LOWER SALFORD TOWNSHIP

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2022

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ACCOUNTANTS • ADVISORS

INTRODUCTORY SECTION

LOWER SALFORD TOWNSHIP
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022

	Page
Introductory Section	
Table of Contents	1
Financial Section	
Independent Auditors' Report	3
Management's Discussion and Analysis (Unaudited)	6
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Governmental Funds	
Balance Sheet	16
Reconciliation of Total Governmental Funds Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Proprietary Funds	
Statement of Net Position	20
Statement of Revenues, Expenses and Changes in Net Position	21
Statement of Cash Flows	22
Fiduciary Funds	
Statement of Fiduciary Net Position	23
Statement of Changes in Fiduciary Net Position	24
Notes to the Basic Financial Statements	25

LOWER SALFORD TOWNSHIP
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022

	Page
Required Supplementary Information	
Budgetary Comparison Schedule	65
Police Pension Plan	
Schedule of Changes in the Net Police Pension Plan Liability and Related Ratios	66
Schedule of Police Pension Plan Contributions	67
Schedule of Police Pension Plan Investment Returns	68
Township and Authority Pension Plan	
Schedule of Changes in the Net Township and Authority Pension Plan Liability and Related Ratios	69
Schedule of Township and Authority Pension Plan Contributions	70
Schedule of Township and Authority Pension Plan Investment Returns	71
Other Postemployment Benefit Plan	
Schedule of Changes in the Total Other Postemployment Benefit Plan Liability and Related Ratios	72
Supplementary Information Section	
Nonmajor Governmental Funds	
Combining Balance Sheet	73
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	74
Fiduciary Funds	
Combining Statement of Fiduciary Net Position	75
Combining Statement of Changes in Fiduciary Net Position	76

FINANCIAL SECTION

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Independent Auditors' Report

To the Board of Supervisors
Lower Salford Township
Harleysville, Pennsylvania

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lower Salford 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.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower Salford 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lower Salford 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 Lower Salford 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.

To the Board of Supervisors
Lower Salford Township
Harleysville, Pennsylvania

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 13, budgetary comparison information on page 65, pension plan information on pages 66 through 71 and postemployment benefits other than pension information on page 72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lower Salford Township's basic financial statements. The nonmajor governmental funds combining balance sheet, nonmajor governmental funds combining schedule of revenues, expenditures and changes in fund balances, fiduciary funds combining statement of fiduciary net position and fiduciary funds combining statement of changes in fiduciary net position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor governmental funds combining balance sheet, nonmajor governmental funds combining schedule of revenues, expenditures and changes in fund balances, fiduciary funds combining statement of fiduciary net position and fiduciary funds combining statement of changes in fiduciary net position are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor governmental funds combining balance sheet, nonmajor governmental funds combining schedule of revenues, expenditures and changes in fund balances, fiduciary funds combining statement of fiduciary net position and fiduciary funds combining statement of changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maillie LLP

Limerick, Pennsylvania
May 5, 2023

The discussion and analysis contained herein of Lower Salford Township's financial performance provides an overview of the Township's financial activities for the fiscal year ending December 31, 2022. This information needs to be read in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

The Township's net position increased by $4,187,105 as a result of this year's operations. Net position of our governmental activities increased by $4,178,658 and the net position of our business-type activities increased by $8,447.

In 2022, Lederach Golf Club program revenues decreased by $28,052 or 1.3% from the previous year. Total revenues decreased by 1.5% which was primarily due to the decrease in program revenues. Expenses were 1.9% higher than the previous year.

The General Fund reported a surplus of $1,082,267 this year compared to a surplus of $717,657 last year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's annual financial report consists of several sections. Taken together, they provide a comprehensive financial look at the Township. The components of the report include an independent auditors' report, management's discussion and analysis, government-wide financial statements, fund financial statements and notes to the basic financial statements. This report also contains other required and supplementary information in addition to the basic financial statements.

The independent auditors' report briefly describes the audit engagement and also renders an opinion as to the material components of the Township's financial position. The management's discussion and analysis (MD&A), prepared by the Township's management, provides a narrative introduction and overview that users of the financial statements need in order to interpret the basic financial statements. The MD&A also provides an analysis of key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

The basic financial statements include the statement of net position, statement of activities, fund financial statements and the notes to the basic financial statements. Statements of net position and activities focus on entity-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the Township.

- The *statement of net position* focuses on resources available for future operations. This statement presents a view of the assets the Township owns, the liabilities it owes and the net difference.

- The *statement of activities* focuses on gross and net costs of Township programs and the extent to which programs rely on taxes and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other sources.

- *Fund financial statements* focus separately on major Governmental Funds, Proprietary Funds and Fiduciary Funds. Governmental Funds statements follow the more traditional presentation of financial statements. The Township's major Governmental Funds are represented in their own columns, and the remaining funds are combined into a column titled "Nonmajor Governmental Funds." Statements for the Township's Proprietary and Fiduciary Funds follow the Governmental Funds and include net position, revenues, expenses and changes in net position and cash flows. The Proprietary Fund represents the Lederach Golf Club and can be found in more detail beginning with the statement of net position, Proprietary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside of the government, i.e., Employee Pension Funds. Fiduciary Funds are not reflected in the government-wide statements because the Township cannot use these assets to finance its operations.

- The *notes to the basic financial statements* provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Township's financial condition.

Other required supplementary information consisting of budgetary comparisons of the General Fund and pension plan funding progress is provided.

Other supplementary information consisting of the balance sheet and statement of revenues, expenditures and changes in fund balances for Nonmajor Governmental Funds is also provided.

REPORTING THE TOWNSHIP AS A WHOLE

The analysis of the Township as a whole begins with the statement of net position.

Is the Township as a whole better off or worse off as a result of the year's activities? The statement of net position and the statement of activities report information about the Township as a whole and about its activities in a way that helps to answer this question. We divide the Township into two kinds of activities:

- ***Governmental Activities***: These are the Township's basic services and are reported in this category. They include general government, police, public works, code enforcement and parks and recreation. Real estate and EIT taxes, fees and charges and grants finance most of these activities.

- ***Proprietary Activities***: This category includes activities and services provided through the Lederach Golf Club. These activities are funded via user charges. The Lederach Golf Club is comprised of revenues and expenditures that relate to the golf club operated by the Township.

- ***Component Unit***: The Township includes a separate legal entity in its report, the Lower Salford Township Authority. Although legally separate, this component unit is important because the Township is financially accountable for it. Separate audited financial statements are issued and available for the Authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

The following tables reflect the condensed statements of net position.

Table 1
Condensed Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current and other assets	$ 6,809,267	$ 731,579	$ 7,540,846
Capital and leased assets	16,053,834	7,492,872	23,546,706
TOTAL ASSETS	22,863,101	8,224,451	31,087,552
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	25,034	99,468	124,502
Deferred outflows of resources, pension and OPEB activity	3,615,055	-	3,615,055
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,640,089	99,468	3,739,557
LIABILITIES			
Current and other liabilities	1,097,463	1,229,586	2,327,049
Long-term liabilities	5,712,076	5,218,497	10,930,573
TOTAL LIABILITIES	6,809,539	6,448,083	13,257,622
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, leases	357,933	-	357,933
Deferred inflows of resources, pension and OPEB activity	703,339	-	703,339
TOTAL DEFERRED INFLOWS OF RESOURCES	1,061,272	-	1,061,272
NET POSITION			
Net investment in capital assets	15,003,200	1,369,075	16,372,275
Unrestricted	3,629,179	506,761	4,135,940
TOTAL NET POSITION	$ 18,632,379	$ 1,875,836	$ 20,508,215

For more detailed information, see the statement of net position on page 14 of the annual financial report.

Table 2
Condensed Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current and other assets	$ 6,539,030	$ 971,188	$ 7,510,218
Capital and leased assets	14,548,118	7,872,925	22,421,043
TOTAL ASSETS	21,087,148	8,844,113	29,931,261
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	35,025	116,490	151,515
Deferred outflows of resources, pension activity	1,504,137	-	1,504,137
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,539,162	116,490	1,655,652
LIABILITIES			
Current and other liabilities	2,563,875	1,012,077	3,575,952
Long-term liabilities	3,115,405	6,081,137	9,196,542
TOTAL LIABILITIES	5,679,280	7,093,214	12,772,494
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension and OPEB activity	2,493,309	-	2,493,309
NET POSITION			
Net investment in capital assets	11,937,167	1,072,151	13,009,318
Unrestricted	2,516,554	795,238	3,311,792
TOTAL NET POSITION	$ 14,453,721	$ 1,867,389	$ 16,321,110

Statement of Activities

The following tables reflect the revenues and expenses for the current period.

Table 3
Changes in Net Position
Year Ended December 31, 2022

	Governmental Activities	Business-Type Activities	Totals
REVENUES			
Program revenues			
Charges for services	$ 1,284,126	$ 2,213,729	$ 3,497,855
Operating grants and contributions	3,699,632	-	3,699,632
General revenues			
Taxes	8,731,118	-	8,731,118
Other	826,120	35	826,155
Transfers	(52,941)	52,941	-
TOTAL REVENUES	14,488,055	2,266,705	16,754,760
EXPENSES			
General government	1,811,436	-	1,811,436
Public safety			
Police	4,789,338	-	4,789,338
Other	861,287	-	861,287
Parks and recreation	864,476	-	864,476
Highways	1,867,338	-	1,867,338
Interest on long-term debt	115,522	-	115,522
Golf course expenses	-	2,258,258	2,258,258
TOTAL EXPENSES	10,309,397	2,258,258	12,567,655
CHANGE IN NET POSITION	4,178,658	8,447	4,187,105
NET POSITION, BEGINNING OF YEAR	14,453,721	1,867,389	16,321,110
NET POSITION, END OF YEAR	$ 18,632,379	$ 1,875,836	$ 20,508,215

For more detailed information, see the statement of activities on page 15 of the annual financial report.

Table 4
Changes in Net Position
Year Ended December 31, 2021

	Governmental Activities	Business-Type Activities	Totals
REVENUES			
Program revenues			
Charges for services	$ 1,036,090	$ 2,241,781	$ 3,277,871
Operating grants and contributions	2,262,896	-	2,262,896
General revenues			
Taxes	8,001,561	-	8,001,561
Other	51,966	133	52,099
Transfers	(59,985)	59,985	-
TOTAL REVENUES	11,292,528	2,301,899	13,594,427
EXPENSES			
General government	1,573,849	-	1,573,849
Public safety			
Police	4,131,414	-	4,131,414
Other	692,131	-	692,131
Parks and recreation	880,467	-	880,467
Highways	1,827,413	-	1,827,413
Interest on long-term debt	77,546	-	77,546
Golf course expenses	-	2,214,090	2,214,090
TOTAL EXPENSES	9,182,820	2,214,090	11,396,910
CHANGE IN NET POSITION	2,109,708	87,809	2,197,517
NET POSITION, BEGINNING OF YEAR	12,344,013	1,779,580	14,123,593
NET POSITION, END OF YEAR	$ 14,453,721	$ 1,867,389	$ 16,321,110

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary adjustments and supplemental appropriations in 2022 were not material. Transfers and/or adjustments to the budget are made as a result of unanticipated expenditures and/or revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital and Leased Assets

Lower Salford Township's investment in capital and leased assets for its governmental and proprietary activities as of December 31, 2022, totals $23,546,706. The Township's investment in capital and leased assets includes automobiles, trucks, infrastructure improvements and equipment.

Figure A-1
Capital and Leased Assets (Net of Depreciation, in Thousands of Dollars)

	Governmental Activities	Business-Type Activities
Land	$ 5,054	$ 4,623
Construction in progress	16	-
Buildings and improvements	2,414	1,569
Golf course	-	676
Machinery and equipment	154	208
Vehicles	205	-
Infrastructure	7,897	-
Furniture and fixtures	6	10
Right to use assets	308	407
TOTAL	$ 16,054	$ 7,493

Capital assets of the Township are depreciated using the straight-line method. Additional information on the Township's capital assets can be found in Notes A and C to the financial statements.

Leased assets of the Township are amortized on a straight-line basis over the life of the related leases. Additional information on the Township's leased assets can be found in Notes A and D to the financial statements.

Debt

At year-end 2022, the Township had $7,325,481 (see Figure A-2) in outstanding debt. The debt service due within one year is $1,421,623 which is a combination from page 42 of the December 31, 2022 Financial Statements, Long-Term Obligations, Total Governmental Activities $416,855, and Total Business Activities $1,004,768.

Figure A-2
Outstanding Long-Term Debt

Notes payable	$ 6,636,000
Lease liabilities	$ 650,327
Compensated absences	$ 39,154

ECONOMIC FACTORS IMPACTING FUTURE BUDGETS

The 2023 Township Budget adopted by the Board of Supervisors includes no tax increase for general government purposes. Despite the impacts of the COVID-19 Pandemic, the Board's prudent management continues to maintain a General Fund cash balance in the Township. The budget again allows for a significant transfer to the Township's Capital Fund as well as significant contributions to the Harleysville Community Center and other civic organizations. The General Fund budget of $10.1 million is a 1.7% increase over the 2022 budget.

The Township continues to experience modest new home construction and commercial development; this along with the continued uptick in the housing market has helped increase the Township's overall real estate assessment and increases in the Real Estate Transfer revenue. Overall, revenue sources have increased or held steady over the past few years.

Implementation of stormwater treatment requirements for local municipalities as promulgated by the United States Environmental Protection Agency and the Pennsylvania Department of Environmental Resources have been delayed but remain a serious future cost concern. A more immediate concern is the discharge limits imposed by these same agencies for Indian Creek. Lower Salford Township, Franconia Township, Telford Borough and their respective authorities have filed of a formal appeal questioning the scientific methodology utilized in the establishment of these limits.

Over the last few years, the Township restructured much of its debt. This has leveled the payments over the life of the debt and has reduced the payoff date by nearly four (4) years.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the funds it receives and disburses. Questions about this report or requests for additional financial information can be directed to the Finance Department of Lower Salford Township, 379 Main Street, Harleysville, PA 19438-2309.

LOWER SALFORD TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Lower Salford Township Authority
ASSETS				
Cash and cash equivalents	$ 5,733,965	$ 620,117	$ 6,354,082	$ 1,189,184
Investments	351,705	-	351,705	6,321,000
Receivables	552,388	12,770	565,158	53,125
Taxes receivable	123,709	-	123,709	-
Inventories	-	98,692	98,692	-
Prepaid expenses	47,500	-	47,500	-
Notes receivable	-	-	-	17,122
Capacity rights, net	-	-	-	452,108
Capital assets				
Land	5,054,130	4,623,197	9,677,327	-
Construction in progress	15,967	-	15,967	-
Buildings and improvements, net	2,413,730	1,569,043	3,982,773	-
Golf course, net	-	675,813	675,813	-
Machinery and equipment, net	154,315	207,812	362,127	-
Vehicles, net	204,979	-	204,979	-
Infrastructure, net	7,896,989	-	7,896,989	-
Furniture and fixtures, net	5,600	9,530	15,130	-
Sewer system, net	-	-	-	25,191,673
Leased assets				
Right to use asset	389,491	504,265	893,756	-
Less accumulated amortization	(81,367)	(96,788)	(178,155)	-
TOTAL ASSETS	22,863,101	8,224,451	31,087,552	33,224,212
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding of debt	25,034	99,468	124,502	-
Deferred outflows of resources, OPEB activity	417,227	-	417,227	-
Deferred outflows of resources, pension activity	3,197,828	-	3,197,828	401,474
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,640,089	99,468	3,739,557	401,474
LIABILITIES				
Accounts payable and accrued expenses	225,697	92,462	318,159	37,799
Payroll and withholding taxes payable	92,964	11,972	104,936	-
Unearned revenues	361,947	120,384	482,331	329,812
Long-term liabilities				
Portion due or payable within one year				
Notes payable	344,000	884,000	1,228,000	-
Lease liabilities, current	72,855	120,768	193,623	-
Portion due or payable after one year				
Notes payable	376,000	5,032,000	5,408,000	-
Note premiums	3,464	15,410	18,874	-
Note discounts, net	(1,095)	(5,173)	(6,268)	-
Lease liabilities	280,444	176,260	456,704	-
Compensated absences	39,154	-	39,154	-
Net pension liability	2,677,022	-	2,677,022	228,273
Net OPEB obligation	2,337,087	-	2,337,087	-
TOTAL LIABILITIES	6,809,539	6,448,083	13,257,622	595,884
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources, OPEB activity	489,708	-	489,708	-
Deferred inflows of resources, pension activity	213,631	-	213,631	6,603
Deferred inflows of resources, leases	357,933	-	357,933	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,061,272	-	1,061,272	6,603
NET POSITION				
Net investment in capital assets	15,003,200	1,369,075	16,372,275	25,191,673
Unrestricted	3,629,179	506,761	4,135,940	7,831,526
TOTAL NET POSITION	$ 18,632,379	$ 1,875,836	$ 20,508,215	$ 33,023,199

See accompanying notes to the basic financial statements.

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	$ 1,811,436	$ 400,919	$ 224,081	$ -
Public safety				
Police	4,789,338	18,918	309,845	-
Other	861,287	591,493	133,206	-
Parks and recreation	864,476	21,960	-	-
Highways	1,867,338	250,836	3,032,500	-
Interest on long-term debt	115,522	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	10,309,397	1,284,126	3,699,632	-
BUSINESS-TYPE ACTIVITIES				
Golf course	2,258,258	2,213,729	-	-
TOTAL TOWNSHIP ACTIVITIES	$ 12,567,655	$ 3,497,855	$ 3,699,632	$ -
COMPONENT UNIT				
Lower Salford Township Authority	$ 3,963,047	$ 4,790,176	$ -	$ -

GENERAL REVENUES
- Taxes
  - Real estate taxes, net
  - Act 511 taxes
  - Real estate transfer tax
- Earnings on investments
- Intergovernmental revenues
- Gain on sale of assets
- Miscellaneous

TRANSFERS, net

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Totals	Component Unit Lower Salford Township Authority
$ (1,186,436)	$ -	$ (1,186,436)	$ -
(4,460,575)	-	(4,460,575)	-
(136,588)	-	(136,588)	-
(842,516)	-	(842,516)	-
1,415,998	-	1,415,998	-
(115,522)	-	(115,522)	-
(5,325,639)	-	(5,325,639)	-
-	(44,529)	(44,529)	-
(5,325,639)	(44,529)	(5,370,168)	-
-	-	-	827,129
3,121,342	-	3,121,342	-
4,647,480	-	4,647,480	-
962,296	-	962,296	-
46,280	35	46,315	13,455
615,309	-	615,309	-
42,661	-	42,661	-
121,870	-	121,870	-
(52,941)	52,941	-	-
9,504,297	52,976	9,557,273	13,455
4,178,658	8,447	4,187,105	840,584
14,453,721	1,867,389	16,321,110	32,182,615
$ 18,632,379	$ 1,875,836	$ 20,508,215	$ 33,023,199

LOWER SALFORD TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Traffic Impact Fees Fund	Capital Reserve Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 2,616,304	$ 1,115,043	$ 1,362,799	$ 421,951	$ 217,868	$ 5,733,965
Investments	351,705	-	-	-	-	351,705
Accounts receivable	165,881	-	12,610	-	-	178,491
Lease receivable	373,897	-	-	-	-	373,897
Taxes receivable, net	117,951	-	-	-	5,758	123,709
Due from other funds	47,500	-	-	-	-	47,500
Prepaid items	-	-	-	-	47,500	47,500
TOTAL ASSETS	$ 3,673,238	$ 1,115,043	$ 1,375,409	$ 421,951	$ 271,126	$ 6,856,767
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	$ 150,486	$ -	$ 57,071	$ -	$ 18,140	$ 225,697
Payroll and withholding taxes payable	92,964	-	-	-	-	92,964
Due to other funds	-	-	-	-	47,500	47,500
Unearned revenue	-	-	-	417,148	-	417,148
TOTAL LIABILITIES	243,450	-	57,071	417,148	65,640	783,309
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue, property taxes	400	-	-	-	-	400
Unavailable revenue, leases	357,933	-	-	-	-	357,933
TOTAL DEFERRED INFLOWS OF RESOURCES	358,333	-	-	-	-	358,333
FUND BALANCES						
Nonspendable						
Prepaid items	-	-	-	-	47,500	47,500
Restricted						
Traffic improvements	-	1,115,043	-	-	-	1,115,043
Fire protection	-	-	-	-	3,695	3,695
Liquid fuels	-	-	-	-	176,358	176,358
Parks	-	-	-	-	21,215	21,215
Library	-	-	-	-	3,289	3,289
American Rescue Plan	-	-	-	4,803	-	4,803
Assigned, capital outlay	-	-	1,318,338	-	-	1,318,338
Unassigned	3,071,455	-	-	-	(46,571)	3,024,884
TOTAL FUND BALANCES	3,071,455	1,115,043	1,318,338	4,803	205,486	5,715,125
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,673,238	$ 1,115,043	$ 1,375,409	$ 421,951	$ 271,126	$ 6,856,767

See accompanying notes to the basic financial statements.

LOWER SALFORD TOWNSHIP
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

TOTAL GOVERNMENTAL FUNDS BALANCES	$ 5,715,125
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements but are reported in the governmental activities of the statement of net position. Those assets consist of:	
Land	5,054,130
Construction in progress	15,967
Buildings and improvements, net of accumulated depreciation of $2,826,227	2,413,730
Machinery and equipment, net of accumulated depreciation of $1,484,416	154,315
Furniture and fixtures, net of accumulated depreciation of $83,755	5,600
Vehicles, net of accumulated depreciation of $1,500,937	204,979
Infrastructure, net of accumulated depreciation of $2,899,436	7,896,989
	15,745,710
Right of use leased assets used in governmental activities are not current financial resources, and therefore are not reported in the fund. These assets consist of:	
Right of use leased assets	389,491
Accumulated amortization	(81,367)
	308,124
Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	55,601
Deferred losses on advance refundings of debt are treated as expenditures on the fund statements but are deferred and amortized on the government-wide statements.	25,034
Deferred inflows and outflows of resources related to pension and OPEB activities are not financial resources and therefore not reported in the governmental funds.	2,911,716
Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in Governmental Funds but rather is recognized as an expenditure when due. All liabilities--both current and long term--are reported in the statement of net position. Balances at December 31, 2022, are:	
Notes payable	(720,000)
Note discounts	1,095
Note premiums	(3,464)
Lease liabilities	(353,299)
Compensated absences	(39,154)
Net pension liability	(2,677,022)
Net OPEB obligation	(2,337,087)
	(6,128,931)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 18,632,379

See accompanying notes to the basic financial statements.

LOWER SALFORD TOWNSHIP

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

	General Fund	Traffic Impact Fees Fund	Capital Reserve Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Act 511 taxes	$ 4,647,480	$ -	$ -	$ -	$ -	$ 4,647,480
Real estate taxes, net	2,331,040	-	-	-	735,086	3,066,126
Real estate transfer tax	962,296	-	-	-	-	962,296
Franchise fees	293,611	-	-	-	-	293,611
Licenses and permits	616,395	-	-	-	-	616,395
Fees and fines	18,918	-	-	-	-	18,918
Interest income	39,286	731	999	4,794	470	46,280
Rental income	69,585	-	-	-	21,960	91,545
Intergovernmental revenues	1,277,900	-	2,503,559	-	528,940	4,310,399
Charges for services	19,441	244,216	-	-	-	263,657
Miscellaneous revenue	113,813	-	9,000	-	3,599	126,412
TOTAL REVENUES	10,389,765	244,947	2,513,558	4,794	1,290,055	14,443,119
EXPENDITURES						
General government	1,577,228	-	110,554	-	12,670	1,700,452
Public safety						
Police	4,415,565	-	19,868	-	-	4,435,433
Other	439,032	-	-	-	414,772	853,804
Public works, highways and streets	1,429,123	-	1,582,445	-	548,438	3,560,006
Culture and recreation	236,534	-	29,851	-	463,587	729,972
Debt service						
Principal retirement	454,000	-	2,573,502	-	-	3,027,502
Interest paid	8,286	-	16,871	-	-	25,157
TOTAL EXPENDITURES	8,559,768	-	4,333,091	-	1,439,467	14,332,326
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,829,997	244,947	(1,819,533)	4,794	(149,412)	110,793
OTHER FINANCING SOURCES (USES)						
Transfers in	350,305	-	831,000	-	144,500	1,325,805
Transfers out	(1,158,746)	-	(145,000)	-	(75,000)	(1,378,746)
Notes issued	-	-	1,114,238	-	-	1,114,238
Leases (as lessee)	18,050	-	327,920	-	-	345,970
Proceeds from sale of fixed assets	42,661	-	-	-	-	42,661
TOTAL OTHER FINANCING SOURCES (USES)	(747,730)	-	2,128,158	-	69,500	1,449,928
NET CHANGE IN FUND BALANCES	1,082,267	244,947	308,625	4,794	(79,912)	1,560,721
FUND BALANCES AT BEGINNING OF YEAR	1,989,188	870,096	1,009,713	9	285,398	4,154,404
FUND BALANCES AT END OF YEAR	$ 3,071,455	$ 1,115,043	$ 1,318,338	$ 4,803	$ 205,486	$ 5,715,125

See accompanying notes to the basic financial statements.

LOWER SALFORD TOWNSHIP

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	1,560,721
Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($1,950,231) exceeds depreciation ($707,443) in the current period (Note C).		1,242,788
Right of use leased asset capital outlays are reported in Governmental Fund as expenditures. However, in the statements of activities, the cost of those asset is allocated over the life of the lease as amortization expense. This is the amount by which capital outlays for right of use leased assets exceeds amortization expense in the current period.		262,928
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		55,216
The issuance of long-term debt relating to the leasing of right of use assets provides current financial resources to the governmental fund, while the repayment of prinicpal on that long-term debt consumes current financial resources of the governmental fund. The amount is the net effect of these differences in the treatment of long-term debt related to right to use leased assets and related items.		(311,635)
The issuance of long-term debt (e.g., notes, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of premiums, discounts and similar items when debt is first 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.		1,871,952
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:		
Changes in compensated absences		(14,641)
Changes in net pension liability and related deferrals		(371,323)
Changes in net OPEB liability and related deferrals		(117,348)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	4,178,658

See accompanying notes to the basic financial statements.

LOWER SALFORD TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Golf Course Enterprise Fund
ASSETS	
Cash and cash equivalents	$ 620,117
Inventory	98,692
Accounts receivable	12,770
Capital assets	
Land	4,623,197
Buildings and improvements	2,848,504
Furniture and fixtures	54,997
Golf course	8,068,485
Machinery and equipment	3,620,421
Accumulated depreciation	(12,130,209)
Leased assets	
Right to use asset	504,265
Less accumulated amortization	(96,788)
TOTAL ASSETS	8,224,451
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding of debt	99,468
LIABILITIES	
Accounts payable	92,462
Accrued payroll	11,972
Unearned revenues	120,384
Notes payable, current	884,000
Lease liabilities, current	120,768
Noncurrent liabilities	
Portion due or payable in more than one year	
Discount on notes payable, net	(5,173)
Premium on notes payable, net	15,410
Notes payable	5,032,000
Lease liabilities	176,260
TOTAL LIABILITIES	6,448,083
NET POSITION	
Net investment in capital assets	1,369,075
Unrestricted	506,761
TOTAL NET POSITION	$ 1,875,836

See accompanying notes to the basic financial statements.

LOWER SALFORD TOWNSHIP

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

	Golf Course Enterprise Fund
OPERATING REVENUES	
Charges for services	$ 2,213,729
OPERATING EXPENSES	
Food and beverage	254,898
General and administrative	187,903
Golf operations	246,318
Marketing	2,690
Pro shop	42,332
Repairs and maintenance	59,997
Salaries and benefits	716,879
Depreciation	535,356
Amortization	111,591
TOTAL OPERATING EXPENSES	2,157,964
OPERATING INCOME	55,765
OTHER REVENUES (EXPENSES)	
Interest income	35
Interest expense	(100,294)
Operating transfers in	52,941
TOTAL OTHER EXPENSES	(47,318)
CHANGE IN NET POSITION	8,447
NET POSITION AT BEGINNING OF YEAR	1,867,389
NET POSITION AT END OF YEAR	$ 1,875,836

See accompanying notes to the basic financial statements.

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

	Golf Course Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 2,197,666
Payments to suppliers	(811,626)
Payments to employees	(721,127)
NET CASH PROVIDED BY OPERATING ACTIVITIES	664,913
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from other funds, net	52,941
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on debt	(735,000)
Acquisition of capital assets	(101,637)
Lease liability repayments	(107,234)
Interest paid on long-term debt	(100,294)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,044,165)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	35
NET DECREASE IN CASH AND CASH EQUIVALENTS	(326,276)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	946,393
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 620,117
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 55,765
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	535,356
Amortization	111,591
Change in assets and liabilities	
Inventory	(52,590)
Accounts receivable	(12,770)
Accounts payable	56,409
Accrued payroll	(4,248)
Unearned revenue	(3,293)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 664,913

See accompanying notes to the basic financial statements.

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

	Pension and Other Benefit Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	$ 154,747	$ 1,102,665
Investments	18,847,918	5,346
TOTAL ASSETS	19,002,665	1,108,011
NET POSITION		
Restricted for benefits and other purposes	19,002,665	-
Restricted for custodial purposes	-	1,108,011
TOTAL NET POSITION	$ 19,002,665	$ 1,108,011

See accompanying notes to the basic financial statements.

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

	Pension and Other Benefit Funds	Custodial Funds
CONTRIBUTIONS		
Employer	$ 309,871	$ -
Plan members	82,516	-
State contributions	290,105	-
Developers	-	844,314
TOTAL CONTRIBUTIONS	682,492	844,314
INVESTMENT EARNINGS (LOSS)		
Interest and dividends	938,103	6,911
Net decrease in fair value of investments	(5,068,866)	-
TOTAL INVESTMENT EARNINGS (LOSS)	(4,130,763)	6,911
Less investment expense	(47,588)	-
NET INVESTMENT EARNINGS (LOSS)	(4,178,351)	6,911
DEDUCTIONS		
Benefit payments to retired plan participants	711,942	-
Administrative	10,300	-
Escrow payments	-	666,590
TOTAL DEDUCTIONS	722,242	666,590
CHANGE IN NET POSITION	(4,218,101)	184,635
NET POSITION AT BEGINNING OF YEAR	23,220,766	923,376
NET POSITION AT END OF YEAR	$ 19,002,665	$ 1,108,011

See accompanying notes to the basic financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scope of Reporting Entity

The financial statements of Lower Salford Township (the "Township") include the departments and other organizational units over which the Board of Supervisors exercises oversight responsibility.

The Township is governed by a five-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Consistent with the guidance contained in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Township evaluated the possible inclusion of related entities (authorities, boards, councils, etc.) within its reporting entity based on financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Township reviewed the applicability of the criteria listed below.

The Township is financially accountable for:

- Organizations that make up the legal Township entity.

  Legally separate organizations if Township officials appoint a voting majority of the organization's governing body and the Township is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township as defined below.

  Impose its Will - If the Township can significantly influence the programs, projects, or activities of or the level of services performed or provided by the organization.

  Financial Benefit or Burden - Exists if the Township (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

- Organizations that are fiscally dependent on the Township. Fiscal dependency is established if the organization is unable to adopt its budget without approval by the Township.

Based on the foregoing criteria, the reporting entity includes all the organizations for which the Township is financially accountable or for which there is a significant relationship.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In reviewing the criteria for inclusion in the financial statements, the Township considered the following:

- Lower Salford Township Authority is a component unit that meets the component unit criteria but does not meet the criteria for blending. Lower Salford Township Authority (the "Authority") qualifies as a discretely presented component unit of the Township. The Authority's purpose is to provide financing and administrative services related to the processing of the Township's sewerage. It is administered by a five-member board, which is appointed by the Township Board of Supervisors. The Township guarantees all debt of the Authority. The Authority issues separate financial statements.

- The Police Pension Plan is a single employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.

- The Township and Authority Pension Plan is a multi-employer defined benefit pension plan that provides pensions for all full-time non-uniformed employees of the Township or the Authority. Although the plan is a separate legal entity it is reported as if it is part of the government as it is governed by a board comprised of members appointed by the Board of the Township and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements - The statement of net position and statement of activities display information about the Township. These financial statements include the financial activities of the primary government, except for Fiduciary Funds. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements - The fund financial statements provide information about the Township's funds, including its Fiduciary Funds. Separate statements for each fund category--*governmental*, *proprietary* and *fiduciary*--are presented. The emphasis of fund financial statements is on major Governmental and Enterprise Funds, each displayed in a separate column. All remaining Governmental and Enterprise Funds are aggregated and reported as nonmajor funds.

Proprietary Fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Township reports the following fund types:

Governmental Fund Types

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The fund included in this fund category is:

- General Fund

Special Revenue Funds - These funds account for revenues derived from specific taxes or other earmarked revenue sources including state highway aid, federal and state grants, federal revenue sharing entitlements and rental charges that are legally restricted to expenditures for specified purposes. While a Special Revenue Fund is not an operating fund, transfers are made from the Special Revenue Funds to the operating funds authorized to make the expenditures. Funds included in this fund category are:

- Fire Protection Fund
- Ambulance Fund
- Liquid Fuels Fund
- Park Fund
- Library Fund
- American Rescue Plan Fund

Capital Project Funds - The Capital Project Funds are comprised of the Traffic Impact Fees Fund and the Capital Reserve Fund. The Traffic Impact Fees Fund is used to account for financial resources to be used for traffic improvement projects. The Capital Reserve Fund is used to account for financial resources to be used for various capital acquisitions. Funds included in this fund category are:

- Traffic Impact Fees Fund
- Capital Reserve Fund

The General Fund, Traffic Impact Fees Fund, Capital Reserve Fund and American Rescue Plan Fund are reported as major Governmental Funds.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Type

Enterprise Fund - The Enterprise Fund is used to account for operations (1) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Enterprise Fund is comprised of the Golf Course Enterprise Fund that accounts for the activities of the Lederach Golf Club.

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Township's Golf Course Enterprise Fund is charges to customers for services. Operating expenses of the Township's Proprietary Fund include the cost of operating the golf course, administrative expenses, repairs and maintenance expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

Fiduciary Fund Type

Pension and Other Postemployment Benefit Funds - Funds are used to account for financial resources restricted solely for uniformed and non-uniformed retirement plans.

Custodial Funds - The Township Custodial Fund is comprised of three activities. The Escrow activity accounts for moneys paid by property owners to be used for legal and engineering costs incurred by the Township. Excess funds are returned to the property owners. The Maintenance Agreement Escrow activity accounts for moneys received from the Township residents for future maintenance expenses. The Developer Default Escrow activity accounts for moneys received pursuant to performance bonds related to certain residential developments.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The current financial resources measurement focus and the modified accrual basis of accounting are followed by the Governmental Funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Township; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reported as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Property taxes are recognized as revenue in the year for which taxes have been levied provided they are collected within 60 days after the end of the year. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment income is recognized as earned.

The accrual basis of accounting is used by the Enterprise Fund and Fiduciary Funds. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred.

The Township reports unearned revenues on its Governmental Funds balance sheet. Unearned revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received before the Township has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet, and revenue is recognized.

Budgetary Accounting

The Township’s General Fund is subject to budgetary controls on the modified accrual basis of accounting. As required by law, formal budgets are adopted and budgetary transfers are made as and when required. All activity is approved by the Board of Supervisors. Appropriations lapse at the end of each year and must be reappropriated.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in Governmental Funds operations or Proprietary Funds operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Township policy has set the capitalization threshold for reporting capital assets at $1,000.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the estimated useful lives of the assets using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Asset Class	Estimated Useful Lives
Buildings and improvements	15-40
Furniture and fixtures	5
Golf course	15-40
Infrastructure	20-40
Equipment	3-15
Vehicles	5-15

Accumulated depreciation, defined as the total depreciation from the date of acquisition to the current date on the straight-line method with a half-year convention in the year of acquisition and the final year, was computed using industry-accepted life expectancies. No salvage values were considered.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has three items that qualify for reporting in this category. The deferred charge on refunding is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of changes in plan assumptions, and differences between expected and actual experience of the pension plan. The deferred outflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of changes in assumptions and benefit payments subsequent to the measurement date.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has three items that qualify for reporting in this category. Unavailable revenues, which arise only under a modified accrual basis of accounting, are reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the pension plan, changes in plan assumptions, and the net difference between projected and actual earnings on pension plan investments. The deferred inflow of resources related to OPEB is reported in the government-wide statement of net position and is the result of changes in plan assumptions and differences between expected and actual experience of the plan.

Leases

Lessee

The Township is a lessee for noncancellable leases of vehicles and equipment. The Township recognizes a lease liability and an intangible right-to-use lease asset (leased assets) in the government-wide financial statements and proprietary fund statement. The Township recognizes lease liabilities with an initial, individual value of $1,000 or more.

At the commencement of a lease, the Township initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

- The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Township is reasonably certain to exercise.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lessor

The Township is a lessor for a noncancellable leases for a portion of the Township's real property for underground communications facilities. 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, Lower Salford 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 Lower Salford Township determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- Lower Salford 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.

Lower Salford 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.

Cash and Cash Equivalents

The funds in the financial statements consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Interfund Transactions

External transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as due to/due from in the fund that is making the reimbursement. All other interfund transactions are reported as transfers.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Township has adopted GASB Statement No. 72, *Fair Value Measurements and Application* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement requires the Township to record investments at fair value or amortized cost, as applicable.

State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Accounts Receivable

The Authority evaluates the collectability of individual receivables and, if necessary, records an allowance for doubtful accounts. The Authority's policy is to shut off water service and/or file a lien against the respective property for delinquent sewer rentals. The allowance recorded for 2022 is $14,385.

Compensated Absences

For non-uniform employees, vacation days earned in a fiscal year must be used in that year. Unused vacation days are forfeited at year-end. Police officers are compensated for up to 40 hours of unused vacation days each year.

Sick leave is granted as appropriate (medical evidence required), with budgetary provisions being made annually for replacement personnel. Non-uniform employees are granted 12 days of sick leave each year. They may accumulate no more than 30 days or the amount that was accrued as of December 21, 1995 (the effective date of the current policy), whichever is greater. Upon retirement, non-uniform employees are entitled to receive an amount equal to one-third of the total accumulated sick leave hours multiplied by their hourly rate at retirement. Accumulated sick leave is forfeited upon separation from service for reasons other than retirement. Each year, non-uniform employees will be paid one-third of their unused sick time that is over and above the total accumulated maximum number of days.

Use of Estimates

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real Estate Tax Calendar and Reserve

Assessed valuations of property are determined by Montgomery County. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; full amount May 1 through June 30; and a 10% penalty after July 1. Unpaid real estate property taxes are returned to the County in January of the following year for the purpose of filing a lien.

Net Position Flow Assumption

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g., restricted note or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied in the fund financial statements. Governmental Fund Types recognize note premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures.

Fund Balance

The Township has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- ***Nonspendable Fund Balance*** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

- ***Restricted Fund Balance*** - Amounts constrained to specific purposes by their providers (such as grantors, noteholders, and higher levels of government) through constitutional provisions or by enabling legislation.

- ***Committed Fund Balance*** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Township Board of Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- ***Assigned Fund Balance*** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Township Board of Commissioners or by an official or body to which the Township Board of Supervisors delegates the authority. As of December 31, 2022, the Board has not delegated the authority to assign fund balance.

- ***Unassigned Fund Balance*** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

The Township Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a motion. Assigned fund balance is intended to be used by the Township for specific purposes but does not meet the criteria to be classified as restricted or committed.

The Township will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. Deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000. Deposits not insured by the FDIC are secured under Act 72 of the 1971 Session of the Pennsylvania General Assembly, whereby financial institutions were granted authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of FDIC limits. Such assets are held by the pledging bank's trust department not in, the Township's name. At December 31, 2022, the Township had deposits of $7,641,884. Of that amount $654,747 is insured by the FDIC, $520,587 is invested in state investment pools (uninsured) and the remaining balance of $6,466,550 is secured under Act 72.

Lower Salford Township Authority - at December 31, 2022, $250,000 of the Authority's bank balance of $1,239,491 was exposed to custodial credit risk. The $989,491 was uninsured and collateralized with securities held by the pledging bank's trust department not in the Authority's name.

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Investments

As of December 31, 2022, the Township had the following investments and maturities:

Investment Type	Amortized Cost	Fair Value	Investment Maturities Less Than 1 Year
GOVERNMENTAL ACTIVITIES			
State investment pools	$ 351,705	$ -	$ 351,705
CUSTODIAL FUNDS			
State investment pools	$ 5,346	$ -	$ 5,346
PENSION ACTIVITIES			
Mutual funds	$ -	$ 18,847,918	$ 18,847,918

The Township's governmental activities investments are in the PLGIT program, which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PSDLAF and PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2022, is $357,051. These assets maintain a stable net asset value of $1 per share. PSDLAF is not SEC-registered. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis. As of December 31, 2022, the Township's investment in the state investment pool was rated AAAm by Standard & Poor's.

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township had $357,051 invested in a PLGIT/Plus Class account which incurs a penalty if funds are withdrawn within 30 days of deposit.

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets: Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2022:

Investments in mutual funds of $18,847,918 are valued using quoted market prices (Level 1 inputs).

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

Credit Risk - Statutes authorize the Township to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value. The Township's investment policy does not further limit its investment choices.

Lower Salford Township Authority

As of December 31, 2022, the Authority had the following investments and maturities:

Investment Type	Maturities	Amortized Cost
State investment pools	Less than one year	$ 6,321,000

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Authority had $6,321,000 invested in PLGIT CD funds as of December 31, 2022, which must be held to maturity.

NOTE C - CAPITAL ASSETS

Capital assets are as follows:

	Balance January 1, 2022	Restatement	Additions	Deletions	Balance December 31, 2022
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	$ 5,054,130	$ -	$ -	$ -	$ 5,054,130
Construction in progress	2,109,859	-	15,967	(2,109,859)	15,967
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	7,163,989	-	15,967	(2,109,859)	5,070,097
Capital assets being depreciated					
Buildings and improvements	5,212,318	-	27,639	-	5,239,957
Furniture and fixtures	82,355	-	7,000	-	89,355
Infrastructure	6,904,591	-	3,891,834	-	10,796,425
Machinery and equipment	1,675,686	-	46,539	(83,494)	1,638,731
Vehicles	1,753,474	(69,533)	71,111	(49,136)	1,705,916
TOTAL CAPITAL ASSETS BEING DEPRECIATED	15,628,424	(69,533)	4,044,123	(132,630)	19,470,384
Accumulated depreciation					
Buildings and improvements	(2,687,913)	-	(138,314)	-	(2,826,227)
Furniture and fixtures	(82,355)	-	(1,400)	-	(83,755)
Infrastructure	(2,505,427)	-	(394,009)	-	(2,899,436)
Machinery and equipment	(1,513,763)	-	(54,147)	83,494	(1,484,416)
Vehicles	(1,454,837)	24,337	(119,573)	49,136	(1,500,937)
TOTAL ACCUMULATED DEPRECIATION	(8,244,295)	24,337	(707,443)	132,630	(8,794,771)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	7,384,129	(45,196)	3,336,680	-	10,675,613
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	$ 14,548,118	$ (45,196)	$ 3,352,647	$ (2,109,859)	$ 15,745,710
BUSINESS-TYPE ACTIVITIES					
Capital assets not being depreciated					
Land	$ 4,623,197	$ -	$ -	$ -	$ 4,623,197
Capital assets being depreciated					
Building and improvements	2,848,504	-	-	-	2,848,504
Furniture and fixtures	45,245	-	9,752	-	54,997
Golf course	8,044,375	-	24,110	-	8,068,485
Machinery and equipment	4,049,368	(496,721)	67,774	-	3,620,421
TOTAL CAPITAL ASSETS BEING DEPRECIATED	14,987,492	(496,721)	101,636	-	14,592,407
Accumulated depreciation					
Building and improvements	(1,208,248)	-	(71,213)	-	(1,279,461)
Furniture and fixtures	(42,932)	-	(2,535)	-	(45,467)
Golf course	(6,996,622)	-	(396,050)	-	(7,392,672)
Machinery and equipment	(3,489,962)	142,911	(65,558)	-	(3,412,609)
TOTAL ACCUMULATED DEPRECIATION	(11,737,764)	142,911	(535,356)	-	(12,130,209)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	3,249,728	(353,810)	(433,720)	-	2,462,198
BUSINESS-TYPE ACTIVITIES, CAPITAL ASSETS, net	$ 7,872,925	$ (353,810)	$ (433,720)	$ -	$ 7,085,395

NOTE C - CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES	
General government	$ 67,674
Public safety	35,720
Parks and recreation	151,400
Highways	452,649
	$ 707,443
BUSINESS-TYPE ACTIVITIES	
Golf Course Enterprise Fund	$ 535,356

Lower Salford Township Authority

Capital assets presented in the component unit's financial statements are as follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
CAPITAL ASSETS BEING DEPRECIATED				
Buildings, treatment facility and pumping stations	$ 42,397,052	$ 1,340,371	$ -	$ 43,737,423
Development costs	8,761,439	1,275	-	8,762,714
Machinery, equipment and vehicles	1,260,400	37,510	-	1,297,910
TOTAL CAPITAL ASSETS BEING DEPRECIATED	52,418,891	1,379,156	-	53,798,047
Accumulated depreciation	(27,298,149)	(1,308,225)	-	(28,606,374)
COMPONENT UNIT CAPITAL ASSETS, net	$ 25,120,742	$ 70,931	$ -	$ 25,191,673

NOTE D - RIGHT TO USE LEASE ASSETS

The Township has recorded right to use lease assets for equipment and vehicles. The right to use leased assets are amortized on a straight-line basis over the life of the related leases. Right to use asset activity for the year ended December 31, 2022 was as follows:

GOVERNMENTAL ACTIVITIES

	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
RIGHT TO USE ASSETS BEING AMORTIZED				
Equipment	$ 45,197	$ 281,111	$ -	$ 326,308
Vehicles	-	63,183	-	63,183
	45,197	344,294	-	389,491
Less: Accumulated Amortization				
Equipment	-	(68,730)	-	(68,730)
Vehicles	-	(12,637)	-	(12,637)
	-	(81,367)	-	(81,367)
RIGHT TO USE ASSETS, net	$ 45,197	$ 262,927	$ -	$ 308,124

BUSINESS-TYPE ACTIVITIES

	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
RIGHT TO USE ASSETS BEING AMORTIZED				
Equipment	$ 353,810	$ 150,455	$ -	$ 504,265
Less: Accumulated Amortization				
Equipment	-	(96,788)	-	(96,788)
RIGHT TO USE ASSETS, net	$ 353,810	$ 53,667	$ -	$ 407,477

The Township had $81,367 and $96,788 of amortization expense for governmental activities and business activities, respectively for the year ended December 31, 2022.

NOTE E - NOTES RECEIVABLE

In 2008, the Authority obtained judgment notes for assessments on property owners related to costs incurred to establish sanitary sewer service in the "Southwest Area Service Area." The notes require annual payments over a period of 5 to 15 years at 4.50%. There are three notes outstanding at December 31, 2022, which have one year of payments remaining.

The notes are due as follows:

Year Ending December 31,	
2023	$ 8,204

NOTE F - LEASES

Lease Receivable

During the current fiscal year, Lower Salford Township leased a portion of their real property for underground communications. The leases are for the following:

Description	Term	Payment Amount
Real Property	Monthly through November 2031	$1,518 to $2,569
Real Property	Monthly through December 2028	$1,518 to $2,035
Real Property	Monthly through December 2040	$386 to $782

As of December 31, 2022, Lower Salford Township's receivable for lease payments was $373,897. Also, Lower Salford Township has a deferred inflow of resources associated with this lease that will be recognized as a revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was $357,933. Lease related revenues recognized as of December 31, 2022 were as follows:

Lease-related Revenue	Year Ending December 31, 2022
Lease Revenue	
Real Property	$ 25,578
Interest Revenue	15,494
TOTAL	$ 41,072

NOTE F - LEASES (Continued)

The future maturity of lease receivables is as follows:

Year Ending December 31,	Principal	Interest	Receipts
2023	$ 28,645	$ 14,433	$ 43,078
2024	31,957	13,228	45,185
2025	35,509	11,886	47,395
2026	39,317	10,396	49,713
2027	43,395	8,749	52,144
2028-2032	139,359	22,048	161,407
2033-2037	30,248	8,390	38,638
2038-2040	25,467	1,625	27,092
TOTAL FUTURE RECEIPTS	$ 373,897	$ 90,755	$ 464,652

Lease Payable

The Township has entered into leases for equipment and office space. The lease agreements qualify as an other than short-term lease under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of implementation.

The Township has the following leases:

GOVERNMENTAL ACTIVITIES

Description	Term	Payment Amount	Interest Rate
Equipment	Annually through March 2024	$ 15,183	4.50%
Equipment	Monthly through November 2027	2,819	6.00%
Equipment	Monthly through November 2027	2,292	6.00%
Equipment	Monthly through August 2027	55	4.87%
Equipment	Monthly through April 2027	284	4.87%
Vehicle	Monthly through December 2026	1,153	2.99%

BUSINESS-TYPE ACTIVITIES

Description	Term	Payment Amount	Interest Rate
Equipment	Monthly through September 2023	$ 4,206	4.59%
Equipment	Annually through April 2023	16,492	5.50%
Equipment	Annually through May 2024	7,977	4.68%
Equipment	Monthly through October 2023	417	4.70%
Equipment	Monthly through September 2025	1,260	2.99%
Equipment	Annually through March 2025	15,176	4.00%
Equipment	Monthly through September 2027	1,565	5.65%

NOTE F - LEASES (Continued)

The future minimum lease obligations under the leases as of December 31, 2022 were as follows:

GOVERNMENTAL ACTIVITIES

Year Ending December 31,	Principal	Interest	Total
2023	$ 72,855	$ 16,930	$ 89,785
2024	80,743	13,565	94,308
2025	69,868	9,249	79,117
2026	73,719	5,390	79,109
2027	56,114	1,561	57,675
	$ 353,299	$ 46,695	$ 399,994

BUSINESS-TYPE ACTIVITIES

Year Ending December 31,	Principal	Interest	Total
2023	$ 120,768	$ 11,967	$ 132,735
2024	65,125	7,464	72,589
2025	56,299	4,517	60,816
2026	32,166	2,136	34,302
2027	22,670	471	23,141
	$ 297,028	$ 26,555	$ 323,583

Interest expense for the leases payable was $7,401 and $11,667 for the governmental activities and business-type activities, respectively for the year ended December 31, 2022.

NOTE G - LONG-TERM OBLIGATIONS

A summary of transactions affecting long-term obligations for the year ended December 31, 2022, is as follows:

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Notes payable					
Series of 2020	$ 702,000	$ -	$ (413,000)	$ 289,000	$ 289,000
Series A of 2021	1,587,950	953,238	(2,541,188)	-	-
Series B of 2021	311,000	-	(41,000)	270,000	41,000
Series of 2022	-	161,000	-	161,000	14,000
Deferred loss on refunding of debt	(35,025)	-	9,991	(25,034)	-
Deferred note discount	(1,315)	-	220	(1,095)	-
Deferred note premium	4,677	-	(1,213)	3,464	-
Leases	41,664	345,970	(34,335)	353,299	72,855
Compensated absences	24,513	14,641	-	39,154	-
Net Pension liability	-	2,677,022	-	2,677,022	-
Net OPEB obligation	2,500,135	-	(163,048)	2,337,087	-
TOTAL GOVERNMENTAL ACTIVITIES	$ 5,135,599	$ 4,151,871	$ (3,183,573)	$ 6,103,897	$ 416,855
BUSINESS-TYPE ACTIVITIES					
Notes payable					
Series of 2002B	$ 1,421,000	$ -	$ (220,000)	$ 1,201,000	$ 226,000
Series of 2005	288,000	-	(97,000)	191,000	98,000
Series of 2020	2,328,000	-	(117,000)	2,211,000	230,000
Series B of 2021	2,614,000	-	(301,000)	2,313,000	330,000
Deferred loss on refunding of debt	(116,490)	-	17,022	(99,468)	-
Deferred note discount	(6,035)	-	862	(5,173)	-
Deferred note premium	18,491	-	(3,081)	15,410	-
Leases	253,808	150,455	(107,235)	297,028	120,768
TOTAL BUSINESS-TYPE ACTIVITIES	$ 6,800,774	$ 150,455	$ (827,432)	$ 6,123,797	$ 1,004,768

Notes Payable

The Township's notes payable are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

NOTE G - LONG-TERM OBLIGATIONS (Continued)

As of December 31, 2022, notes payable consisted of the following:

Governmental Activities

Note payable, Series of 2020, Delaware Valley Regional Finance Authority, bearing interest at a fixed rate of 1.0%, payable monthly, final maturity in 2023	$ 289,000
Note payable, Series B of 2021, Webster Bank, bearing interest at a fixed rate of 1.106%, payable semi-annually, final maturity in 2028	270,000
Note payable, Series of 2022, Delaware Valley Regional Finance Authority, bearing interest at a fixed rate of 2.865%, payable monthly, final maturity in 2032	161,000
	720,000
Current Portion	(344,000)
	$ 376,000

Business-Type Activities

Notes payable, Series of 2002B, Delaware Valley Regional Finance Authority, bearing interest at fixed rates between 1.21% and 3.658%, payable monthly, final maturity in 2027	$ 1,201,000
Notes payable, Series of 2005, Delaware Valley Regional Finance Authority, bearing interest at fixed rates between 1.21% and 2.61%, payable monthly, final maturity in 2024	191,000
Notes payable, Series of 2020, Delaware Valley Regional Finance Authority, bearing interest at fixed rate of 1%, payable monthly, final maturity in 2028	2,211,000
Note payable, Series B of 2021, Webster Bank, bearing interest at a fixed rate of 1.106%, payable semi-annually, final maturity in 2028	2,313,000
	5,916,000
Current portion	(884,000)
	$ 5,032,000

NOTE G - LONG-TERM OBLIGATIONS (Continued)

The annual debt service requirements to maturity, including principal and interest, for notes payable as of December 31, 2022, are as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	$ 344,000	$ 8,817	$ 884,000	$ 67,876
2024	61,000	6,490	1,196,000	48,758
2025	61,000	5,552	1,206,000	35,351
2026	61,000	4,613	1,224,000	22,077
2027	62,000	3,674	1,236,000	8,611
2028-2032	131,000	7,784	170,000	919
	$ 720,000	$ 36,930	$ 5,916,000	$ 183,592

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Summary of Significant Accounting Policies

Method Used to Value Investments - Police Pension Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

Plan Administration - The Township administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all full-time members of the Police Department of the Township.

Management of the plan is vested in the Pension Board, which consists of 12 members--the Chairman of the Board of Supervisors, the Township Manager, the Township Assistant Manager, the Public Works Superintendent, the Authority Operations Manager, the Authority Business Manager, the Finance Director, three sworn police officers and two public volunteers appointed by the Township. The Pension Board is responsible for managing, investing and monitoring the Township's Police Pension Fund.

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

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

Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	19
	33

Benefits Provided - Plan provisions are established by Township ordinance. The plan provides retirement, disability and death benefits. A member is eligible for normal retirement after attainment of age 55 and completion of 25 years of service, or at attained age plus one year, if later. Anyone retiring after January 1, 2006, may do so upon attaining age 52 with 25 years of service, or at attained age plus one year, if later. Anyone retiring after January 1, 2008, may do so upon attaining age 50 with 25 years of service, or at attained age plus one year, if later. The amount of monthly pension is equal to 50% of average monthly compensation. Average compensation is based upon W-2 earnings of the employee averaged over the final 36 months of employment (not to include lump sum payments for accumulated vacation or sick time). Each member will be eligible for early retirement when he has completed 20 years of service. Early retirement benefits are a monthly pension payment equal to 50% of average monthly compensation, actuarially reduced for early retirement. A member shall have the option to vest his benefit if he terminates employment after 12 years of total service. The vested benefit will be equal to his normal retirement benefit multiplied by a percentage of his actual years of service over years of service the member would have rendered if he had continued working until the normal retirement date. This benefit is payable at the member's normal retirement date.

In the event that a vested active or retired member dies (not killed-in-service), his surviving spouse will receive, until death, 50% of the pension he would have been receiving had he been retired at the time of death. If there is no surviving spouse or if the spouse dies, the member's child or children will receive the benefit until age 18 or, if attending college, until age 23. The surviving spouse of a police officer who is killed in the line of duty shall receive 50% of the benefit the officer would have been entitled to receive if he had retired on the day of his death. The Commonwealth of Pennsylvania will pay the spouse an additional benefit so that the spouse receives 100% of the officer's pay at the time of his death. A member who suffers a total and permanent disability while in the service as a police officer shall receive a benefit equal to 50% of his salary at the time of disability. This benefit is payable at his normal retirement date. Upon the termination of a member not entitled to vested benefits, he shall receive a refund of his contributions plus interest credited at the rate of 5% per annum, if any.

An active member who has met the eligibility for normal retirement may elect to participate in the deferred retirement option plan for a period of not less than 12 months nor more than 36 months. Their monthly pension shall be calculated as their date of participation in the DROP. The DROP was adopted January 3, 2006. Earnings to the DROP accounts are based on investment allocations directed by the participant.

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Contributions - Township contributions to the plan are determined and paid in accordance with Pennsylvania Act 205 (the Municipal Pension Plan Funding Standard and Recovery Act). Act 205 requires full funding of the entry age normal cost plus plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status.

As of January 1, 2008, active members will contribute 4% of their salary (member contributions were set at 2.5% for 2006 and 2007; no contributions were required for the years 1995 through 2005). Contributions are subject to collective bargaining.

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. It is the policy of the Pension Board to pursue an investment strategy that (1) maintains a fully funded status with regard to accumulated health benefits obligations, (2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) maintains flexibility in determining the future level of contributions and (4) provides the ability to pay all benefit and expense obligations when due. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2022:

Asset Class	Target Allocation
Domestic equity	60%
International equity	10%
Fixed income	30%
	100%

Concentrations - More than 5% of the Township's investments are in mutual funds. These investments are 100% of the plan's total investments.

Rate of Return - For the year ended December 31, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -18.43%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Net Pension Liability of the Township

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

Total pension liability	$ 14,824,696
Plan fiduciary net position	(12,514,276)
NET PENSION ASSET	$ 2,310,420
Plan fiduciary net position as a percentage of the total pension liability	84.42%

Actuarial Assumptions - The total pension liability was determined by rolling forward the liability from an actuarial valuation as of January 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The following actuarial assumptions were applied to all period included in the measurement:

Inflation	3.00%
Salary increases	4.25% annual increase
Investment rate of return	6.75%
Postretirement cost of living increase	0.00%

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and 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. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2022 (see the plan's investment policy), are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.5% - 7.5%
International equity	4.5% - 6.5%
Fixed income	1.0% - 3.0%

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The 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 has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
BALANCE AT DECEMBER 31, 2021	$ 13,999,499	$ 15,046,373	$ (1,046,874)
Changes for the year			
Service cost	358,028	-	358,028
Interest	873,099	-	873,099
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions			
Employer	-	483,744	(483,744)
Member	-	82,516	(82,516)
Net investment income (loss)	-	(2,688,127)	2,688,127
Benefit payments	(405,930)	(405,930)	-
Administrative expense	-	(4,300)	4,300
NET CHANGES	825,197	(2,532,097)	3,357,294
BALANCE AT DECEMBER 31, 2022	$ 14,824,696	$ 12,514,276	$ 2,310,420

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Plan, calculated using the discount rate of 6.75%, as well as what the Plan's net pension would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	$ 4,089,982	$ 2,310,420	$ 839,411

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2022, the Township recognized pension expense of $816,663. At December 31, 2022, 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	$ 63,970	$ 203,028
Changes in assumptions	633,901	-
Net difference between projected and actual earnings on pension plan investments	1,855,198	-
TOTALS	$ 2,553,069	$ 203,028

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,	
2023	$ 312,593
2024	570,860
2025	724,785
2026	741,803
2027	-
	$ 2,350,041

NOTE I - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)

Summary of Significant Accounting Policies

Method Used to Value Investments - Township and Authority Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

Plan Administration - The Township administers the Township and Authority Pension Plan--a multi-employer defined benefit pension plan that provides pensions for all full-time non-uniformed employees of Lower Salford Township or the Township Authority.

Management of the Township and Authority Pension Plan is vested in the Pension Board, which consists of twelve members--the Chairman of the Board of Supervisors, the Township Manager, the Township Assistant Manager, the Public Works Superintendent, the Authority Operations Manager, the Authority Business Manager, the Finance Director, three sworn police officers and two public volunteers appointed by the Township. The Pension Board of trustees is responsible for managing, investing and monitoring the Township and Authority Pension Fund.

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

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	15
	45

Benefits Provided - Plan provisions are established by Township ordinance. The plan provides retirement and death benefits. A member is eligible for normal retirement after attainment of age 65 and completion of five years of service, or at attained age plus one year, if later. The amount of monthly pension is equal to 50% of average monthly compensation, reduced by one-thirtieth for each year of service that the member's years of service are less than 30. Monthly average compensation is based upon monthly total compensation averaged over the five consecutive calendar years out of final ten years of participation that produce the highest average. Each member will be eligible for early retirement on the first of the month on or next following age 55 and ten years of participation. Early retirement benefits are the normal retirement benefit multiplied by the ratio of member's year of service over the years of service the member would have had at normal retirement date, reduced by one-half of 1% for each month by which the commencement of the member's early retirement benefit precedes the normal retirement date. A member will be 20% vested after two years of service, increasing by 20% annually to be fully vested after six years of service. The vested benefit will be equal to his normal retirement benefit multiplied by the ratio of the member's year of service over the years of service the member would have had at normal retirement date.

NOTE I - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN) (Continued)

Upon the death of an active member who is vested, the surviving spouse, if any, is entitled to receive a benefit calculated as if the member had separated from service on the earlier of the actual time of separation or the date of his death, survived to his earliest retirement age, retired with an immediate joint and 50% survivor annuity at his earliest retirement age based on his vested accrued benefit on his date of death and died on the day after the day on which said member would have attained the earliest retirement age.

Contributions - Township contributions to the plan are determined and paid in accordance with Pennsylvania Act 205 (the Municipal Pension Plan Funding Standard and Recovery Act). Act 205 requires full funding of the entry age normal cost plus plan expenses in addition to amortization of the unfunded asset to ultimately achieve a 100% funded status.

Employees are not required to contribute. Contributions are subject to collective bargaining.

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. It is the policy of the Pension Board to pursue an investment strategy that (1) maintains a fully funded status with regard to accumulated health benefits obligations, (2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) maintains flexibility in determining the future level of contributions and (4) provides the ability to pay all benefit and expense obligations when due. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of December 31, 2022:

Asset Class	Target Allocation
Domestic equity	60%
International equity	10%
Fixed income	30%
	100%

Concentrations - More than 5% of the Township's investments are in mutual funds. These investments are 100%, respectively, of the plan's total investments.

Rate of Return - For the year ended December 31, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -18.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE I - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN) (Continued)

Net Pension Liability of the Township

The net pension liability was measured as of December 31, 2022 and the total pension liability was determined by rolling forward the assets from an actuarial valuation as of January 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end:

Total pension liability	$ 7,083,264
Plan fiduciary net position	(6,488,389)
NET PENSION LIABILITY	$ 594,875
Plan fiduciary net position as a percentage of the total pension liability	91.60%

Actuarial Assumptions - The total pension liability in the January 1, 2021 actuarial valuation was determined using the following economic assumptions, applied to all period included in the measurement:

Inflation	3.00%
Salary increases	4.0% annual increase
Investment rate of return	6.75%
Postretirement cost of living increase	0.00%

Mortality rates were based on the PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

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

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.5% - 7.5%
International equity	4.5% - 6.5%
Fixed income	1.0% - 3.0%

NOTE I - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN) (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The 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 has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
BALANCE AT DECEMBER 31, 2021	$ 6,817,064	$ 8,174,393	$ (1,357,329)
Changes for the year			
Service cost	114,419	-	114,419
Interest	457,555	-	457,555
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions			
Employer	-	116,232	(116,232)
Net investment income	-	(1,490,462)	1,490,462
Benefit payments	(305,774)	(305,774)	-
Administrative expense	-	(6,000)	6,000
NET CHANGES	266,200	(1,686,004)	1,952,204
BALANCE AT DECEMBER 31, 2022	$ 7,083,264	$ 6,488,389	$ 594,875

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the net pension liability of the Plan, calculated using the discount rate of 6.75%, as well as what the Plan's net pension would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	$ 1,349,503	$ 594,875	$ (53,070)

NOTE I - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2022, the Township and Authority recognized pension expense of $180,823. At December 31, 2022, 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
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	$ -	$ 10,603
Changes in assumptions	34,446	-
Net difference between projected and actual earnings on pension plan investments	610,313	-
TOTALS	$ 644,759	$ 10,603
LOWER SALFORD TOWNSHIP AUTHORITY		
Difference between expected and actual experience	$ -	$ 6,603
Changes in assumptions	21,449	-
Net difference between projected and actual earnings on pension plan investments	380,025	-
TOTALS	$ 401,474	$ 6,603

NOTE I - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN) (Continued)

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,	Governmental Activities	Lower Salford Township Authority
2023	$ 62,593	$ 38,975
2024	131,005	81,573
2025	189,659	118,096
2026	250,899	156,227
2027	-	-
Thereafter	-	-
	$ 634,156	$ 394,871

NOTE J - DEFINED CONTRIBUTION PENSION PLAN

Plan Description

The Township has established the Lower Salford Township and Authority Non-Uniformed Employees Defined Contribution Pension Plan (the "Plan"), which provides pension benefits for its full-time, non-uniform employees whose customary employment is for 35 or more hours per week. The Plan is a single-employer defined contribution plan under Section 401(a) of the Internal Revenue Code. In a defined contribution plan, the benefits to be received by an employee depend solely on the amount contributed to the participant's account and related returns on investment of those contributions. The Township is the plan administrator for the Plan, maintaining records of individual account balances and administering receipt and payment of funds. All funds contributed by the employees and employer are invested with the Matrix Trust Company through Univest. The Plan does not issue separate, stand-alone financial statements. The Township contributes 5% of each participating employee's gross wages to the Plan.

The Township made contributions in 2022 of $36,618 to the Plan.

At December 31, 2022, there were no investments in any one organization that represented 5% or more of total plan assets available for benefits other than mutual funds.

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

Lower Salford Township administers a single-employer defined benefit healthcare plan (the "Police Postretirement Healthcare Plan"). Eligibility requirements are as follows: (1) attain age 50 with 25 or more years of service, (2) upon total and permanent disability, or (3) if killed in service, spouse receives immediate coverage to Medicare eligibility. Healthcare benefits through the Delaware Valley Health Insurance Trust are available to retirees and eligible spouses. The Police Postretirement Healthcare Plan does not issue a publicly available financial report.

Plan Membership

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

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	19
	25

Funding Policy and Funding Status

The plan is an unfunded plan with no assets accumulated in a trust. Contribution requirements also are negotiated between the Township and union representatives. The Township contributes 50% of the premiums; the required contribution rate of plan members is 50% of the premiums. Coverage will terminate upon attainment of Medicare eligibility.

Benefits Provided

An eligible officer and spouse shall receive medical, prescription drug, and vision coverage through the Aetna Quality Point of Service plan until Medicare eligibility. The Township shall pay 50% of the cost. No coverage shall be available if the officer and spouse have an equivalent coverage option elsewhere. If coverage is not elected upon retirement, they may return to the Township's group medical plan at any point. Spouses are covered under the plan until they reach Medicare eligibility.

Assumptions

The following assumptions and actuarial methods and calculations were used:

Discount Rate - 2.25%, based on S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2022.

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Salary - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are assumed to be 4.25% per year.

Withdrawal - No withdrawal was assumed.

Mortality - PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

Disability - No disability was assumed.

Retirement - Latest of age 53, 28 years of service, or age on the valuation date.

Percent of Eligible Retirees Electing Coverage in Plan - 65% of officers are assumed to elect coverage. 50% of Vested Former Members are assumed to elect coverage immediately.

Percent Married at Retirement - 80% of officers are assumed to be married and have a spouse covered by the plan at retirement.

Spouse Age - Wives are assumed to be three years younger than their husbands.

Retiree Contributions - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

Per Capita Claims Cost - The per capita cost for medical, prescription drug, and vision is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets.

Retiree Contributions - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

Health Care Cost Trend Rate - 6.5% in 2022, 6.0% in 2023, and 5.5% in 2024 and 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets - Equal to the Market Value of Assets.

Actuarial Cost Method - Entry Age Normal - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Participant Data - Based on census information as of January 1, 2022.

Changes in Assumptions - The discount rate changed from 1.93% to 2.25%. The trend assumption was updated.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2021	$ 2,500,135
Changes for the year	
Service cost	168,695
Interest cost	50,576
Differences between expected and actual experience	(248,039)
Changes in assumptions	(45,080)
Benefit payments	(89,200)
Net changes	(163,048)
Balance at January 1, 2022	$ 2,337,087

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

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Net OPEB liability	$ 2,554,694	$ 2,337,087	$ 2,139,782

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Rates	1% Increase
Net OPEB liability	$ 2,069,002	$ 2,337,087	$ 2,651,589

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

For the year ended December 31, 2022, the Plan recognized OPEB expense of $201,293. At December 31, 2022, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 333,451	$ 90,271
Difference between expected and actual experience	-	399,437
Benefit payments subsequent to the measurement date	83,776	-
	$ 417,227	$ 489,708

NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

$83,776 was reported as deferred outflows of resources related to OPEB resulting from Plan benefit payments subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2023	$ (18,147)
2024	(18,147)
2025	(18,147)
2026	(18,147)
2027	(18,150)
Thereafter	(65,519)
	$ (156,257)

NOTE L - INTERFUND TRANSFERS

Interfund transfers were comprised of the following amounts on an individual fund basis at December 31, 2022:

	Transfers	
	In	Out
GENERAL FUND	$ 350,305	$ 1,158,746
CAPITAL PROJECTS FUND		
Capital Reserve Fund	831,000	145,000
SPECIAL REVENUE FUNDS		
Liquid Fuels Fund	70,000	-
Fire Protection Fund	50,000	-
Ambulance Fund	24,500	-
Park Fund	-	75,000
TOTAL SPECIAL REVENUE FUNDS	144,500	75,000
ENTERPRISE FUND		
Golf Course Enterprise Fund	52,941	-
	$ 1,378,746	$ 1,378,746

NOTE L - INTERFUND TRANSFERS (Continued)

	Due To	Due From
GENERAL FUND	$ -	$ 47,500
SPECIAL REVENUE FUNDS		
Ambulance Fund	47,500	-
	$ 47,500	$ 47,500

Interfund activity results from the time lag between the receipt of goods and the provision of services and the related reimbursement as a part of normal business operations.

NOTE M - CAPACITY RIGHTS

The Authority is party to an agreement dated September 18, 1989, whereby it acquired the right to purchase sewage treatment capacity from Towamencin Municipal Authority (TMA) in the total amount of 500,000 gallons per day, which is equivalent to 1,786 Equivalent Dwelling Units. An Equivalent Dwelling Unit (EDU) is defined as 260 gallons of flow per day.

As of December 31, 1997, the Authority purchased and capitalized $2,583,520 under the original agreement, which represents 150,000 gallons of capacity per day. Although the agreement has a term of 100 years, capacity acquisitions are being amortized on a straight-line basis over 40 years.

The Authority pays treatment fees under the agreement equal to TMA's non-residential rates and a pro rata share of the operating costs of a TMA pump station used to transport the sewage.

NOTE N - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages these various risks of loss primarily through the purchase of commercial insurance, except as described below. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township.

The Township is self-insured for unemployment compensation insurance. Based on the overall experience that the Township has had with unemployment compensation claims in the past, no provision has been made for future claims. The Township will pay claims out of the General Fund when claims are incurred.

NOTE O - COMMITMENTS

The Township has committed $400,000 to the Harleysville Community Center to be directed towards the upgrades of two swimming pools or any debt incurred by the Community Center associated with those upgrades. Contributions will be made until further notice. A contribution of $75,000 was made in 2022.

NOTE P - PRIOR PERIOD RESTATEMENT

The Township implemented GASB Statement No. 87, Leases, effective January 1, 2022. The objective of GASB 87 is to better meet the information needs of the financial statement user by improving accounting and financial reporting for leases by governments. The Statement requires recognition of lease assets and liabilities using the foundational principle that leases are financings of the right to use an underlying asset.

For the government-wide governmental activities, the Township has treated the beginning of the year lease assets and liabilities as having been recognized in the period incurred. As part of the implementation, the Township has adjusted the beginning balances for Government-Wide Right to Use Leased Assets from $0 to $45,197, Lease Liabilities from $0 to $41,664, Vehicles from $1,753,474 to $1,683,941, and Accumulated Depreciation, Vehicles from $1,454,837 to $1,430,500. The Township has adjusted the beginning balances for the Business-Type activities of Right to Use Leased Assets from $0 to $353,810, Lease Liabilities from $0 to $253,808, Machinery and Equipment from $4,049,368 to $3,552,647 and Accumulated Depreciation, Machinery and Equipment from $3,489,962 to $3,347,051.

REQUIRED SUPPLEMENTARY INFORMATION

LOWER SALFORD TOWNSHIP

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Act 511 taxes	$ 4,090,000	$ 4,090,000	$ 4,647,480	$ 557,480
Real estate taxes, net	2,287,000	2,287,000	2,331,040	44,040
Real estate transfer tax	450,000	450,000	962,296	512,296
Franchise fees	312,000	312,000	293,611	(18,389)
Licenses and permits	255,000	255,000	616,395	361,395
Fees and fines	25,150	25,150	18,918	(6,232)
Interest income	30,000	30,000	39,286	9,286
Rental income	65,000	65,000	69,585	4,585
Intergovernmental revenues	1,014,508	1,014,508	1,277,900	263,392
Charges for services	77,650	77,650	19,441	(58,209)
Miscellaneous revenue	99,500	99,500	113,813	14,313
TOTAL REVENUES	8,705,808	8,705,808	10,389,765	1,683,957
EXPENDITURES				
General government	1,382,243	1,382,243	1,577,228	(194,985)
Public safety				
Police	4,413,577	4,413,577	4,415,565	(1,988)
Other	373,249	373,249	439,032	(65,783)
Public works, highways and streets	1,372,322	1,372,322	1,429,123	(56,801)
Culture and recreation	239,438	239,438	236,534	2,904
Miscellaneous expenditures	2,000	2,000	-	2,000
Debt service				
Principal retirement	1,287,179	1,287,179	454,000	833,179
Interest paid	-	-	8,286	(8,286)
TOTAL EXPENDITURES	9,070,008	9,070,008	8,559,768	510,240
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(364,200)	(364,200)	1,829,997	2,194,197
OTHER FINANCING SOURCES (USES)				
Transfers in	90,000	90,000	350,305	(260,305)
Transfers out	(818,000)	(818,000)	(1,158,746)	340,746
Proceeds from sale of fixed assets	10,000	10,000	42,661	32,661
TOTAL OTHER FINANCING SOURCES (USES)	(718,000)	(718,000)	(747,730)	131,152
NET CHANGE IN FUND BALANCE	$ (1,082,200)	$ (1,082,200)	1,082,267	$ 2,325,349
FUND BALANCE AT BEGINNING OF YEAR			1,989,188	
FUND BALANCE AT END OF YEAR			$ 3,071,455	

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LOWER SALFORD TOWNSHIP

SCHEDULE OF CHANGES IN THE NET POLICE PENSION PLAN LIABILITY AND RELATED RATIOS LAST NINE FISCAL YEARS

	2022	2021	2020	2019
TOTAL PENSION LIABILITY				
Service cost	$ 358,028	$ 343,432	$ 284,073	$ 272,492
Interest	873,099	1,262,099	834,672	794,589
Changes of benefit terms				
Differences between expected and actual experience	-	106,616	-	(473,728)
Changes of assumptions	-	713,362	-	480,391
Benefit payments	(405,930)	(735,234)	(236,049)	(236,049)
NET CHANGE IN TOTAL PENSION LIABILITY	825,197	1,690,275	882,696	837,695
Total pension liability, beginning	13,999,499	12,309,224	11,426,528	10,588,833
TOTAL PENSION LIABILITY, ENDING (a)	$ 14,824,696	$ 13,999,499	$ 12,309,224	$ 11,426,528
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	$ 483,744	$ 592,597	$ 489,419	$ 463,373
Member	82,516	78,014	67,935	62,897
Net investment income (loss)	(2,688,127)	1,806,047	1,606,823	1,964,406
Benefit payments, including refunds of member contributions	(405,930)	(735,234)	(236,049)	(236,049)
Administrative expense	(4,300)	(8,750)	(3,300)	(8,500)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(2,532,097)	1,732,674	1,924,828	2,246,127
Plan fiduciary net position, beginning	15,046,373	13,313,699	11,388,871	9,142,744
PLAN FIDUCIARY NET POSITION, ENDING (b)	$ 12,514,276	$ 15,046,373	$ 13,313,699	$ 11,388,871
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	$ 2,310,420	$ (1,046,874)	$ (1,004,475)	$ 37,657
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	84.42%	107.48%	108.16%	99.67%
COVERED PAYROLL	$ 2,224,566	$ 1,977,766	$ 1,850,505	$ 1,714,703
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	103.86%	-52.93%	-54.28%	2.20%

NOTES TO SCHEDULE

Changes of assumptions:

In 2021 amounts reports as changes of assumptions resulted from adopting the PubS-2010 mortality table with rates projected generationally using Scale MP-2020 to reflect mortality improvement.

In 2019 amounts reports as changes of assumptions resulted from adopting the PubS-2010 mortality table with rates projected generationally using Scale MP-2018 to reflect mortality improvement. The rate of return was also changed from 7.5% to 7.25%.

In 2016 amounts reports as changes of assumptions resulted from adjustments to assumed life expectancies as a result of adopting the 2006 base rates derived from the RP-2014 Blue Collar Table using Mortality Improvement Scale MP-2014, then projected generationally from 206 with Mortality Improvement Scale MP-2016.

In 2015, amounts reported as changes of assumptions resulted from adjustments to assumed life expectancies as a result of adopting the RP-2014 Blue Collar Table using Mortality Improvement Scale MP-2014 for purposes of developing mortality rates.

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

2018	2017	2016	2015	2014
$ 290,365	$ 277,861	$ 284,909	$ 255,967	$ 244,945
734,053	692,272	624,719	572,039	528,949
-	66,813	-	(340,481)	-
-	-	(111,273)	438,671	-
(236,631)	(243,038)	(241,609)	(205,974)	(192,765)
787,787	793,908	556,746	720,222	581,129
9,801,046	9,007,138	8,450,392	7,730,170	7,149,041
$ 10,588,833	$ 9,801,046	$ 9,007,138	$ 8,450,392	$ 7,730,170
$ 469,682	$ 449,956	$ 440,291	$ 392,303	$ 381,761
62,697	76,787	74,808	71,143	66,120
(721,765)	1,319,061	583,280	(44,646)	517,400
(236,631)	(243,038)	(241,609)	(205,974)	(192,765)
(4,400)	(11,340)	(28,185)	(38,280)	(18,182)
(430,417)	1,591,426	828,585	174,546	754,334
9,573,161	7,981,735	7,153,150	6,978,604	6,224,270
$ 9,142,744	$ 9,573,161	$ 7,981,735	$ 7,153,150	$ 6,978,604
$ 1,446,089	$ 227,885	$ 1,025,403	$ 1,297,242	$ 751,566
86.34%	97.67%	88.62%	84.65%	90.28%
$ 1,648,397	$ 1,986,275	$ 1,999,007	$ 1,905,532	$ 1,745,838
87.73%	11.47%	51.30%	68.08%	43.05%

LOWER SALFORD TOWNSHIP

SCHEDULE OF POLICE PENSION PLAN CONTRIBUTIONS
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
ACTUARIALLY DETERMINED CONTRIBUTION	$ 483,744	$ 554,532	$ 489,419	$ 463,373
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	483,744	592,597	489,419	463,373
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ (38,065)	$ -	$ -
COVERED PAYROLL	$ 2,224,566	$ 1,977,766	$ 1,850,505	$ 1,714,703
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	21.75%	29.96%	26.45%	27.02%

NOTES TO SCHEDULE

Valuation date: January 1, 2021

Actuarially determined contribution rates are calculated by September 30 of each year for the upcoming calendar year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	4 years
Asset valuation method	Market value
Inflation	3.0%
Salary increases	4.25% annual increase
Investment rate of return	6.75%
Retirement age	Active members are assumed to retire at age 55 and completion of 25 years of service, or at attained age plus one year, if later
Mortality	PubG-2010 Mortality Table. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.
Other information	It is assumed that 80% of the police force is married. Husbands are assumed to be three years older than wives.

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

2018	2017	2016	2015	2014
$ 469,682	$ 449,956	$ 440,291	$ 392,303	$ 381,761
469,682	449,956	440,291	392,303	381,761
$ -	$ -	$ -	$ -	$ -
$ 1,648,397	$ 1,986,275	$ 1,999,007	$ 1,905,532	$ 1,745,838
28.49%	22.65%	22.03%	20.59%	21.87%

LOWER SALFORD TOWNSHIP

SCHEDULE OF POLICE PENSION PLAN INVESTMENT RETURNS
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	-18.43%	13.64%	14.92%	21.76%

NOTE TO SCHEDULE

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

2018	2017	2016	2015	2014
-7.55%	16.59%	7.58%	-0.92%	8.02%

LOWER SALFORD TOWNSHIP

SCHEDULE OF CHANGES IN THE NET TOWNSHIP AND AUTHORITY PENSION PLAN LIABILITIES AND RELATED RATIOS LAST NINE FISCAL YEARS

	2022	2021	2020	2019
TOTAL PENSION LIABILITY				
Service cost	$ 114,419	$ 110,018	$ 153,423	$ 147,522
Interest	457,555	440,189	429,336	407,378
Differences between expected and actual experience	-	(51,616)	-	(86,718)
Changes of assumptions	-	167,683	-	136,414
Benefit payments	(305,774)	(288,895)	(246,048)	(248,183)
NET CHANGE IN TOTAL PENSION LIABILITY	266,200	377,379	336,711	356,413
Total pension liability, beginning	6,817,064	6,439,685	6,102,974	5,746,561
TOTAL PENSION LIABILITY, ENDING (a)	$ 7,083,264	$ 6,817,064	$ 6,439,685	$ 6,102,974
PLAN FIDUCIARY NET POSITION				
Contributions, employer	$ 116,232	$ 247,458	$ 285,820	$ 287,416
Net investment income (loss)	(1,490,462)	983,894	917,234	1,109,765
Benefit payments, including refunds of member contributions	(305,774)	(288,895)	(246,048)	(248,183)
Administrative expense	(6,000)	(8,200)	(3,700)	(7,400)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(1,686,004)	934,257	953,306	1,141,598
Plan fiduciary net position, beginning	8,174,393	7,240,136	6,286,830	5,145,232
PLAN FIDUCIARY NET POSITION, ENDING (b)	$ 6,488,389	$ 8,174,393	$ 7,240,136	$ 6,286,830
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	$ 594,875	$ (1,357,329)	$ (800,451)	$ (183,856)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	91.60%	119.91%	112.43%	103.01%
COVERED PAYROLL	$ 1,222,168	$ 1,173,269	$ 1,305,396	$ 1,342,846
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	48.67%	-115.69%	-61.32%	-13.69%

NOTES TO SCHEDULE

Changes of assumption:

In 2021, amounts reported as changes of assumptions resulted from adopting the PubG-2010 mortality table, incorporating rates projected generationally using Scale MP-2020 to reflect mortality improvement for purposes of developing mortality rates.

In 2019, amounts reported as changes of assumptions resulted from adopting the PubG-2010 mortality table, incorporating rates projected generationally using Scale MP-2018 to reflect mortality improvement for purposes of developing mortality rates.

In 2016, amounts reported as changes of assumptions resulted from adjustments to assumed life expectancies as a result of adopting the 2006 base rates derived from the RP-2014 Total Dataset Healthy Annuitant Mortality Tables using Mortality Improvement Scale RP-2014, then projected generationally from 2006 with Mortality Improvement Scale MP-2016.

In 2015, amounts reported as changes of assumptions resulted from adjustments to assumed life expectancies as a result of adopting the RP-2014 Generational Table using Mortality Improvement Scale MP-2014 for purposes of developing mortality rates.

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

2018	2017	2016	2015	2014
$ 166,422	$ 160,021	$ 184,622	$ 147,817	$ 142,132
382,981	359,486	341,332	298,201	277,458
-	(145,189)	-	(110,628)	-
-	-	(122,308)	415,614	-
(215,157)	(165,360)	(152,929)	(116,751)	(129,775)
334,246	208,958	250,717	634,253	289,815
5,412,315	5,203,357	4,952,640	4,318,387	4,028,572
$ 5,746,561	$ 5,412,315	$ 5,203,357	$ 4,952,640	$ 4,318,387
$ 313,576	$ 313,745	$ 336,845	$ 259,467	$ 242,099
(408,804)	752,609	332,876	(23,794)	324,024
(215,157)	(165,360)	(152,929)	(116,751)	(129,775)
(3,970)	(9,790)	(26,508)	(33,986)	(10,416)
(314,355)	891,204	490,284	84,936	425,932
5,459,587	4,568,383	4,078,099	3,993,163	3,567,231
$ 5,145,232	$ 5,459,587	$ 4,568,383	$ 4,078,099	$ 3,993,163
$ 601,329	$ (47,272)	$ 634,974	$ 874,541	$ 325,224
89.54%	100.87%	87.80%	82.34%	92.47%
$ 1,357,551	$ 1,539,746	$ 1,655,705	$ 1,716,516	$ 1,634,978
44.30%	-3.07%	38.35%	50.95%	19.89%

LOWER SALFORD TOWNSHIP

SCHEDULE OF TOWNSHIP AND AUTHORITY
PENSION PLAN CONTRIBUTIONS
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
ACTUARIALLY DETERMINED CONTRIBUTION	$ 116,232	$ 247,458	$ 285,820	$ 287,416
CONTRIBUTIONS IN RELATION TO THE ACTUARIAL DETERMINED CONTRIBUTION	116,232	247,458	285,820	287,416
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ -	$ -	$ -
COVERED PAYROLL	$ 1,222,168	$ 1,173,269	$ 1,305,396	$ 1,342,846
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	9.51%	21.09%	21.90%	21.40%

NOTES TO SCHEDULE

Valuation date:	January 1, 2021
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age, normal
Amortization method	Level dollar
Remaining amortization period	N/A years
Asset valuation method	Market value
Inflation	3.0%
Salary increases	4.0% annual increase
Investment rate of return	6.75%
Retirement age	Active members are assumed to retire at age 65 and completion of five years of service, or at attained age plus one year, if later
Mortality	PubG-2010 Mortality Table. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.
Other information	It is assumed that 80% of employees are married. Husbands are assumed to be three years older than wives.

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

2018	2017	2016	2015	2014
$ 313,576	$ 313,745	$ 336,845	$ 259,467	$ 242,099
313,576	313,745	336,845	259,467	242,099
$ -	$ -	$ -	$ -	$ -
$ 1,357,551	$ 1,539,746	$ 1,655,705	$ 1,716,516	$ 1,634,978
23.10%	20.38%	20.34%	15.12%	14.81%

LOWER SALFORD TOWNSHIP

SCHEDULE OF TOWNSHIP AND AUTHORITY
PENSION PLAN INVESTMENT RETURNS
LAST NINE FISCAL YEARS

	2022	2021	2020	2019
ANNUAL MONEY-WEIGHTED RATE OF OF RETURN, NET OF INVESTMENT EXPENSE	-18.52%	13.78%	14.74%	21.83%

NOTE TO SCHEDULE

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

2018	2017	2016	2015	2014
-7.56%	16.63%	7.61%	-0.88%	8.53%

LOWER SALFORD TOWNSHIP

SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS

	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY					
Service cost	$ 168,695	$ 122,862	$ 103,130	$ 108,970	$ 111,726
Interest	50,576	69,931	71,775	61,686	76,714
Differences between expected and actual experience	(248,039)	-	(31,924)	-	(305,324)
Changes of assumptions	(45,080)	318,024	79,304	(82,149)	66,461
Benefit payments	(89,200)	(71,904)	(64,982)	(60,438)	(64,942)
NET CHANGE IN TOTAL OPEB LIABILITY	(163,048)	438,913	157,303	28,069	(115,365)
TOTAL OPEB LIABILITY, BEGINNING	2,500,135	2,061,222	1,903,919	1,875,850	1,991,215
TOTAL OPEB LIABILITY, ENDING (a)	$ 2,337,087	$ 2,500,135	$ 2,061,222	$ 1,903,919	$ 1,875,850
COVERED PAYROLL	$ 2,126,718	$ 2,168,452	$ 2,168,452	$ 1,986,276	$ 1,986,276
TOWNSHIP'S TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	109.89%	115.30%	95.05%	95.85%	94.44%

NOTES TO SCHEDULE

Changes in assumptions: In the January 1, 2022 actuarial valuation, the discount rate changed from 1.93% to 2.25%. In the January 1, 2021 actuarial valuation, the discount rate changed from 3.26% to 1.93%. In the January 1, 2020 actuarial valuation, the discount rate changed from 3.64% to 3.26%. The trend assumption was updated. In the January 1, 2019 actuarial valuation, the discount rate changed from 3.16% to 3.64%. The trend and mortality improvement scale assumptions were updated based on new PSERS assumptions. In the January 1, 2018 actuarial valuation, the discount rate changed from 3.71% to 3.16%. The trend and mortality improvement scale assumptions were updated based on new PSERS assumptions.

Schedules are intended to show information for ten years, all available information is displayed. Additional years information will be displayed as it becomes available.

SUPPLEMENTARY INFORMATION SECTION

LOWER SALFORD TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Fire Protection Fund	Ambulance Fund	Liquid Fuels Fund	Park Fund	Library Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	$ 2,163	$ 503	$ 176,358	$ 38,365	$ 479	$ 217,868
Taxes receivable, net	1,582	440	-	835	2,901	5,758
Prepaid Expenses	-	47,500	-	-	-	47,500
TOTAL ASSETS	$ 3,745	$ 48,443	$ 176,358	$ 39,200	$ 3,380	$ 271,126
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	$ 50	$ 14	$ -	$ 17,985	$ 91	$ 18,140
Due to other funds	-	47,500	-	-	-	47,500
TOTAL LIABILITIES	50	47,514	-	17,985	91	65,640
FUND BALANCES						
Nonspendable						
Prepaid items	-	47,500	-	-	-	47,500
Restricted						
Fire protection	3,695	-	-	-	-	3,695
Liquid fuels	-	-	176,358	-	-	176,358
Parks	-	-	-	21,215	-	21,215
Library	-	-	-	-	3,289	3,289
Unassigned	-	(46,571)	-	-	-	(46,571)
TOTAL FUND BALANCES	3,695	929	176,358	21,215	3,289	205,486
TOTAL LIABILITIES AND FUND BALANCES	$ 3,745	$ 48,443	$ 176,358	$ 39,200	$ 3,380	$ 271,126

LOWER SALFORD TOWNSHIP

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	Fire Protection Fund	Ambulance Fund	Liquid Fuels Fund	Park Fund	Library Fund	Total Nonmajor Governmental Funds
REVENUES						
Real estate taxes, net	$ 202,008	$ 56,114	$ -	$ 106,616	$ 370,348	$ 735,086
Interest income	52	5	275	51	87	470
Rental income	-	-	-	21,960	-	21,960
Intergovernmental revenues	-	-	528,940	-	-	528,940
Miscellaneous revenue	-	-	-	3,599	-	3,599
TOTAL REVENUES	202,060	56,119	529,215	132,226	370,435	1,290,055
EXPENDITURES						
General government	4,072	1,131	-	-	7,467	12,670
Public safety, other	315,021	99,751	-	-	-	414,772
Public works, highways and streets	-	-	548,438	-	-	548,438
Culture and recreation	-	-	-	97,951	365,636	463,587
TOTAL EXPENDITURES	319,093	100,882	548,438	97,951	373,103	1,439,467
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(117,033)	(44,763)	(19,223)	34,275	(2,668)	(149,412)
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	24,500	70,000	-	-	144,500
Transfers out	-	-	-	(75,000)	-	(75,000)
TOTAL OTHER FINANCING SOURCES (USES)	50,000	24,500	70,000	(75,000)	-	69,500
NET CHANGE IN FUND BALANCES	(67,033)	(20,263)	50,777	(40,725)	(2,668)	(79,912)
FUND BALANCES AT BEGINNING OF YEAR	70,728	21,192	125,581	61,940	5,957	285,398
FUND BALANCES AT END OF YEAR	$ 3,695	$ 929	$ 176,358	$ 21,215	$ 3,289	$ 205,486

LOWER SALFORD TOWNSHIP

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Pension and Other Benefit Funds		
	Township and Authority Pension Fund	Police Pension Fund	Totals
ASSETS			
Cash and cash equivalents	$ 39,606	$ 115,141	$ 154,747
Investments	6,448,783	12,399,135	18,847,918
TOTAL ASSETS	6,488,389	12,514,276	19,002,665
NET POSITION			
Restricted for benefits and other purposes	$ 6,488,389	$ 12,514,276	$ 19,002,665

LOWER SALFORD TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Pension and Other Benefit Funds		
	Township and Authority Pension Fund	Police Pension Fund	Totals
CONTRIBUTIONS			
Employer	$ 116,232	$ 193,639	$ 309,871
Plan members	-	82,516	82,516
State contributions	-	290,105	290,105
TOTAL CONTRIBUTIONS	116,232	566,260	682,492
INVESTMENT EARNINGS (LOSS)			
Interest and dividends	327,225	610,878	938,103
Net decrease in fair value of investments	(1,800,343)	(3,268,523)	(5,068,866)
TOTAL INVESTMENT EARNINGS (LOSS)	(1,473,118)	(2,657,645)	(4,130,763)
Less investment expense	(17,106)	(30,482)	(47,588)
NET INVESTMENT EARNINGS (LOSS)	(1,490,224)	(2,688,127)	(4,178,351)
DEDUCTIONS			
Benefit payments to retired plan participants	306,012	405,930	711,942
Administrative	6,000	4,300	10,300
TOTAL DEDUCTIONS	312,012	410,230	722,242
CHANGE IN NET POSITION	(1,686,004)	(2,532,097)	(4,218,101)
NET POSITION AT BEGINNING OF YEAR	8,174,393	15,046,373	23,220,766
NET POSITION AT END OF YEAR	$ 6,488,389	$ 12,514,276	$ 19,002,665