Authority, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the discretely presented component unit, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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

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'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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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'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's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 GAAS by us and other auditors. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Township's 2023 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated August 7, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of Supervisors
Lower Providence Township

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2025, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
September 26, 2025

LOWER PROVIDENCE TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2024
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)

	2024	2023	Component Unit 2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash	\$ 8,754,046	\$ 9,246,532	\$ 2,304,195
Restricted Cash	825,737	1,062,226	-
Investments	3,777,921	2,237,576	2,003,894
Taxes Receivable	173,580	147,509	-
Accounts Receivable	597,870	293,827	1,495,897
Accrued Interest Receivable	10,535	-	-
Other Current Assets	50,408	14,741	43,209
Total Current Assets	<u>14,190,097</u>	<u>13,002,411</u>	<u>5,847,195</u>
NONCURRENT ASSETS			
Lease Receivable	451,506	532,856	-
Net Pension Asset	461,175	-	-
Capital Assets, Net	20,263,673	17,126,202	24,936,621
Total Noncurrent Assets	<u>21,176,354</u>	<u>17,659,058</u>	<u>24,936,621</u>
Total Assets	35,366,451	30,661,469	30,783,816
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges - OPEB	914,529	1,043,539	-
Deferred Charges - Pensions	1,074,815	1,788,028	68,811
Total Deferred Outflows of Resources	<u>1,989,344</u>	<u>2,831,567</u>	<u>68,811</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	664,046	147,362	570,704
Accrued Salaries and Benefits	252,507	168,728	-
Escrow Deposits	825,737	1,062,226	-
Unearned Revenue	1,732,269	1,846,004	160,774
Total Current Liabilities	<u>3,474,559</u>	<u>3,224,320</u>	<u>731,478</u>
NONCURRENT LIABILITIES			
Due Within One Year	205,458	496,333	305,000
Due in More than One Year	3,829,218	4,704,070	9,412,787
Total Noncurrent Liabilities	<u>4,034,676</u>	<u>5,200,403</u>	<u>9,717,787</u>
Total Liabilities	7,509,235	8,424,723	10,449,265
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows from Leases Receivable	422,649	532,856	-
Deferred Credits - OPEB	367,412	388,028	-
Deferred Credits - Pensions	766,139	725,274	25,978
Total Deferred Inflows Of Resources	<u>1,556,200</u>	<u>1,646,158</u>	<u>25,978</u>
NET POSITION			
Net Investment in Capital Assets	20,120,952	16,564,866	16,100,014
Restricted	992,437	3,289,277	563,393
Unrestricted	7,176,971	3,568,012	3,713,977
Total Net Position	<u>\$ 28,290,360</u>	<u>\$ 23,422,155</u>	<u>\$ 20,377,384</u>

See accompanying Notes to Financial Statements.

**LOWER PROVIDENCE TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component
					Totals		Unit
					2024	2023	2024
Primary Government:							
Governmental Activities:							
General Government	\$ 2,894,789	\$ 5,300	\$ 1,360,796	\$ -	\$ (1,528,693)	\$ (971,470)	\$ -
Public Safety	8,982,453	303,958	2,133,083	69,133	(6,476,279)	(8,672,590)	-
Health and Human Services	1,000	-	-	-	(1,000)	(5,500)	-
Public Works	3,712,692	10,629	1,256,075	596,949	(1,849,039)	(791,305)	-
Culture and Recreation	1,337,629	454,920	38,107	-	(844,602)	(788,457)	-
Community Development	476,165	847,428	-	-	371,263	(8,672)	-
Interest Expense Related to Noncurrent Liabilities	7,229	-	-	-	(7,229)	(15,909)	-
Total Governmental Activities	<u>17,411,957</u>	<u>1,622,235</u>	<u>4,788,061</u>	<u>666,082</u>	<u>(10,335,579)</u>	<u>(11,253,903)</u>	<u>-</u>
Total Primary Government	<u>\$ 17,411,957</u>	<u>\$ 1,622,235</u>	<u>\$ 4,788,061</u>	<u>\$ 666,082</u>	(10,335,579)	(11,253,903)	-
Component Unit							
Sewer Authority	<u>\$ 4,946,158</u>	<u>\$ 4,656,608</u>	<u>\$ 588,408</u>	<u>\$ 42,942</u>	-	-	341,800
General Revenues							
Taxes:							
Real Estate Taxes					5,760,320	4,914,404	-
Earned Income Taxes					7,125,007	6,897,524	-
Real Estate Transfer Taxes					725,566	625,578	-
Local Services Taxes					557,940	577,705	-
Per Capita Taxes					1,306	1,858	-
Amusement Taxes					31,930	29,984	-
Licenses and Fees					439,137	414,336	-
Investment Earnings					506,572	494,164	289,555
Miscellaneous Revenue					56,006	-	-
Gain on Sale of Capital Assets					-	38,254	-
Total General Revenues					<u>15,203,784</u>	<u>13,993,807</u>	<u>289,555</u>
CHANGE IN NET POSITION					4,868,205	2,739,904	631,355
NET POSITION							
Beginning of Year					<u>23,422,155</u>	<u>20,682,251</u>	<u>19,746,029</u>
End of Year					<u>\$ 28,290,360</u>	<u>\$ 23,422,155</u>	<u>\$ 20,377,384</u>

See accompanying Notes to Financial Statements.

**LOWER PROVIDENCE TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)**

	Major Funds					Totals	
	General Fund	Highway Improvement Capital Reserve Fund	Capital Projects Fund	Municipal Complex Fund	Nonmajor Governmental Funds	2024	2023
ASSETS							
Cash	\$ 3,146,801	\$ 809,830	\$ 2,717,395	\$ 518,015	\$ 1,562,005	\$ 8,754,046	\$ 9,246,532
Restricted Cash	-	825,737	-	-	-	825,737	1,062,226
Investments	2,075,128	-	205,770	1,031,501	465,522	3,777,921	2,237,576
Taxes Receivable	144,584	-	-	-	28,996	173,580	147,509
Accounts Receivable	199,252	398,618	-	-	-	597,870	293,827
Accrued Interest Receivable	-	-	10,535	-	-	10,535	-
Lease Receivable	-	-	451,506	-	-	451,506	532,856
Due from Other Funds	-	336,674	-	-	-	336,674	-
Prepaid Items	21,683	-	18,322	-	10,403	50,408	14,741
Total Assets	<u>\$ 5,587,448</u>	<u>\$ 2,370,859</u>	<u>\$ 3,403,528</u>	<u>\$ 1,549,516</u>	<u>\$ 2,066,926</u>	<u>\$ 14,978,277</u>	<u>\$ 13,535,267</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 163,981	\$ 332,458	\$ 32,952	\$ 9,714	\$ 124,941	\$ 664,046	\$ 147,362
Accrued Salaries and Benefits	242,974	-	-	-	9,533	252,507	168,728
Due to Other Funds	-	-	336,674	-	-	336,674	-
Unearned Revenue	501,283	1,212,664	18,322	-	-	1,732,269	1,846,004
Escrow Deposits	-	825,737	-	-	-	825,737	1,062,226
Total Liabilities	<u>908,238</u>	<u>2,370,859</u>	<u>387,948</u>	<u>9,714</u>	<u>134,474</u>	<u>3,811,233</u>	<u>3,224,320</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows from Lease Receivable	-	-	422,649	-	-	422,649	532,856
Unavailable Revenues - Property Taxes	18,315	-	-	-	-	18,315	17,432
Total Deferred Inflows	<u>18,315</u>	<u>-</u>	<u>422,649</u>	<u>-</u>	<u>-</u>	<u>440,964</u>	<u>550,288</u>
FUND BALANCES							
Nonspendable: Prepaid Items	21,683	-	18,322	-	10,403	50,408	14,741
Restricted for: Debt Service	-	-	-	-	175,120	175,120	211,177
Public Works - Roads	-	-	-	-	356,142	356,142	226,074
Committed for: Capital Purchases	-	-	-	-	573,506	573,506	2,154,993
Public Safety	-	-	-	-	188,838	188,838	84,390
Culture and Recreation	-	-	-	-	628,443	628,443	599,375
Assigned for: Capital Purchases	-	-	-	-	-	-	1,164
Unassigned	4,639,212	-	2,574,609	1,539,802	-	8,753,623	6,468,745
Total Fund Balances	<u>4,660,895</u>	<u>-</u>	<u>2,592,931</u>	<u>1,539,802</u>	<u>1,932,452</u>	<u>10,726,080</u>	<u>9,760,659</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,587,448</u>	<u>\$ 2,370,859</u>	<u>\$ 3,403,528</u>	<u>\$ 1,549,516</u>	<u>\$ 2,066,926</u>	<u>\$ 14,978,277</u>	<u>\$ 13,535,267</u>

See accompanying Notes to Financial Statements.

**LOWER PROVIDENCE TOWNSHIP
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2024**

Total Fund Balances - Governmental Funds	\$ 10,726,080
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	20,263,673
Some of the Township's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources on the governmental funds balance sheet.	18,315
The net pension asset is not related to the current period and, therefore, is not reported in the governmental funds balance sheet.	461,175
Deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	855,793
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet.	<u>(4,034,676)</u>
Net Position of Governmental Activities	<u><u>\$ 28,290,360</u></u>

See accompanying Notes to Financial Statements.

LOWER PROVIDENCE TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION OF GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Major Funds					Totals	
	General Fund	Highway Improvement		Municipal Complex Fund	Nonmajor Governmental Funds	2024	2023
		Capital Reserve Fund	Capital Projects Fund				
REVENUES							
Taxes	\$ 11,938,028	\$ -	\$ -	\$ -	\$ 2,263,158	\$ 14,201,186	\$ 13,046,714
Licenses and Permits	439,137	-	-	-	-	439,137	479,414
Fines and Forfeits	114,588	-	-	-	-	114,588	90,444
Interest, Rent, and Royalties	309,222	-	165,347	59,276	88,234	622,079	494,165
Intergovernmental Revenues	3,321,047	440,277	373,621	-	952,940	5,087,885	2,911,433
Charges for Services	1,032,372	-	-	-	348,859	1,381,231	819,213
Miscellaneous	84,652	236,488	56,023	-	44,109	421,272	333,220
Total Revenues	<u>17,239,046</u>	<u>676,765</u>	<u>594,991</u>	<u>59,276</u>	<u>3,697,300</u>	<u>22,267,378</u>	<u>18,174,603</u>
EXPENDITURES							
Current:							
General Government	2,789,409	-	-	3,800	88,224	2,881,433	2,496,470
Public Safety	7,561,030	-	-	-	1,089,465	8,650,495	9,403,746
Health and Human Services	1,000	-	-	-	-	1,000	13,500
Public Works - Sanitation	7,500	-	-	-	-	7,500	7,500
Public Works - Highways and Streets	2,084,741	-	-	-	191,583	2,276,324	3,195,687
Public Works - Other Services	1,875,244	-	43,020	-	29,972	1,948,236	50,640
Culture and Recreation	10,000	-	-	-	1,260,633	1,270,633	1,449,880
Community Development	525,450	-	10,000	-	-	535,450	3,751
Capital Outlay	846,616	676,765	862,868	18,134	802,635	3,207,018	14,081
Debt Service	-	-	-	-	503,562	503,562	577,245
Total Expenditures	<u>15,700,990</u>	<u>676,765</u>	<u>915,888</u>	<u>21,934</u>	<u>3,966,074</u>	<u>21,281,651</u>	<u>17,212,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,538,056	-	(320,897)	37,342	(268,774)	985,727	962,103
OTHER FINANCING SOURCES (USES)							
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	38,250
Refund of Prior Year Receipts	(2,015)	-	-	-	(30,192)	(32,207)	(4,844)
Refund of Prior Year Expenditures	10,679	-	-	-	1,222	11,901	(4,719)
Transfers In	-	-	2,295,217	500,000	561,990	3,357,207	886,883
Transfers Out	(3,357,207)	-	-	-	-	(3,357,207)	(886,883)
Total Other Financing Sources (Uses)	<u>(3,348,543)</u>	<u>-</u>	<u>2,295,217</u>	<u>500,000</u>	<u>533,020</u>	<u>(20,306)</u>	<u>28,687</u>
NET CHANGE IN FUND BALANCES	(1,810,487)	-	1,974,320	537,342	264,246	965,421	990,790
FUND BALANCES							
Beginning of Year	6,471,382	-	618,611	1,002,460	1,668,206	9,760,659	8,769,869
End of Year	<u>\$ 4,660,895</u>	<u>\$ -</u>	<u>\$ 2,592,931</u>	<u>\$ 1,539,802</u>	<u>\$ 1,932,452</u>	<u>\$ 10,726,080</u>	<u>\$ 9,760,659</u>

See accompanying Notes to Financial Statements.

**LOWER PROVIDENCE TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION OF GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net Change In Fund Balances - Governmental Funds \$ 965,421

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

Capital outlays are reported in governmental funds 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. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital Outlay Expenditures	\$ 3,207,018	
Capital Outlay Not Capitalized	(85,388)	
Capital Asset Additions not Charged to Capital Outlay	1,121,192	
Depreciation Expense	<u>(1,105,351)</u>	3,137,471

Because some tax will not be collected for several months after the Township's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount this year.

Deferred Inflows of Resources December 31, 2023	(17,432)	
Deferred Inflows of Resources December 31, 2024	<u>18,315</u>	883

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of Notes Payable		496,333
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Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.

Current Year Change in Compensated Absences	(146,811)	
Change in Net OPEB Liability and Related Deferred Inflows and Outflows	(214,968)	
Change in Net Pension Liability and Related Deferred Inflows and Outflows	<u>629,876</u>	<u>268,097</u>

Change in Net Position of Governmental Activities \$ 4,868,205

**LOWER PROVIDENCE TOWNSHIP
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)**

	Custodial Escrow Fund	Other Postemployment Benefits Trust Fund	Police Pension Fund	Non-Uniform Pension Fund	Totals	
					2024	2023
ASSETS						
Cash	\$ 229,414	\$ 82,667	\$ 920,725	\$ 183,510	\$ 1,416,316	\$ 1,137,116
Investments, Restricted	-	1,689,808	24,183,634	6,306,090	32,179,532	29,384,152
Other Receivables	47,101	-	2,868	688	50,657	67,621
Prepaid Benefits	-	-	93,382	32,926	126,308	134,038
Total Assets	276,515	1,772,475	25,200,609	6,523,214	33,772,813	30,722,927
LIABILITIES						
Deposits	5,966	-	-	-	5,966	7,468
Accounts Payable	6,866	-	-	-	6,866	3,925
Total Liabilities	12,832	-	-	-	12,832	11,393
NET POSITION						
Restricted for:						
Assets Held in Trust for Pension and Other Postemployment Benefits	-	1,772,475	25,200,609	6,523,214	33,496,298	30,421,465
Developers	263,683	-	-	-	263,683	290,069
Total Net Position	\$ 263,683	\$ 1,772,475	\$ 25,200,609	\$ 6,523,214	\$ 33,759,981	\$ 30,711,534

See accompanying Notes to Financial Statements.

**LOWER PROVIDENCE TOWNSHIP
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)**

	Custodial Escrow Fund	Other Postemployment Benefits Trust Fund	Police Pension Fund	Non-Uniform Pension Fund	Totals	
					2024	2023
ADDITIONS:						
Contributions:						
Employer Contributions	\$ -	\$ 67,223	\$ 1,175,132	\$ -	\$ 1,242,355	\$ 1,365,447
Member Contributions	-	-	174,066	6,251	180,317	162,431
Escrow Receipts	280,352	-	-	-	280,352	347,526
Total Contributions	280,352	67,223	1,349,198	6,251	1,703,024	1,875,404
Investment Income (Loss):						
Investment Income	-	42,888	590,877	159,445	793,210	693,343
Net Increase (Decrease) in Fair Value of Investments	-	152,774	2,153,001	588,244	2,894,019	3,711,501
Total Investment Income (Loss)	-	195,662	2,743,878	747,689	3,687,229	4,404,844
Total Additions	280,352	262,885	4,093,076	753,940	5,390,253	6,280,248
DEDUCTIONS:						
Benefits and Insurance						
Premiums Paid	-	110,165	1,393,010	395,106	1,898,281	1,673,049
Escrow Disbursements	306,738	-	-	-	306,738	937,303
Administrative Expenses	-	14,420	94,708	27,659	136,787	135,814
Total Deductions	306,738	124,585	1,487,718	422,765	2,341,806	2,746,166
CHANGE IN NET POSITION	(26,386)	138,300	2,605,358	331,175	3,048,447	3,534,082
NET POSITION:						
Beginning of Year	290,069	1,634,175	22,595,251	6,192,039	30,711,534	27,177,452
End of Year	\$ 263,683	\$ 1,772,475	\$ 25,200,609	\$ 6,523,214	\$ 33,759,981	\$ 30,711,534

See accompanying Notes to Financial Statements.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lower Providence Township (the Township), Montgomery County, Pennsylvania, was established in 1805 and operates as a Township of a second class under the Township code of the Commonwealth of Pennsylvania. The Township is governed by an elected five-member Board of Supervisors and provides the following services: general government; public safety - police, fire, ambulance, codes and planning and zoning; public works – sanitation and highways and streets; culture and recreation and community development.

The financial statements of the Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the Township as a reporting entity, management has addressed all potential component units which may or may not fall within the Township's accountability. The criteria used to evaluate component units for possible inclusion as part of the Township's reporting entity are financial accountability and the nature and significance of the relationship. Based upon the application of these criteria, the following component units are required to be included in the Township's reporting entity.

Discretely Presented Component Unit

Lower Providence Township Sewer Authority (the Sewer Authority) is a component unit of the Township. The Sewer Authority is a public corporation formed on January 30, 1962, under the Municipal Authorities Act of 1945. The Sewer Authority has constructed and operates a sewage collection system in the Township that connects with a sewage treatment plant operated by the Lower Perkiomen Valley Regional Sewer Authority. The Sewer Authority is administered by a five-member board appointed by the Township Board of Supervisors. The Township considers inclusion of the Sewer Authority's financial information important to the overall presentation of the financial statements. The year end of the Sewer Authority is June 30. The Sewer Authority issues separate audited financial statements which are available to the public through the Township office.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Units

The Police Pension Plan and Nonuniform Pension Plan are single employer defined benefit pension plans that provide pension benefits for all regular full-time employees. The Other Post-Employment Benefits Plan is a single employer plan that provides postretirement medical benefits to regular full-time police officers. Although the Police Pension Plan, the Nonuniform Pension Plan and the Other Post-Employment Benefits Plan are separate legal entities, they are reported as if they are part of the Township as they are governed by a board comprised of members appointed by the Board of Supervisors or by the Board of Supervisors themselves and the Township is responsible for funding the Police Pension Plan, Nonuniform Pension Plan and the Other Post-Employment Benefits Plan. The activities of the Police Pension Plan, Nonuniform Pension Plan and the Other Post-Employment Benefits Plan are blended as fiduciary funds and do not issue separate financial statements.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township and Sewer Authority as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the financial activities of the primary government except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position presents the financial position of the Township and Sewer Authority which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation/amortization and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the Township and Sewer Authority is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the Township and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Township.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the Township. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other governmental funds are grouped together and presented in a separate column as nonmajor governmental funds. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The Township reports the following major governmental funds:

General Fund

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Governmental Funds (Continued)

Highway Improvement Capital Reserve Fund

The Highway Improvement Capital Reserve Fund is used to account for revenues generated from traffic impact fees as established by Township Ordinance for the purpose of servicing future transportation needs of the Township.

Capital Projects Funds

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays which include the acquisition or construction of capital facilities and other capital assets, including those financed by general obligation bond proceeds.

Municipal Complex Fund

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays related to the municipal complex facility.

In addition, the Township reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Township reports the following nonmajor special revenue funds:

Library Fund	Emergency Services Fund
Parks and Recreation Operating Fund	Tree Fund
Highway Aid Fund	

Debt Service Fund

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

Additional Capital Projects Funds

Additional Capital Projects Funds are used to account for equipment replacement, capital purchases and improvements for the Township's parks and recreation facilities, repayment of debt principal and interest for liquid fuels funded loans, sidewalk, stormwater, and West End capital improvements. The Township reports the following nonmajor capital projects funds:

Liquid Fuels Funded Loans Fund	Sidewalk Fund
Parks and Recreation Capital Reserve Fund	Stormwater Fund
West End Capital Improvement Fund	

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, 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 tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific Township expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other postemployment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. The Township has three trust funds, consisting of a Police Pension Fund, a Nonuniform Pension Fund and an other postemployment benefits fund. Custodial funds held by the Township are used to account for assets held on behalf of individuals and/or other governmental units. The Township has one custodial fund consisting of an escrow fund.

Cash and Cash Equivalents

The Township and Sewer Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value based upon quoted market prices.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Township. Unobservable inputs reflect the Township's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Township has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Township's own assumptions.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Taxes

Property taxes are levied on March 1 and are payable in the following periods:

March 1 – April 30	- Discount Period, 2% of Gross Levy
May 1 – June 30	- Face Period
July 1 to Collection	- Penalty Period, 10% of Gross Levy
December 31	- Lien Date

The Montgomery County Board of Assessments determines assessed valuations of property, and the Township's taxes are billed and collected by the elected Township Tax Collector. The tax on real estate for fiscal 2024 was 3.4724 mills (\$3.4724 for \$1,000 of assessed valuation), consisting of 2.1104 mills for general purposes, 0.345 mills for library, 0.500 mills for emergency services, 0.276 mills for debt service and 0.241 mills for parks and recreation. The Township experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the Township for property taxes receivable.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes (Continued)

Other taxes levied in 2024 consisted of the following:

Real Estate Transfer Tax	- 0.50% of gross sales price
Earned Income Tax	- 0.50% for general purposes
Local Services Tax	- \$1.00 per week [max of \$52.00 per year split between the Township (\$47.00) and Methacton School District (\$5.00)]
Amusement tax	- 5% of gross receipts

Prepaid Items

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the Township as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs 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, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the Township is depreciated/amortized using the straight-line method over the following estimated useful lives: buildings and improvements – 10-40 years, infrastructure – 5-40 years, and furniture, machinery and equipment – 3-20 years.

The Sewer Authority capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives: sewer system – 15-40 years, land and garage building – 10-30 years, and equipment and office furniture – 5-10 years. Capital contributions consist of sewer system developer dedications, government grants, and connection fees collected from property owners.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases – Lessor

The Township is a lessor for a noncancellable lease of land. The Township recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the 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.

Key estimates and judgments include how the Township determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The Township uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Impairment of Long-Lived Assets

The Township evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the Township and Sewer Authority. No impairment losses were recognized in the year ended December 31, 2024.

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources and uses. Notes payable are reported net of the applicable premium or discount. Premiums and discounts are deferred and amortized over the life of the notes. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

Fund Balance

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Township reports the following fund balance classifications:

Nonspendable

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the Township's highest level of decision-making authority, the Board of Supervisors. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the Township's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Township Manager or (b) an appointed body (e.g., finance committee) or (c) an official to which the Township has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Assigned (Continued)

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

Minimum Fund Balance Policy

The Township will strive to maintain in its General Fund balance, a reserve of 25% of next year's operating budget (the operating reserve). The operating reserve is intended to be a reserve for unexpected events that impact the operating budget, such as failure of the state to remit revenues to the Township, unexpected mandates, unexpected loss of state shared revenues, continuance of critical Township services due to unanticipated events or to offset the unexpected loss of a significant funding source for the remainder of the fiscal year.

If, at any time, should the General Fund balance fall below 25% of yearly expenditures, a plan of action must be developed by management and presented to the Board of Supervisors.

Funds in excess of the operating reserve described above may be considered to supplement capital outlay and one-time operating expenditures, or may be used to prepay existing Township debt. Excess funds may not be used to establish or support costs that are recurring in nature.

Any use of the operating reserve funds in the General Fund, must be approved by the Board of Supervisors and include a repayment plan that strives to restore the Operating Reserve to the 25% of the next year's operating budget level within two fiscal years following the fiscal year in which the event occurred.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position - Is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws or regulations of other governments.

Unrestricted Net Position - Is the amount of net position that does not meet the definition of the two preceding categories.

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.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the Township's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Pronouncements

The following Government Accounting Standards Board (GASB) Statements have been implemented in the current year:

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement defines accounting changes, prescribes the accounting and financial reporting for each type of accounting change and error correction, and requires disclosures in notes to the financial statements of descriptive information about accounting changes and error corrections. The Township adopted the requirements of the guidance effective January 1, 2024 and has applied the provisions of this standard to the beginning of the period of adoption.

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Township adopted the requirements of the guidance effective January 1, 2024 and has applied the provisions of this standard to the beginning of the period of adoption. No restatements were necessary as a result of implementation of this standard.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Township code of the Commonwealth of Pennsylvania requires that an annual budget for all funds be adopted no later than December 31 for the succeeding fiscal year beginning January 1. The Township is required to publish notice by advertisement at least once in one newspaper of general circulation in the Township, and within 20 days of final action, that the budget has been prepared and is available for public inspection at the Township offices. Notice that public hearings will be held on the proposed budget must be included in the advertisement.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

The Township is legally required to maintain budgetary controls at the major function level. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at the level of budgetary control and include the effect of approved budget amendments.

NOTE 3 DEPOSITS AND INVESTMENTS

State statutes authorize the Township to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, state treasurer's investment pools or mutual funds.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Township is required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

At December 31, 2024, the carrying amount of the Township's deposits was \$10,996,099 and the bank balance was \$11,147,397. Of the bank balance, \$500,000 was covered by federal depository insurance and \$10,647,397 was collateralized by the Township's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds.

Investments

As of December 31, 2024, the Township had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
Exchange-Traded and Mutual Funds (Pension and OPEB Funds)	\$ 32,179,532
Investment Pools:	
PLGIT/PRIME	3,773,471
PLGIT-Class	4,450
Total	<u><u>\$ 35,957,453</u></u>

Exchange-traded and mutual funds are valued using Level 1 inputs.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township's pension trust funds consist of uninsured, unregistered investments held by a counterparty's trust department but not in the Township's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2024, the fixed income exchange-traded mutual funds are considered to be exposed to interest rate risk.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations. The Township limits its type of investments permitted as defined in the state statutes. The Township has no investments subject to credit risk as of December 31, 2024.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. As of December 31, 2024, the Township had no investments subject to concentration of credit risk.

Discretely Presented Component Unit

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The Sewer Authority is required by statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

At June 30, 2024, the carrying amount of the Sewer Authority's deposits was \$2,589,775. Of the bank balance, \$507,093 was covered by federal depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because they are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Sewer Authority's name.

Investments

As of June 30, 2024, the Authority had the following investments:

Investment Type	Fair Value
Money Market	\$ 1,003,894
Certificates of Deposit	1,000,000
Total	\$ 2,003,894

Money market accounts are valued using Level 1 inputs.

Custodial Credit Risk

For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Sewer Authority had no investments subject to custodial credit risk as of June 30, 2024.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Sewer Authority had no investments subject to interest rate risk as of June 30, 2024.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations. The Sewer Authority limits its type of investments permitted as defined in the state statutes.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. As of June 30, 2024, the Sewer Authority had no investments subject to concentration of credit risk.

NOTE 4 CAPITAL ASSETS

The Township's capital asset activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 10,665,637	\$ 1,776,072	\$ -	\$ 12,441,709
Capital Assets, Being Depreciated				
Land Improvements	1,120,019	-	-	1,120,019
Infrastructure	11,440,118	1,364,908	-	12,805,026
Buildings	4,736,293	-	-	4,736,293
Furniture, Machinery, and Equipment	5,465,580	1,101,842	-	6,567,422
Total Capital Assets, Being Depreciated	<u>22,762,010</u>	<u>2,466,750</u>	<u>-</u>	<u>25,228,760</u>
Less: Accumulated Depreciation				
Land Improvements	(911,994)	(52,008)	-	(964,002)
Infrastructure	(8,614,120)	(580,741)	-	(9,194,861)
Buildings	(2,556,202)	(101,574)	-	(2,657,776)
Furniture, Machinery, and Equipment	(4,219,129)	(371,028)	-	(4,590,157)
Total Accumulated Depreciation	<u>(16,301,445)</u>	<u>(1,105,351)</u>	<u>-</u>	<u>(17,406,796)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,460,565</u>	<u>1,361,399</u>	<u>-</u>	<u>7,821,964</u>
Governmental Activities, Net	<u>\$ 17,126,202</u>	<u>\$ 3,137,471</u>	<u>\$ -</u>	<u>\$ 20,263,673</u>

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the Township as follows:

Governmental Activities:	
General Government	\$ 82,473
Public Safety	135,567
Public Works	800,790
Culture and Recreation	77,924
Community Development	8,597
Total Depreciation Expense - Governmental Activities	<u>\$ 1,105,351</u>

Discretely Presented Component Unit

The Sewer Authority's capital asset activity for the year ended June 30, 2024 was as follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 3,500	\$ -	\$ -	\$ 3,500
Construction in Progress	-	3,268,437	-	3,268,437
Total Capital Assets, Not Being Depreciated	<u>3,500</u>	<u>3,268,437</u>	<u>-</u>	<u>3,271,937</u>
Capital Assets, Being Depreciated				
Sewer System	43,663,466	42,942	-	43,706,408
Garage Building	284,004	-	-	284,004
Furniture, Machinery, and Equipment	598,284	16,638	3,196	611,726
Total Capital Assets, Being Depreciated	<u>44,545,754</u>	<u>59,580</u>	<u>3,196</u>	<u>44,602,138</u>
Less: Accumulated Depreciation	<u>(21,859,130)</u>	<u>(1,081,520)</u>	<u>(3,196)</u>	<u>(22,937,454)</u>
Total Capital Assets, Being Depreciated, Net	<u>22,686,624</u>	<u>(1,021,940)</u>	<u>-</u>	<u>21,664,684</u>
Total Capital Assets, Net	<u>\$ 22,690,124</u>	<u>\$ 2,246,497</u>	<u>\$ -</u>	<u>\$ 24,936,621</u>

NOTE 5 INTERNAL TRANSFERS

A summary of interfund transfers for the year ended December 31, 2024 is as follows:

	Transfers Out	
	General Fund	Total
Transfers In:		
Capital Projects Fund	\$ 2,295,217	\$ 2,295,217
Municipal Complex Fund	500,000	500,000
Nonmajor Governmental Funds	\$ 561,990	561,990
Total	<u>\$ 3,357,207</u>	<u>\$ 3,357,207</u>

Transfers from the General Fund to the Capital Projects Fund, Municipal Complex Fund, and Nonmajor Governmental Funds represent funds appropriated for future capital expenditures.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 NONCURRENT LIABILITIES

The following summarizes the changes in the Township's noncurrent liabilities for the year ended December 31, 2024:

	Balance January 1, 2024	Increases	Decreases	Balance December 31, 2024	Amount Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Notes Payable	\$ 639,054	\$ -	\$ 496,333	\$ 142,721	\$ 78,346
Other Noncurrent Liabilities:					
Compensated Absences	758,120	545,677	398,866	904,931	127,112
Net OPEB Liability	1,278,473	369,459	262,885	1,385,047	-
Net Pension Liability	2,524,756	3,170,297	4,093,076	1,601,977	-
Total Other Noncurrent Liabilities	<u>4,561,349</u>	<u>4,085,433</u>	<u>4,754,827</u>	<u>3,891,955</u>	<u>127,112</u>
Total Noncurrent Liabilities Governmental Activities	<u>\$ 5,200,403</u>	<u>\$ 4,085,433</u>	<u>\$ 5,251,160</u>	<u>\$ 4,034,676</u>	<u>\$ 205,458</u>

Discretely Presented Component Unit

The following summarizes the changes in the Sewer Authority's noncurrent liabilities for the year ended June 30, 2024:

	Balance January 1, 2024	Increases	Decreases	Balance December 31, 2024	Amount Due Within One Year
Sewer Revenue Notes	\$ 9,701,000	\$ -	\$ 301,000	\$ 9,400,000	\$ 305,000
Net Pension Liability (Asset)	375,078	291,888	349,179	317,787	-
Total Noncurrent Liabilities Discretely Presented Component Unit	<u>\$ 10,076,078</u>	<u>\$ 291,888</u>	<u>\$ 650,179</u>	<u>\$ 9,717,787</u>	<u>\$ 305,000</u>

NOTE 7 GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the Township for which full faith and credit are pledged and are payable from local sources. The Township has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

General obligation debt outstanding as of December 31, 2024 consisted of the following:

Description	Interest Rate(s)	Issue Amount	Original Final Maturity	Principal Outstanding
General Obligation Notes:				
Series of 2015	1.698%	\$ 140,000	04/25/2025	\$ 15,000
PIB Loan 2016	1.625%	599,350	08/01/2026	<u>127,721</u>
Total General Obligation Notes				<u>\$ 142,721</u>

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 GENERAL OBLIGATION DEBT (CONTINUED)

Annual debt service requirements under the governmental activities general obligation debt is as follows:

<u>Year Ending December 31,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2025	\$ 78,346	\$ 2,330	\$ 80,676
2026	64,375	1,046	65,421
Total	<u>\$ 142,721</u>	<u>\$ 3,376</u>	<u>\$ 146,097</u>

Qualified Interest Rate Management Agreements

The General Obligation Notes, 2015 Series and the Guaranteed Sewer Revenue Notes, 2020 Series (collectively, the “DelVal Notes”) were all issued to the Delaware Valley Regional Finance Authority (“DelVal”), a financing authority created by Bucks, Chester, Delaware, and Montgomery Counties. DelVal has issued twelve series of bonds to fund its Loan Program, and DelVal has entered into master interest rate swap agreements (the “Swap Agreements”) with five different counterparties (the “Counterparties”) to hedge its interest rate risks. No borrower from DelVal, including the Township and the Sewer Authority, are party to any of these hedging transactions, but by definition under the *Local Government Unit Debt Act*, DelVal’s interest rate hedges are “qualified interest rate management agreements” related to the DelVal Notes.

DelVal executes interest rate swap transactions (the “Bond Swaps”) to hedge the interest rate risks of its fixed rate, SOFR indexed, and Term-SOFR indexed bonds. These transactions allow DelVal to lock competitive cost of funds to the redemption dates of its bonds. The early termination of a Bond Swap or the execution of a new Bond Swap could affect DelVal’s cost of funds which could affect borrowers’ interest rates. DelVal has only terminated Bond Swaps to reduce its cost of funds and only executed new Bond Swaps if they met DelVal’s target cost of funds.

DelVal executes a swap transaction (each a “Loan Swap”) that offsets a portion of a Bond Swap to hedge its risk of providing a fixed rate Loan. If a borrower prepays its Loan prior to an option date or defaults on its obligations, DelVal would terminate any related Loan Swap. If DelVal incurs a cost to terminate the Loan Swap, that cost would be passed on to the borrower as a prepayment or default penalty.

A Swap Agreement can only be subject to early termination if: (i) DelVal and the Counterparty mutually consent or (ii) DelVal or the Counterparty have defaulted or events have occurred that may lead to a default. As of December 31, 2024, DelVal would have received approximately \$93.9 million if all the Swap Agreements were terminated, and DelVal held approximately \$50 million of over-collateralized funds that could be used to make a termination payment if it were necessary. The allocable market values of the Loan Swaps and Bond Swaps of the DelVal Notes is in the schedule below:

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 GENERAL OBLIGATION DEBT (CONTINUED)

Qualified Interest Rate Management Agreements (Continued)

Borrower	Note	Market Value of Related De/Val Swaps	
		Loan Swaps	Allocable Bond Swaps
Lower Providence Township	2015 Note	\$ 100	\$ 224
Lower Providence Township Sewer Authority	2020 Notes	\$ 3,302,342	\$ 140,613

Discretely Presented Component Unit - Guaranteed Sewer Revenue Notes

The Guaranteed Sewer Revenue Notes, 2020 Series are a direct obligation of the Sewer Authority secured by a pledge of the Authority's sewer revenues and further guaranteed by a pledge of the Township's full faith, credit, and taxing power. The Sewer Authority has not pledged any assets as collateral for guaranteed sewer revenue notes. The Notes were issued to finance capital expenditures.

General obligation debt outstanding as of June 30, 2024 consisted of the following:

Description	Interest Rate(s)	Issue Amount	Original Final Maturity	Principal Outstanding
Guaranteed Sewer Revenue Notes Series of 2020	1.33%	\$ 10,000,000	05/25/2050	\$ 9,400,000

Annual debt service requirements under the Sewer Authority's guaranteed sewer revenue notes is as follows:

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2025	\$ 305,000	\$ 124,213	\$ 429,213
2026	309,000	120,168	429,168
2027	313,000	116,069	429,069
2028	317,000	111,917	428,917
2029	321,000	107,713	428,713
2030-2034	1,672,000	473,785	2,145,785
2035-2039	1,787,000	359,593	2,146,593
2040-2044	1,910,000	240,549	2,150,549
2045-2049	2,041,000	107,760	2,148,760
2050	425,000	5,162	430,162
Total	\$ 9,400,000	\$ 1,766,929	\$ 11,166,929

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 LEASE RECEIVABLE

During 2005, the Township entered into a long-term lease as lessor of land. The lease is for 25 years at contract commencement and the Township will receive annual payments of \$100,000. As of December 31, 2024, the net present value of the lease receivable was \$451,506 and deferred inflows of resources was \$422,649. The lease has an imputed interest rate of 3.50%. The net present value of minimum noncancelable lease payments to be received under this lease are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 84,197	\$ 15,803	\$ 100,000
2026	87,144	12,856	100,000
2027	90,194	9,806	100,000
2028	93,351	6,649	100,000
2029	96,620	3,380	100,000
Total	<u>\$ 451,506</u>	<u>\$ 48,494</u>	<u>\$ 500,000</u>

NOTE 9 POSTEMPLOYMENT RETIREMENT PLAN

The Lower Providence Township Police Post-Employment Benefits Plan (OPEB Plan) is a noncontributory, single-employer postretirement benefits plan that covers all full-time uniformed police officers of the Township. The OPEB Plan provides postretirement medical benefits upon retirement or disability to plan members and their beneficiaries, pursuant to Township ordinances and the collective bargaining agreement between the Township and the police officers. The OPEB Plan can be amended by the Township through its ordinances and union contracts. The OPEB Plan is administered by a plan administrator appointed by the Board of Supervisors of the Township. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

Plan Membership

Membership in the OPEB Plan consisted of the following at December 31, 2024:

Active Employees	32
Retirees and Beneficiaries Currently Receiving Benefits	3
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	-
Total	<u><u>35</u></u>

Funding Policy

Officers who retire and are receiving postretirement benefits under the plan are required to pay 25% of their medical premiums. Administrative costs of the plan are financed through an addition to the actuarially determined employer contribution.

The plan does not have a funding policy. The medical premiums for retired members are paid from the OPEB trust. The employer subsidies of the premiums for retired members are paid from the Township's General Fund.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 POSTEMPLOYMENT RETIREMENT PLAN (CONTINUED)

Other Postemployment Benefits Trust

Basis of Accounting

The OPEB Plan's financial statements are prepared using the accrual basis of accounting. OPEB plan member contributions by retired officers toward their postretirement benefits reduce the employer cost and the resulting liability. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions, including the implicit rate subsidy. Benefits and refunds are recognized when due and payable in accordance with terms of the OPEB plan, including the implicit rate subsidy.

Method Used to Value Investments

Investments in the OPEB Plan are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Annual OPEB Cost

The annual OPEB cost was determined as part of the December 31, 2024 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 6.25% percent investment rate of return (net of administrative costs) and (b) 2.25% inflation and 5.00% salary increases. The unfunded actuarial accrued liability is being amortized on the level dollar closed basis.

Discount Rate

The discount rate used to measure the total OPEB liability is 6.25% based upon the expected rate of return, net of expected investment expenses. The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Township's funding policy is to fund the rate subsidies through the General Fund and pay only the actual premiums for retired members from the OPEB trust.

Rate of Return

The long-term expected rate of return on OPEB Plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major 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 allocation percentage and by adding expected inflation.

The annual money-weighted rate of return on OPEB Plan investments, net of investment expenses, was 11.86%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 POSTEMPLOYMENT RETIREMENT PLAN (CONTINUED)

Other Postemployment Benefits Trust (Continued)

A schedule of plan investments by asset class, target allocations, and long-term expected rate of return is as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Contribution to Rate of Return
Domestic Stocks	49.00 %	5.05 %	2.47 %
International Stocks	21.00	5.25	1.10
Bonds	27.00	2.25	0.61
Cash	3.00	0.25	0.01
Total Portfolio	100.00 %		4.19
Inflation			2.40
Long-Term Expected Rate of Return			6.59 %

Net OPEB Liability

The Township's net OPEB liability has been measured as of December 31, 2024. The total OPEB liability was determined by an actuarial valuation as of January 1, 2024, and by rolling forward the liabilities from the January 1, 2024 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end. The net OPEB liability is \$1,385,047 measured as the difference between the total OPEB liability of \$3,157,522 and the fiduciary net position of \$1,772,475.

The Township's change in total OPEB liability, plan fiduciary net position, and net OPEB liability for the year ended December 31, 2024 were as follows:

	(A) Total OPEB Liability	(B) Plan Fiduciary Net Position	(A – B) Net OPEB Liability
Balances as of December 31, 2023	\$ 2,912,648	\$ 1,634,175	\$ 1,278,473
Changes for the Year:			
Service Cost	166,062	-	166,062
Interest on Total OPEB Liability	188,977	-	188,977
Changes in Actuarial Assumptions	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Employer Contributions	-	67,223	(67,223)
Net Investment Income	-	195,662	(195,662)
Benefit Payments	(110,165)	(110,165)	-
Administrative Expense	-	(14,420)	14,420
Net Changes	244,874	138,300	106,574
Balances as of December 31, 2024	\$ 3,157,522	\$ 1,772,475	\$ 1,385,047

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 POSTEMPLOYMENT RETIREMENT PLAN (CONTINUED)

Other Postemployment Benefits Trust (Continued)

Sensitivity of the Net OPEB Liability to Change in Healthcare Cost Trend Rates

The following presents the net OPEB liability for December 31, 2024, calculated using current healthcare cost trends as well as what the net OPEB liability would be if healthcare cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Trend Rate	1% Increase
Net OPEB Liability	\$ 956,750	\$ 1,385,047	\$ 1,894,181

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability of the Township calculated using the discount rate 6.25%, as well as what the net pension liability would be if it were calculated using the discount rate that is one percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current rate:

	1% Decrease in Discount Rate 5.25%	Current Discount Rate 6.25%	1% Increase in Discount Rate 7.25%
Net OPEB Liability	\$ 1,657,949	\$ 1,385,047	\$ 1,129,837

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2024, the Township recognized OPEB expense of \$282,191. At December 31, 2024, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 914,529	\$ 326,099
Changes in Assumptions	-	10,479
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	30,834
Total	\$ 914,529	\$ 367,412

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 POSTEMPLOYMENT RETIREMENT PLAN (CONTINUED)

Other Postemployment Benefits Trust (Continued)

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB
(Continued)

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 39,607
2026	62,006
2027	(15,839)
2028	13,452
2029	32,515
Thereafter	415,376
Total	<u><u>\$ 547,117</u></u>

Actuarial Methods and Significant Assumptions

Investment Return	6.25% (including inflation)
Discount Rate	6.25%
Inflation	2.25%
Salary Increases	5.00% per year
Mortality Rates	Pub-2010 mortality table for safety employees, projected using scale MP-2020

NOTE 10 EMPLOYEE RETIREMENT PLANS

Police Pension Fund

The Lower Providence Township Police Pension Fund accounts for a contributory, single-employer defined benefit pension plan (the Police Pension Plan) that covers all full-time uniformed police officers of the Township. The Police Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries, pursuant to Act 600 of 1956, as amended.

Plan Membership

Membership in the Police Pension Plan consisted of the following at December 31, 2024:

Active Employees	31
Retirees and Beneficiaries Currently Receiving Benefits (Including DROP Members)	36
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	<u>1</u>
Total	<u><u>68</u></u>

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police Pension Fund (Continued)

Benefit Provisions

The Police Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the Police Pension Plan.

Members are eligible for normal retirement after attainment of age 50 and 25 years of service and early retirement after 20 years of service. Normal retirement benefits are calculated as 50% of average compensation during the final 36 months of employment plus a service increment of \$100 per month for each completed year of benefit service in excess of 25 years, up to a maximum service increment of \$500 per month.

If a member is totally and permanently disabled in the line of duty, they are eligible for disability payments equal to 50% of their salary at the time of disability.

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to their surviving spouse or eligible dependent child, equal to 50% of the normal monthly retirement benefit.

Basis of Accounting

The Police Pension Plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period when due and benefits and refunds are recognized when due and payable.

Method Used to Value Investments

Investments in the Police Pension Plan are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Annual contributions to the Police Pension Plan are based upon the minimum municipal obligation (the MMO). The MMO is derived from the Police Pension Plan's biennial actuarial valuation. Members in the Police Pension Plan are required to contribute 4.00% of total compensation. This contribution is established by the Plan's governing ordinance. The Commonwealth of Pennsylvania provides an allocation of funds, which must be used, for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contribution must be funded by the Township.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Plan and funded through investment earnings.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police Pension Fund (Continued)

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2024 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 6.75% percent investment rate of return (net of administrative costs) and (b) 2.25% inflation and 5.00% salary increases. The unfunded actuarial accrued liability is being amortized on the level dollar closed basis.

Discount Rate

The discount rate used to measure the total pension liability is 6.75%. The Police Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. 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. The employer's funding policy requires the full funding of the entry age normal cost, plus plan expenses, as well as an amortization of the unfunded liability.

Rate of Return

The long-term expected rate of return on pension plan investments was determined using the building- block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major 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 allocation percentage and by adding expected inflation.

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses not funded through the MMO was 11.91%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police Pension Fund (Continued)

Rate of Return (Continued)

A schedule of plan investments by asset class, target allocations, and long-term expected rate of return is as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Contribution to Rate of Return
Domestic Stocks	49.00 %	5.20 %	2.55 %
International Stocks	21.00	5.40	1.13
Bonds	27.00	2.40	0.65
Cash	3.00	0.40	0.01
Total Portfolio	100.00 %		4.34
Inflation			2.25
Long-Term Expected Rate of Return			6.59 %

Net Pension Liability

The Township's net pension liability has been measured as of December 31, 2024. The total pension liability was determined by an actuarial valuation as of January 1, 2024, and by rolling forward the liabilities from the January 1, 2024 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end. The net pension liability is \$1,601,977 measured as the difference between the total pension liability of \$26,802,586 and the fiduciary net position of \$25,200,609.

The Township's change in total pension liability, plan fiduciary net position, and net pension liability for the year ended December 31, 2024 were as follows:

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A – B) Net Pension Liability
Balances as of December 31, 2023	\$ 25,253,662	\$ 22,595,251	\$ 2,658,411
Changes for the Year:			
Service Cost	730,844	-	730,844
Interest on Total Pension Liability	1,706,940	-	1,706,940
Differences Between Expected and Actual Experience	504,150	-	504,150
Changes in Actuarial Assumptions	-	-	-
Employer Contributions	-	1,175,132	(1,175,132)
Member Contributions	-	174,066	(174,066)
Net Investment Income	-	2,743,878	(2,743,878)
Benefit Payments	(1,393,010)	(1,393,010)	-
Administrative Expense	-	(94,708)	94,708
Net Changes	1,548,924	2,605,358	(1,056,434)
Balances as of December 31, 2024	\$ 26,802,586	\$ 25,200,609	\$ 1,601,977

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police Pension Fund (Continued)

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

The following presents the net pension liability of the Township calculated using the discount rate 6.75%, as well as what the net pension liability would be if it were calculated using the discount rate that is one percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate 5.75%	Current Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
Net Pension Liability	\$ 5,011,971	\$ 1,601,977	\$ (1,221,074)

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

For the year ended December 31, 2024, the Township recognized pension expense of \$1,057,372. At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 428,330	\$ 339,620
Changes in Assumptions	646,485	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	366,383
Total	\$ 1,074,815	\$ 706,003

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2025	\$ 416,613
2026	489,930
2027	(475,254)
2028	(100,682)
2029	38,205
Thereafter	-
Total	\$ 368,812

Deferred Retirement Option Program

An active member who has met the eligibility requirements for normal retirement may elect to participate in the Deferred Retirement Option Program (DRO") for a period of no more than 48 months. The member's monthly pension shall be calculated as of their date of participation in the program and shall be distributed in a lump sum at retirement.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Deferred Retirement Option Program (Continued)

Actuarial Methods and Significant Assumptions

Investment Return	6.75% (including inflation)
Discount Rate	6.75%
Inflation	2.25%
Salary Increases	4.00% per year
Mortality Rates	Pub-2010 mortality table for safety employees, projected using scale MP-2020

Nonuniform Pension Fund

The Lower Providence Township Nonuniform Pension Fund accounts for a contributory, single-employer defined benefit pension plan (the Nonuniform Pension Plan) that covers all full-time nonuniformed employees of the Township hired prior to 2002 and salaried management employees holding the positions of Director and/or Coordinator on or before July 1, 2009.

Plan Membership

Membership in the Nonuniform Pension Plan consisted of the following at December 31, 2024:

Active Employees	4
Retirees and Beneficiaries Currently Receiving Benefits	28
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	7
Total	39

Benefit Provisions

The Nonuniform Pension Plan provides retirement, disability and death benefits to plan members and their beneficiaries. The Plan can be amended by the Township through its Ordinances and union contracts.

Basis of Accounting

The Nonuniform Pension Plan's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period when due and benefits and refunds are recognized when due and payable.

Method Used to Value Investments

Investments in the Nonuniform Pension Plan are reported at fair value. Investments that do not have an established market value are reported at estimated fair value.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Nonuniform Pension Fund (Continued)

Contributions

Annual contributions to the Nonuniform Pension Plan are based upon the minimum municipal obligation (the MMO). The MMO is derived from the Nonuniform Pension Plan's biennial actuarial valuation. Members in the Nonuniform Pension Plan are required to contribute 1.50% of total compensation. This contribution is established by the Plan's governing ordinance. The Commonwealth of Pennsylvania provides an allocation of funds, which must be used, for pension funding. Any financial requirement established by the MMO which exceeds the state and employee contribution must be funded by the Township.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services are charged to the Plan and funded through investment earnings.

Annual Pension Cost

The annual required contribution was determined as part of the January 1, 2024 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 6.75% percent investment rate of return (net of administrative costs) and (b) 2.25% inflation and 4.00% salary increases. The unfunded actuarial accrued liability is being amortized on the level dollar closed basis.

Discount Rate

The discount rate used to measure the total pension liability is 6.75%. The Nonuniform Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. 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. The employer's funding policy requires the full funding of the entry age normal cost, plus plan expenses, as well as an amortization of the unfunded liability.

Rate of Return

The long-term expected rate of return on pension plan investments was determined using the building- block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major 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 allocation percentage and by adding expected inflation.

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses not funded through the MMO was 12.16%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Nonuniform Pension Fund (Continued)

Rate of Return (Continued)

A schedule of plan investments by asset class, target allocations, and long-term expected rate of return is as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Contribution to Rate of Return
Domestic Stocks	49.00 %	5.05 %	2.47 %
International Stocks	21.00	5.25	1.10
Bonds	27.00	2.25	0.61
Cash	3.00	0.25	0.01
Total Portfolio	100.00 %		4.19
Inflation			2.40
Long-Term Expected Rate of Return			6.59 %

Net Pension Asset

The Township's net pension asset has been measured as of December 31, 2024. The total pension liability was determined by an actuarial valuation as of January 1, 2024, and by rolling forward the liabilities from the January 1, 2024 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end. The net pension asset is \$461,175 measured as the difference between the total pension liability of \$6,062,039 and the fiduciary net position of \$6,523,214.

The Township's change in total pension liability (asset), plan fiduciary net position, and net pension liability (asset) for the year ended December 31, 2024 were as follows:

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A – B) Net Pension Liability (Asset)
Balances as of December 31, 2023	\$ 6,058,384	\$ 6,192,039	\$ (133,655)
Changes for the Year:			
Service Cost	26,073	-	26,073
Interest on Total Pension Liability	397,366	-	397,366
Differences Between Expected and Actual Experience	(24,678)	-	(24,678)
Changes in Actuarial Assumptions	-	-	-
Employer Contributions	-	-	-
Member Contributions	-	6,251	(6,251)
Net Investment Income	-	747,689	(747,689)
Benefit Payments	(395,106)	(395,106)	-
Administrative Expense	-	(27,659)	27,659
Net Changes	3,655	331,175	(327,520)
Balances as of December 31, 2024	\$ 6,062,039	\$ 6,523,214	\$ (461,175)

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Nonuniform Pension Fund (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Township calculated using the discount rate 6.75%, as well as what the net pension liability would be if it were calculated using the discount rate that is one percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate 5.75%	Current Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
Net Pension Liability (Asset)	\$ 96,630	\$ (461,175)	\$ (944,196)

Pension Expense and Deferred Inflows of Resources Related to Pension

For the year ended December 31, 2024, the Township recognized pension credit of (\$22,652). At December 31, 2024, the Township reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 60,136

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2025	\$ 54,288
2026	133,181
2027	(178,849)
2028	(68,756)
Total	\$ (60,136)

Actuarial Methods and Significant Assumptions

Investment Return	6.75% (including inflation)
Discount Rate	6.75%
Inflation	2.25%
Salary Increases	5.00% per year
Mortality Rates	Pub-2010 mortality table for general employees, projected using scale MP-2020

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Discretely Presented Component Unit – Retirement Plan

The Lower Providence Township Sewer Authority pension plan (the Sewer Authority Pension Plan) is a single employer contributory defined benefit pension plan established by the Authority to provide pension benefits for employees who meet the age and service requirements. The pension plan does not issue separate stand-alone financial statements. The plan is administered by the trustees of Authority. The most recent actuarial valuation is July 1, 2023. Details below are from the valuation.

Plan Membership

Membership in the Sewer Authority Pension Plan consisted of the following at July 1, 2023:

Active Employees	6
Retirees and Beneficiaries Currently Receiving Benefits	6
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	-
Total	12

Benefit Provisions

The Sewer Authority Pension Plan provides retirement, disability and death benefits to Sewer Authority Pension Plan members and their beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 60. Early retirement is available to members with 15 years of credited service with reduced benefits. The death benefit is if the member is eligible for retirement, a monthly death benefit is payable to the surviving spouse, or eligible child, equal to in the form of a single sum as of the first of the month following the date of death.

Basis of Accounting

Sewer Authority Pension Plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of plan administration is charged against the earnings of the plan. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services and actuarial services, as required by State statutes.

Method Used to Value Investments

Investments are reported at fair value.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Discretely Presented Component Unit – Retirement Plan (Continued)

Contributions

Act 205 requires that annual contributions be based upon the Sewer Authority Pension Plan's minimum municipal obligation (the MMO). The MMO is based upon the Sewer Authority Pension Plan's biennial actuarial valuation. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

In accordance with the Sewer Authority Pension Plan's governing Resolution, members are not required to contribute to the Sewer Authority Pension Plan. Administrative costs, including the investment manager, custodial trustee, and actuarial services are charged to the Sewer Authority Pension Plan and funded through investment earnings.

Member contributions are currently suspended.

Annual Pension Cost

The annual required contribution was determined as part of the July 1, 2023 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 7.00% investment rate of return (net of administrative costs) and (b) 3.00% inflation and 4.00% for merit/seniority for salary projections. The unfunded actuarial accrued liability is being amortized on the level dollar closed basis.

Discount Rate

The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that the employer will continue the historical and legally required practice of contributing to the Sewer Authority Pension Plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, the expected administrative expenses, and an amount necessary to amortize the remaining unfunded actuarial liability as a level dollar amount over a closed period. Therefore, the long-term expected rate of return on Sewer Authority Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return, by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses not funded through the MMO was 12.35%. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Discretely Presented Component Unit – Retirement Plan (Continued)

Rate of Return (Continued)

A schedule of Sewer Authority Pension Plan investments by asset class is as follows:

Asset Class	Target Allocation
Domestic Equities	60.00 %
Fixed Income	40.00
Total Portfolio	100.00 %

Net Pension Liability

The Sewer Authority's net pension liability has been measured as of June 30, 2024. The total pension liability was determined by an actuarial valuation as of July 1, 2023, calculated based on the discount rate and actuarial assumptions. There have been no significant changes between the valuation date and the fiscal year-end. The net pension liability is \$317,787 measured as the difference between the total pension liability of \$2,732,784 and the fiduciary net position of \$2,414,997.

The Sewer Authority's change in total pension liability, plan fiduciary net position, and net pension liability (asset) for the year ended June 30, 2024 were as follows:

	(A) Total Pension Liability	(B) Plan Fiduciary Net Position	(A – B) Net Pension Liability
Balances as of June 30, 2023	\$ 2,569,418	\$ 2,194,340	\$ 375,078
Changes for the Year:			
Service Cost	54,012	-	54,012
Interest on Total Pension Liability	182,984	-	182,984
Differences Between Expected and Actual Experience	54,892	-	54,892
Employer Contributions	-	87,138	(87,138)
Net Investment Income	-	262,041	(262,041)
Benefit Payments, Including Refunds of Employee Contributions	(128,522)	(128,522)	-
Administrative Expense	-	-	-
Net Changes	163,366	220,657	(57,291)
Balances as of June 30, 2024	\$ 2,732,784	\$ 2,414,997	\$ 317,787

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Discretely Presented Component Unit – Retirement Plan (Continued)

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

The following presents the net pension liability of the Sewer Authority calculated using the discount rate 7.00%, as well as what the net pension liability would be if it were calculated using the discount rate that is one percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate 6.00%	Current Discount Rate 7.00%	1% Increase in Discount Rate 8.00%
Net Pension Liability	\$ 587,364	\$ 317,787	\$ 87,876

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

For the year ended June 30, 2024, the Sewer Authority recognized pension expense of \$123,807. At June 30, 2024, the Sewer Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 45,743	\$ 25,978
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	23,068	-
Total	\$ 68,811	\$ 25,978

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

Year Ending December 31,	Amount
2025	\$ 38,966
2026	38,967
2027	(31,418)
2028	(12,829)
2029	9,147
Total	\$ 42,833

Actuarial Methods and Significant Assumptions

Investment Return	7.00%
Discount Rate	7.00%
Inflation	3.00%
Salary Increases	4.00%
Mortality Rates	PubG-2010 mortality table, including rates for disabled retirees and contingent survivors.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 11 NONUNIFORM DEFINED CONTRIBUTION PLAN

The Township sponsors a defined contribution pension plan (the Defined Contribution Plan). The Defined Contribution Plan covers all full-time employees of the Township who are hired after 2001, except for police officers and salaried management employees holding the positions of Director and/or Coordinator hired on or before July 1, 2009. The assets of the Defined Contribution Plan, totaled \$515,735 as of December 31, 2024, are invested separately, and the Defined Contribution Plan's assets may be used only for the payment of benefits to the members of the Defined Contribution Plan. Investments are managed by the Defined Contribution Plan's administrator under several different investment options, or combinations thereof. The choice of the investment option(s) is made by the participants. The Township has no management control over the assets of the Defined Contribution Plan. Accordingly, the assets of the Defined Contribution Plan are not included in these financial statements.

Eligibility

Full-time nonuniformed employees are eligible to join the Defined Contribution Plan on the first day of employment.

Contributions

The Township contributes 10.00% of compensation and employees are not required to contribute to the Non-Uniform Pension Plan. The Township's contributions totaled \$274,174 for 2024.

Normal Retirement

A member's full account is payable upon retirement at age 60 and ten years of vesting service or early retirement at age 55 and completion of fifteen years of vesting service.

Death Benefits

If a member dies while an active member of the Defined Contribution Plan, his account will be 100% vested and payable to the member's spouse or designated beneficiary or beneficiaries.

Vesting

If a member in the Defined Contribution Plan terminates other than by retirement, disability or death, the percentage of his employer contribution account to which he will be entitled depends upon the number of years of credited service. The vesting account is as follows:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1 - 2 Years	25%
3 - 4 Years	50%
5 or More Years	100%

Forfeiture

When a member terminates before becoming 100% vested, the portion of his account to which he is not entitled is used to reduce future Township contributions to the Defined Contribution Plan. There were no forfeitures in 2024.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 12 DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to those employees who meet the eligibility requirements set forth in the deferred compensation plan, permits employees to defer a portion of their salary until future years. Assets of the deferred compensation plan totaled \$5,262,512 as of December 31, 2024 are not available to employees until termination, retirement, death, disability or unforeseeable emergency. All amounts of compensation deferred under the deferred compensation plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants. The Township has no liability for losses under the plan. Investments are managed by the plan's administrator under several different investment options or combinations thereof. The choice of the investment option(s) is made by the participants. The Township has no management control over the assets of the deferred compensation plan. Accordingly, the assets of the deferred compensation plan are not included in these financial statements.

NOTE 13 CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The Township receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. Township officials do not expect any significant adjustments as a result of these examinations.

Litigation

The Township is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

Discretely Presented Component Unit

The Sewer Authority has a service agreement with the Lower Perkiomen Valley Regional Sewer Authority (LPVRS) for the treatment of sewage collected by the Sewer Authority, whereby the Sewer Authority pays a fee to LPVRS each month. The Sewer Authority paid fees which totaled \$2,429,436 for the year ended June 30, 2024.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 14 RISK MANAGEMENT

Health Insurance

The Township participates in a healthcare trust with other governmental entities from Pennsylvania and Delaware. The healthcare trust is a public entity risk pool is designed to provide healthcare coverage for eligible employees, spouses and dependents. The Trust was established for the sole and exclusive benefit of the employees of the member governmental entities. While the healthcare trust is self-funded, each member governmental entity receives a fully-insured equivalent rate which is guaranteed for twelve months and represents a total risk transfer to the healthcare trust. The Township is not responsible for any additional assessments upon termination. The healthcare trust assumes the risk for all claims including large claims and purchases commercial reinsurance for claims over \$1 million.

Property and Liability

The Township, with other governmental entities from Pennsylvania and Delaware, participate in a property and liability trust, which is a public entity risk pool currently operating as a common risk management and insurance program. The Township and the other participating members pay an annual premium to the property and liability trust for the purpose of seeking prevention or lessening of casualty losses to participating members from injuries to persons or property which might result in claims being made against participating members and to the property and liability trust's insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the property and liability trust, that the property and liability trust will utilize funds contributed by the participating members to provide self-insurance and reimbursement to the members for certain losses, to defend and protect each participating member of the property and liability trust against certain liabilities and losses, and to purchase excess and aggregate stop-loss insurance. As of December 31, 2024, the Township is not aware of any additional assessments relating to the property and liability trust.

Workers' Compensation

The Township and other Pennsylvania municipalities participate in a workers' compensation trust, which is a cooperative voluntary arrangement. The Township and the other participating members pay an annual premium to the workers' compensation trust for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the workers' compensation trust that the workers' compensation trust will utilize funds contributed by the participating members, which shall be held in trust, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of December 31, 2024, the Township is not aware of any additional assessments relating to the workers' compensation trust.

**LOWER PROVIDENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 14 RISK MANAGEMENT (CONTINUED)

Other Risks

The Township is exposed to other risks of loss, including errors and omissions. The Township has purchased a commercial insurance policy to safeguard its assets from risk of loss due to errors and omissions. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 15 ACCOUNTING CHANGES AND ERROR CORRECTIONS

Changes to or within Financial Reporting Entity

Change in Fund Presentation from Major to Nonmajor

The Capital Projects Fund and the Municipal Complex Fund previously met the criteria to be reported as a nonmajor governmental fund. However, effective January 1, 2024, the funds no longer met the criteria to be reported as a nonmajor fund and are reported as a major governmental funds for the fiscal year ended December 31, 2024. The effect of that change to or within the financial reporting entity is shown in the table below:

	December 31, 2023 As Previously Reported	Change to or Within the Financial Reporting Entity	December 31, 2023 As Adjusted or Restated
Governmental Funds:			
Major Funds:			
General Fund	\$ 6,471,382	\$ -	\$ 6,471,382
Highway Improvement Capital Reserve Fund	-	-	-
Capital Projects Fund	-	618,611	618,611
Municipal Complex Fund	-	1,002,460	1,002,460
Nonmajor Funds	3,289,277	(1,621,071)	1,668,206
Total Governmental Funds	<u>\$ 9,760,659</u>	<u>\$ -</u>	<u>\$ 9,760,659</u>

NOTE 16 SUBSEQUENT EVENTS

On March 19, 2025, the Township issued \$10,985,000 of General Obligation Bonds and \$1,125,000 of General Obligation Promissory Notes to fund a building purchase and renovations. The interest rates on the bonds and notes range from 4-5% and the maturity dates range from 2026 to 2055..

**LOWER PROVIDENCE TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024**

REQUIRED SUPPLEMENTARY INFORMATION

	Original Budget	Final Budget	Actual
REVENUES			
Taxes:			
Real Estate Taxes	\$ 3,466,867	\$ 3,466,867	\$ 3,496,279
Per Capita Taxes	1,500	1,500	1,306
Real Estate Transfer Taxes	600,000	600,000	725,566
Earned Income Taxes	7,075,000	7,075,000	7,125,007
Local Services Taxes	550,000	550,000	557,940
Amusement Taxes	25,000	25,000	31,930
Total Taxes	11,718,367	11,718,367	11,938,028
Licenses and Permits	460,650	460,650	439,137
Fines and Forfeits	88,000	88,000	114,588
Interest, Rents, and Royalties	215,300	215,300	309,222
Intergovernmental Revenues	548,550	548,550	3,321,047
Charges for Services	725,000	725,000	1,032,372
Miscellaneous	87,440	87,440	84,652
Total Revenues	13,843,307	13,843,307	17,239,046
EXPENDITURES			
Current:			
General Government	2,846,827	2,846,827	2,789,409
Public Safety	7,598,377	7,598,377	7,561,030
Health and Human Services	-	-	1,000
Public Works:			
Sanitation	7,500	7,500	7,500
Highways and Streets	2,253,239	2,253,239	2,084,741
Other	30,000	30,000	1,875,244
Culture and Recreation	510,000	510,000	10,000
Community Development	571,399	571,399	525,450
Capital Outlay	688,884	888,884	846,616
Total Expenditures	14,506,226	14,706,226	15,700,990
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(662,919)	(862,919)	1,538,056
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	250	250	-
Refund of Prior Year Receipts	-	-	(2,015)
Refund of Prior Year Expenditures	-	-	10,679
Transfer In	-	-	-
Transfers Out	(616,739)	(2,116,739)	(3,357,207)
Total Other Financing Sources (Uses)	(616,489)	(2,116,489)	(3,348,543)
NET CHANGE IN FUND BALANCE	\$ (1,279,408)	\$ (2,979,408)	(1,810,487)
FUND BALANCE			
Beginning of Year			6,471,382
End of Year			\$ 4,660,895

**LOWER PROVIDENCE TOWNSHIP
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
YEAR ENDED DECEMBER 31,**

	2024		2023		2022		2021		2020	
	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund
Total Pension Liability										
Service Cost	\$ 730,844	\$ 26,073	\$ 708,770	\$ 50,707	\$ 614,247	\$ 55,278	\$ 595,890	\$ 116,892	\$ 460,830	\$ 101,970
Interest on Total Pension Liability	1,706,940	397,366	1,631,993	395,602	1,623,401		1,564,950	380,279	1,395,137	348,341
Differences Between Expected and Actual Experience	504,150	(24,678)	-	-	(762,386)	77,283	-	-	596,274	(143,234)
Changes of Assumptions	-	-	670,343	131,675	-	-	989,622	366,449	-	-
Benefit Payments, Including Refunds of Member Contributions	(1,393,010)	(395,106)	(1,111,995)	(395,978)	(1,395,821)	(331,855)	(1,292,548)	(254,794)	(1,009,484)	(209,600)
Net Change in Total Liability	1,548,924	3,655	1,899,111	182,006	79,441	190,941	1,857,914	608,826	1,442,757	97,477
Total Pension Liability - Beginning	25,253,662	6,058,384	23,354,551	5,876,378	23,275,110	5,685,437	21,417,196	5,076,611	19,974,439	4,979,134
Total Pension Liability - Ending	<u>\$ 26,802,586</u>	<u>\$ 6,062,039</u>	<u>\$ 25,253,662</u>	<u>\$ 6,058,384</u>	<u>\$ 23,354,551</u>	<u>\$ 5,876,378</u>	<u>\$ 23,275,110</u>	<u>\$ 5,685,437</u>	<u>\$ 21,417,196</u>	<u>\$ 5,076,611</u>
Plan Fiduciary Net Position										
Employer Contributions	\$ 1,175,132	\$ -	\$ 1,200,533	\$ 59,722	\$ 1,151,591	\$ 91,784	\$ 980,011	\$ 112,657	\$ 982,373	\$ 116,549
Employee Contributions	174,066	6,251	155,768	6,663	146,619	8,503	139,823	13,445	119,551	11,805
Net Investment Income	2,743,878	747,689	3,250,094	918,753	(3,485,493)	(1,080,697)	2,669,758	830,563	2,718,012	851,951
Benefit Payments	(1,393,010)	(395,106)	(1,111,995)	(395,978)	(1,395,821)	(331,855)	(1,292,548)	(254,795)	(1,009,484)	(209,600)
Insurance Premiums	-	-	-	-	-	-	-	-	-	-
Administrative Expense	(94,708)	(27,659)	(90,350)	(36,338)	(75,542)	(27,012)	(94,769)	(35,524)	(65,690)	(25,084)
Net Change in Plan Fiduciary Net Position	2,605,358	331,175	3,404,050	552,822	(3,658,646)	(1,339,277)	2,402,275	666,346	2,744,762	745,621
Fiduciary Net Position - Beginning	22,595,251	6,192,039	19,191,201	5,639,217	22,849,847	6,978,494	20,447,572	6,312,148	17,702,810	5,566,527
Fiduciary Net Position - Ending	<u>\$ 25,200,609</u>	<u>\$ 6,523,214</u>	<u>\$ 22,595,251</u>	<u>\$ 6,192,039</u>	<u>\$ 19,191,201</u>	<u>\$ 5,639,217</u>	<u>\$ 22,849,847</u>	<u>\$ 6,978,494</u>	<u>\$ 20,447,572</u>	<u>\$ 6,312,148</u>
Net Pension Liability (Asset) - Ending	<u>\$ 1,601,977</u>	<u>\$ (461,175)</u>	<u>\$ 2,658,411</u>	<u>\$ (133,655)</u>	<u>\$ 4,163,350</u>	<u>\$ 237,161</u>	<u>\$ 425,263</u>	<u>\$ (1,293,057)</u>	<u>\$ 969,624</u>	<u>\$ (1,235,537)</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	94.02%	107.61%	89.47%	102.21%	82.17%	95.96%	98.17%	122.74%	95.47%	124.34%
Internal Money-Weighted Rate of Return	11.91%	12.16%	16.72%	16.56%	-15.95%	-16.24%	13.00%	13.07%	15.34%	15.16%
Covered Payroll	\$ 4,316,127	\$ 418,466	\$ 3,552,154	\$ 394,478	\$ 3,669,322	\$ 387,245	\$ 3,328,152	\$ 558,991	\$ 3,441,562	\$ 723,307
Net Pension Liability (Asset) as a Percentage of Covered Payroll	37.12%	-110.21%	74.84%	-33.88%	113.46%	61.24%	12.78%	-231.32%	28.17%	-170.82%

**LOWER PROVIDENCE TOWNSHIP
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) (CONTINUED)
YEAR ENDED DECEMBER 31,**

	2019		2018		2017		2016		2015	
	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund	Police Pension Fund	Nonuniform Pension Fund
Total Pension Liability										
Service Cost	\$ 448,022	\$ 117,532	\$ 455,230	\$ 97,549	\$ 442,858	\$ 110,712	\$ 289,045	\$ 105,301	\$ 291,983	\$ 119,423
Interest on Total Pension Liability	1,335,805	332,482	1,323,414	328,976	1,264,445	314,320	1,261,601	357,265	1,218,681	335,619
Differences Between Expected and Actual Experience	-	-	(651,979)	(191,572)	-	-	(81,360)	(165,498)	105,106	15,270
Changes of Assumptions	-	-	-	-	1,660,903	(82,881)	-	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(888,588)	(206,194)	(996,303)	(203,493)	(758,214)	(201,506)	(1,222,819)	(188,746)	(719,618)	(151,934)
Net Change in Total Liability	895,239	243,820	130,362	31,460	2,609,992	140,645	246,467	108,322	896,152	318,378
Total Pension Liability - Beginning	19,079,200	4,735,314	18,948,838	4,703,854	16,338,846	4,563,209	16,092,379	4,454,887	15,196,227	4,136,509
Total Pension Liability - Ending	<u>\$ 19,974,439</u>	<u>\$ 4,979,134</u>	<u>\$ 19,079,200</u>	<u>\$ 4,735,314</u>	<u>\$ 18,948,838</u>	<u>\$ 4,703,854</u>	<u>\$ 16,338,846</u>	<u>\$ 4,563,209</u>	<u>\$ 16,092,379</u>	<u>\$ 4,454,887</u>
Plan Fiduciary Net Position										
Employer Contributions	\$ 916,689	\$ 191,819	\$ 948,849	\$ 154,215	\$ 757,061	\$ 257,187	\$ 733,609	\$ 255,150	\$ 728,043	\$ 287,400
Employee Contributions	88,561	10,352	91,266	10,066	92,678	6,328	61,204	4,677	54,411	1,588
Net Investment Income	3,104,633	985,715	(905,695)	(294,785)	2,205,632	711,855	1,014,756	325,072	(72,907)	(24,990)
Benefit Payments	(888,588)	(206,194)	(996,303)	(203,493)	(758,214)	(201,506)	(1,222,819)	(188,746)	(719,618)	(151,934)
Insurance Premiums	(3,881)	(3,880)	-	-	(3,881)	(3,881)	-	-	555	555
Administrative Expense	(64,866)	(26,386)	(62,751)	(25,251)	(63,976)	(29,765)	(56,370)	(22,002)	(57,300)	(23,709)
Net Change in Plan Fiduciary Net Position	3,152,548	951,426	(924,634)	(359,248)	2,229,300	740,218	530,380	374,151	(66,816)	88,910
Fiduciary Net Position - Beginning	14,550,262	4,615,101	15,474,896	4,974,349	13,245,596	4,234,131	12,715,216	3,859,980	12,782,032	3,771,070
Fiduciary Net Position - Ending	<u>\$ 17,702,810</u>	<u>\$ 5,566,527</u>	<u>\$ 14,550,262</u>	<u>\$ 4,615,101</u>	<u>\$ 15,474,896</u>	<u>\$ 4,974,349</u>	<u>\$ 13,245,596</u>	<u>\$ 4,234,131</u>	<u>\$ 12,715,216</u>	<u>\$ 3,859,980</u>
Net Pension Liability (Asset) - Ending	<u>\$ 2,271,629</u>	<u>\$ (587,393)</u>	<u>\$ 4,528,938</u>	<u>\$ 120,213</u>	<u>\$ 3,473,942</u>	<u>\$ (270,495)</u>	<u>\$ 3,093,250</u>	<u>\$ 329,078</u>	<u>\$ 3,377,163</u>	<u>\$ 594,907</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	88.63%	111.80%	76.26%	97.46%	81.67%	105.75%	81.07%	92.79%	79.01%	86.65%
Internal Money-Weighted Rate of Return	21.43%	21.26%	-6.34%	-6.35%	16.65%	16.73%	8.36%	8.56%	-0.58%	-0.67%
Covered Payroll	\$ 2,953,470	\$ 689,004	\$ 2,872,578	\$ 675,041	\$ 3,051,911	\$ 638,823	\$ 3,060,177	\$ 637,404	\$ 2,706,118	\$ 627,924
Net Pension Liability (Asset) as a Percentage of Covered Payroll	76.91%	-85.25%	157.66%	17.81%	113.83%	-42.34%	101.08%	51.63%	124.80%	94.74%

**LOWER PROVIDENCE TOWNSHIP
SCHEDULE OF TOWNSHIP PENSION CONTRIBUTIONS
YEAR ENDED DECEMBER 31,**

Police Pension Fund

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	\$ 732,683	\$ 732,683	\$ -	\$ 2,706,118	27.08 %
2016	733,609	733,609	-	3,060,177	23.97
2017	757,061	757,061	-	3,051,911	24.81
2018	948,849	948,849	-	2,872,578	33.03
2019	916,689	916,689	-	2,953,470	31.04
2020	982,373	982,373	-	3,441,562	28.54
2021	980,011	980,011	-	3,328,152	29.45
2022	1,151,591	1,151,591	-	3,669,322	31.38
2023	1,200,533	1,200,533	-	3,552,154	33.80
2024	1,175,132	1,175,132	-	4,316,127	27.23

Nonuniform Pension Fund

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	\$ 287,400	\$ 287,400	\$ -	\$ 627,924	45.77 %
2016	255,150	255,150	-	637,404	40.03
2017	257,187	257,187	-	638,823	40.26
2018	154,215	154,215	-	675,041	22.85
2019	191,819	191,819	-	689,004	27.84
2020	116,548	116,548	-	723,307	16.11
2021	112,657	112,657	-	558,991	20.15
2022	91,784	91,784	-	387,245	23.70
2023	59,722	59,722	-	394,478	15.14
2024	-	-	-	418,466	-

**LOWER PROVIDENCE TOWNSHIP
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET)
YEAR ENDED DECEMBER 31,**

	2024	2023	2022
Total OPEB Liability			
Service Cost	\$ 166,062	\$ 161,893	\$ 116,922
Interest on Total OPEB Liability	188,977	176,187	116,006
Changes in Benefit Terms	-	-	-
Changes in Actuarial Assumptions	-	-	-
Differences Between Expected and Actual Experience	-	872,843	-
Benefit Payments	(110,165)	(165,076)	(210,610)
Net Change in Total OPEB Liability	<u>244,874</u>	<u>1,045,847</u>	<u>22,318</u>
Total OPEB Liability - Beginning	<u>2,912,648</u>	<u>1,866,801</u>	<u>1,844,483</u>
Total OPEB Liability - Ending	<u><u>\$ 3,157,522</u></u>	<u><u>\$ 2,912,648</u></u>	<u><u>\$ 1,866,801</u></u>
Plan Fiduciary Net Position			
Employer Contributions	\$ 67,223	\$ 105,192	\$ 155,295
Net Investment Income	195,662	235,997	(277,996)
Benefit Payments	(110,165)	(165,076)	(210,610)
Administrative Expense	(14,420)	(9,126)	(13,553)
Net Change in Plan Fiduciary Net Position	<u>138,300</u>	<u>166,987</u>	<u>(346,864)</u>
Fiduciary Net Position - Beginning	<u>1,634,175</u>	<u>1,467,188</u>	<u>1,814,052</u>
Fiduciary Net Position - Ending	<u><u>\$ 1,772,475</u></u>	<u><u>\$ 1,634,175</u></u>	<u><u>\$ 1,467,188</u></u>
Net OPEB Liability (Asset) - Ending	<u><u>\$ 1,385,047</u></u>	<u><u>\$ 1,278,473</u></u>	<u><u>\$ 399,613</u></u>
Fiduciary Net Position as a Percentage of Total Pension Liability	56.14%	56.11%	78.59%
Internal Money-Weighted Rate of Return	11.86%	16.10%	-15.90%
Covered Payroll	\$ 4,476,316	\$ 3,692,755	\$ 3,741,183
Net OPEB Liability as a Percentage of Covered Payroll	30.94%	34.62%	10.68%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**LOWER PROVIDENCE TOWNSHIP
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) (CONTINUED)
YEAR ENDED DECEMBER 31,**

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 114,053	\$ 80,101	\$ 80,765	\$ 104,989	\$ 105,879
Interest on Total OPEB Liability	111,814	92,309	90,099	129,449	126,739
Changes in Benefit Terms	-	-	(62,426)	-	-
Changes in Actuarial Assumptions	(14,983)	-	-	-	-
Differences Between Expected and Actual Experience	246,684	-	(628,043)	-	-
Benefit Payments	(112,714)	(139,232)	(130,461)	(168,215)	(208,522)
Net Change in Total OPEB Liability	<u>344,854</u>	<u>33,178</u>	<u>(650,066)</u>	<u>66,223</u>	<u>24,096</u>
Total OPEB Liability - Beginning	<u>1,499,629</u>	<u>1,466,451</u>	<u>2,116,517</u>	<u>2,050,294</u>	<u>2,026,198</u>
Total OPEB Liability - Ending	<u><u>\$ 1,844,483</u></u>	<u><u>\$ 1,499,629</u></u>	<u><u>\$ 1,466,451</u></u>	<u><u>\$ 2,116,517</u></u>	<u><u>\$ 2,050,294</u></u>
Plan Fiduciary Net Position					
Employer Contributions	\$ 65,566	\$ 81,958	\$ 76,021	\$ 110,750	\$ 150,304
Net Investment Income	213,778	224,393	266,019	(82,010)	205,401
Benefit Payments	(112,714)	(139,232)	(130,461)	(168,215)	(208,522)
Administrative Expense	(9,432)	(13,823)	(8,807)	(15,888)	(1,275)
Net Change in Plan Fiduciary Net Position	<u>157,198</u>	<u>153,296</u>	<u>202,772</u>	<u>(155,363)</u>	<u>145,908</u>
Fiduciary Net Position - Beginning	<u>1,656,854</u>	<u>1,503,558</u>	<u>1,300,786</u>	<u>1,456,149</u>	<u>1,310,241</u>
Fiduciary Net Position - Ending	<u><u>\$ 1,814,052</u></u>	<u><u>\$ 1,656,854</u></u>	<u><u>\$ 1,503,558</u></u>	<u><u>\$ 1,300,786</u></u>	<u><u>\$ 1,456,149</u></u>
Net OPEB Liability (Asset) - Ending	<u><u>\$ 30,431</u></u>	<u><u>\$ (157,225)</u></u>	<u><u>\$ (37,107)</u></u>	<u><u>\$ 815,731</u></u>	<u><u>\$ 594,145</u></u>
Fiduciary Net Position as a Percentage of Total Pension Liability	98.35%	110.48%	102.53%	61.46%	71.02%
Internal Money-Weighted Rate of Return	12.76%	14.94%	20.55%	-6.11%	16.08%
Covered Payroll	\$ 3,617,382	\$ 3,823,491	\$ 3,294,187	\$ 3,338,290	\$ 3,343,406
Net OPEB Liability as a Percentage of Covered Payroll	0.84%	-4.11%	-1.13%	24.44%	17.77%

**LOWER PROVIDENCE TOWNSHIP
SCHEDULE OF TOWNSHIP OPEB CONTRIBUTIONS
YEAR ENDED DECEMBER 31,**

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	\$ 420,294	\$ 57,281	\$ 363,013	\$ 2,773,360	2.07 %
2016	420,294	134,340	285,954	3,060,177	4.39
2017	229,400	150,304	79,096	3,338,290	4.50
2018	229,400	110,750	118,650	3,338,290	3.32
2019	127,516	76,021	51,495	3,294,187	2.31
2020	127,516	81,958	45,558	3,823,491	2.14
2021	166,375	65,566	100,809	3,617,382	1.81
2022	166,375	155,295	11,080	3,741,183	4.15
2023	292,443	105,192	187,251	3,692,755	2.85
2024	292,443	67,223	225,220	4,476,316	1.50

**LOWER PROVIDENCE TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 2024**

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

	Special Revenue Funds					
	Library Fund	Parks and Recreation Operating Fund	Highway Aid Fund	Emergency Services Fund	Tree Fund	Debt Service Fund
ASSETS						
Cash	\$ -	\$ 358,122	\$ 372,461	\$ 210,055	\$ -	\$ 66,408
Investments	-	-	-	-	-	102,885
Taxes Receivable	7,345	5,180	-	10,644	-	5,827
Prepaid Items	-	-	-	10,403	-	-
Total Assets	<u>\$ 7,345</u>	<u>\$ 363,302</u>	<u>\$ 372,461</u>	<u>\$ 231,102</u>	<u>\$ -</u>	<u>\$ 175,120</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 1	\$ 10,326	\$ 16,319	\$ 28,506	\$ -	\$ -
Accrued Salaries and Benefits	-	6,178	-	3,355	-	-
Total Liabilities	<u>1</u>	<u>16,504</u>	<u>16,319</u>	<u>31,861</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable:						
Prepaid Items	-	-	-	10,403	-	-
Restricted for:						
Debt Service	-	-	-	-	-	175,120
Public Works - Roads	-	-	356,142	-	-	-
Committed for:						
Capital Purchases	-	-	-	-	-	-
Public Safety	-	-	-	188,838	-	-
Culture and Recreation	7,344	346,798	-	-	-	-
Total Fund Balances	<u>7,344</u>	<u>346,798</u>	<u>356,142</u>	<u>199,241</u>	<u>-</u>	<u>175,120</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,345</u>	<u>\$ 363,302</u>	<u>\$ 372,461</u>	<u>\$ 231,102</u>	<u>\$ -</u>	<u>\$ 175,120</u>

**LOWER PROVIDENCE TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Capital Projects Funds					Total
	Liquid Fuels Funded Loans Fund	Parks and Recreation Capital Reserve Fund	West End Capital Improvement Fund	Sidewalk Fund	Stormwater Fund	
ASSETS						
Cash	\$ -	\$ 241,098	\$ -	\$ -	\$ 313,861	\$ 1,562,005
Investments	-	102,885	166,356	93,396	-	465,522
Taxes Receivable	-	-	-	-	-	28,996
Prepaid Items	-	-	-	-	-	10,403
Total Assets	\$ -	\$ 343,983	\$ 166,356	\$ 93,396	\$ 313,861	\$ 2,066,926
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ 69,682	\$ -	\$ -	\$ 107	124,941
Accrued Salaries and Benefits	-	-	-	-	-	9,533
Total Liabilities	-	69,682	-	-	107	134,474
FUND BALANCES						
Nonspendable:						
Prepaid Items	-	-	-	-	-	10,403
Restricted for:						
Debt Service	-	-	-	-	-	175,120
Public Works - Roads	-	-	-	-	-	356,142
Committed for:						
Capital Purchases	-	-	166,356	93,396	313,754	573,506
Public Safety	-	-	-	-	-	188,838
Culture and Recreation	-	274,301	-	-	-	628,443
Total Fund Balances	-	274,301	166,356	93,396	313,754	1,932,452
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 343,983	\$ 166,356	\$ 93,396	\$ 313,861	\$ 2,066,926

**LOWER PROVIDENCE TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 2024**

	Special Revenue Funds					
	Library Fund	Parks and Recreation Operating Fund	Highway Aid Fund	Emergency Services Fund	Tree Fund	Debt Service Fund
REVENUES						
Taxes	\$ 573,270	\$ 400,629	\$ -	\$ 830,553	\$ -	\$ 458,706
Interest, Rents, and Royalties	-	14,981	18,973	10,845	-	8,799
Intergovernmental Revenues	-	5,000	747,126	200,814	-	-
Charges for Services	-	337,104	-	-	-	-
Miscellaneous	-	40,022	3,449	638	-	-
Total Revenues	<u>573,270</u>	<u>797,736</u>	<u>769,548</u>	<u>1,042,850</u>	<u>-</u>	<u>467,505</u>
EXPENDITURES						
Current:						
General Government	-	-	-	88,224	-	-
Public Safety	-	-	-	1,089,465	-	-
Public Works	-	-	191,583	-	-	-
Culture and Recreation	574,227	686,406	-	-	-	-
Capital Outlay	-	-	449,119	-	-	-
Debt Service	-	-	-	-	-	503,562
Total Expenditures	<u>574,227</u>	<u>686,406</u>	<u>640,702</u>	<u>1,177,689</u>	<u>-</u>	<u>503,562</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(957)	111,330	128,846	(134,839)	-	(36,057)
OTHER FINANCING SOURCES (USES)						
Refund of Prior Year Receipts	-	-	-	-	-	-
Refund of Prior Year Expenditures	-	-	1,222	-	-	-
Transfers In	-	-	-	237,586	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,222</u>	<u>237,586</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(957)	111,330	130,068	102,747	-	(36,057)
FUND BALANCES						
Beginning of Year	<u>8,301</u>	<u>235,468</u>	<u>226,074</u>	<u>96,494</u>	<u>-</u>	<u>211,177</u>
End of Year	<u>\$ 7,344</u>	<u>\$ 346,798</u>	<u>\$ 356,142</u>	<u>\$ 199,241</u>	<u>\$ -</u>	<u>\$ 175,120</u>

**LOWER PROVIDENCE TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUND TYPES (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

	Capital Projects Funds					Total
	Liquid Fuels Funded Loans Fund	Parks and Recreation Capital Reserve Fund	West End Capital Improvement Fund	Sidewalk Fund	Stormwater Fund	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,263,158
Interest, Rents, and Royalties	28	11,092	8,282	5,294	9,940	88,234
Intergovernmental Revenues	-	-	-	-	-	952,940
Charges for Services	-	11,755	-	-	-	348,859
Miscellaneous	-	-	-	-	-	44,109
Total Revenues	<u>28</u>	<u>22,847</u>	<u>8,282</u>	<u>5,294</u>	<u>9,940</u>	<u>3,697,300</u>
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	88,224
Public Safety	-	-	-	-	-	1,089,465
Public Works	-	-	-	-	29,972	221,555
Culture and Recreation	-	-	-	-	-	1,260,633
Capital Outlay	-	104,152	-	-	249,364	802,635
Debt Service	-	-	-	-	-	503,562
Total Expenditures	<u>-</u>	<u>104,152</u>	<u>-</u>	<u>-</u>	<u>279,336</u>	<u>3,966,074</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	28	(81,305)	8,282	5,294	(269,396)	(268,774)
OTHER FINANCING SOURCES (USES)						
Refund of Prior Year Receipts	(1,192)	-	-	(14,000)	(15,000)	(30,192)
Refund of Prior Year Expenditures	-	-	-	-	-	1,222
Transfers In	-	-	-	-	324,404	561,990
Total Other Financing Sources (Uses)	<u>(1,192)</u>	<u>-</u>	<u>-</u>	<u>(14,000)</u>	<u>309,404</u>	<u>533,020</u>
NET CHANGE IN FUND BALANCES	(1,164)	(81,305)	8,282	(8,706)	40,008	264,246
FUND BALANCES						
Beginning of Year	<u>1,164</u>	<u>355,606</u>	<u>158,074</u>	<u>102,102</u>	<u>273,746</u>	<u>1,668,206</u>
End of Year	<u>\$ -</u>	<u>\$ 274,301</u>	<u>\$ 166,356</u>	<u>\$ 93,396</u>	<u>\$ 313,754</u>	<u>\$ 1,932,452</u>



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

Board of Supervisors
Lower Providence Township
Eagleville, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lower Providence Township (the Township), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the TownshipLower Providence Township's basic financial statements, and have issued our report thereon dated September 26, 2025.

The financial statements of the discretely presented component unit was not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the discretely presented component unit or that are reported on separately by those auditors who audited the financial statements of the discretely presented component unit.

Report on Internal Control Over Financial Reporting

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

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


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

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
September 26, 2025



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