

**LOWER SALFORD TOWNSHIP**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

*Year Ended December 31, 2023*

## **INTRODUCTORY SECTION**

# LOWER SALFORD TOWNSHIP

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YEAR ENDED DECEMBER 31, 2023

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## **FINANCIAL SECTION**

## ***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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

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

To the Board of Supervisors  
Lower Salford Township  
Harleysville, Pennsylvania

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 6vii, budgetary comparison information on page 59, pension plan information on pages 60 through 65 and postemployment benefits other than pension information on page 66 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.

  
Limerick, Pennsylvania  
May 15, 2024

# LOWER SALFORD TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### YEAR ENDED DECEMBER 31, 2023

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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, 2023. This information needs to be read in conjunction with the Township's financial statements.

#### FINANCIAL HIGHLIGHTS

The Township's net position increased by \$2,237,776 as a result of this year's operations. Net position of our governmental activities increased by \$2,018,303 and the net position of our business-type activities increased by \$219,473.

In 2023, Lederach Golf Club program revenues increased by \$273,728 or 12.4% from the previous year. Total revenues increased by 25.1% which was primarily due to the increase in program revenues. Expenses were 15.9% higher than the previous year.

The General Fund reported a surplus of \$952,078 this year compared to a surplus of \$1,082,267 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.

## LOWER SALFORD TOWNSHIP

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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- *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.

**LOWER SALFORD TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2023**

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**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, 2023**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>ASSETS</b>			
Current and other assets	\$ 7,435,369	\$ 634,643	\$ 8,070,012
Capital assets	17,080,935	7,035,196	24,116,131
<b>TOTAL ASSETS</b>	<u>24,516,304</u>	<u>7,669,839</u>	<u>32,186,143</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding of debt	15,045	82,446	97,491
Deferred outflows of resources, pension and OPEB activity	1,914,391	-	1,914,391
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,929,436</u>	<u>82,446</u>	<u>2,011,882</u>
<b>LIABILITIES</b>			
Current and other liabilities	230,493	187,010	417,503
Long-term liabilities	3,902,672	5,469,966	9,372,638
<b>TOTAL LIABILITIES</b>	<u>4,133,165</u>	<u>5,656,976</u>	<u>9,790,141</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources, leases	316,391	-	316,391
Deferred inflows of resources, pension and OPEB activity	1,345,502	-	1,345,502
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,661,893</u>	<u>-</u>	<u>1,661,893</u>
<b>NET POSITION</b>			
Net investment in capital assets	15,876,056	1,647,676	17,523,732
Restricted	2,041,858		2,041,858
Unrestricted	2,732,768	447,633	3,180,401
<b>TOTAL NET POSITION</b>	<u>\$ 20,650,682</u>	<u>\$ 2,095,309</u>	<u>\$ 22,745,991</u>

For more detailed information, see the statement of net position of the Township's basic financial statements.

**LOWER SALFORD TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2023**

**Table 2**  
**Condensed Statement of Net Position**  
**December 31, 2022**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Current and other assets	\$ 6,809,267	\$ 731,579	\$ 7,540,846
Capital assets	16,053,834	7,492,872	23,546,706
<b>TOTAL ASSETS</b>	<b>22,863,101</b>	<b>8,224,451</b>	<b>31,087,552</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
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
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>3,640,089</b>	<b>99,468</b>	<b>3,739,557</b>
<b>LIABILITIES</b>			
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
<b>TOTAL LIABILITIES</b>	<b>6,809,539</b>	<b>6,448,083</b>	<b>13,257,622</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources, leases	357,933	-	357,933
Deferred inflows of resources, pension and OPEB activity	703,339	-	703,339
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,061,272</b>	<b>-</b>	<b>1,061,272</b>
<b>NET POSITION</b>			
Net investment in capital assets	15,003,200	1,369,075	16,372,275
Restricted	-	-	-
Unrestricted	3,629,179	506,761	4,135,940
<b>TOTAL NET POSITION</b>	<b>\$ 18,632,379</b>	<b>\$ 1,875,836</b>	<b>\$ 20,508,215</b>

**LOWER SALFORD TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2023**

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**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, 2023**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 1,916,087	\$ 2,487,457	\$ 4,403,544
Operating grants and contributions	1,383,360	-	1,383,360
General revenues			
Taxes	8,763,215	-	8,763,215
Other	749,652	8,517	758,169
Transfers	(339,718)	339,718	-
<b>TOTAL REVENUES</b>	<u>12,472,596</u>	<u>2,835,692</u>	<u>15,308,288</u>
<b>EXPENSES</b>			
General government	1,930,042	-	1,930,042
Public safety			
Police	4,261,692	-	4,261,692
Other	1,136,409	-	1,136,409
Parks and recreation	870,272	-	870,272
Highways	2,217,229	-	2,217,229
Interest on long-term debt and leases	38,649	-	38,649
Golf course expenses	-	2,616,219	2,616,219
<b>TOTAL EXPENSES</b>	<u>10,454,293</u>	<u>2,616,219</u>	<u>13,070,512</u>
<b>CHANGE IN NET POSITION</b>	2,018,303	219,473	2,237,776
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>18,632,379</u>	<u>1,875,836</u>	<u>20,508,215</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 20,650,682</u>	<u>\$ 2,095,309</u>	<u>\$ 22,745,991</u>

For more detailed information, see the statement of activities of the Township's basic financial statements.

**LOWER SALFORD TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2023**

**Table 4**  
**Changes in Net Position**  
**Year Ended December 31, 2022**

	Governmental Activities	Business-Type Activities	Totals
<b>REVENUES</b>			
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	-
<b>TOTAL REVENUES</b>	<b>14,488,055</b>	<b>2,266,705</b>	<b>16,754,760</b>
<b>EXPENSES</b>			
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 and leases	115,522	-	115,522
Golf course expenses	-	2,258,258	2,258,258
<b>TOTAL EXPENSES</b>	<b>10,309,397</b>	<b>2,258,258</b>	<b>12,567,655</b>
<b>CHANGE IN NET POSITION</b>	<b>4,178,658</b>	<b>8,447</b>	<b>4,187,105</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>14,453,721</b>	<b>1,867,389</b>	<b>16,321,110</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 18,632,379</b>	<b>\$ 1,875,836</b>	<b>\$ 20,508,215</b>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budgetary adjustments and supplemental appropriations in 2023 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 Assets**

Lower Salford Township's investment in capital assets for its governmental and proprietary activities as of December 31, 2023, totals \$24,116,131. The Township's investment in capital assets includes automobiles, trucks, infrastructure improvements, machinery and equipment, and right to use leased assets.

**LOWER SALFORD TOWNSHIP**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

**Figure A-1****Capital Assets (Net of Depreciation/Amortization, in Thousands of Dollars)**

	Governmental Activities	Business-Type Activities
Land	\$ 5,054	\$ 4,623
Construction in progress	16	-
Buildings and improvements	2,284	1,498
Golf course	-	286
Machinery and equipment	529	216
Vehicles	179	-
Infrastructure	8,581	-
Furniture and fixtures	4	7
Right to use leased equipment	396	405
Right to use leased vehicles	38	-
TOTAL	\$ <u>17,081</u>	\$ <u>7,035</u>

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

**Debt**

At year-end 2023, the Township had \$6,716,789 (see Figure A-2) in outstanding debt. The debt service due within one year is \$1,569,327 which is a combination of governmental activities (\$259,364) and business-type activities (\$1,309,963) from the Long-Term Obligations footnote to the Township's basic financial statements.

**Figure A-2****Outstanding Long-Term Debt**

Notes payable	\$ <u>5,408,000</u>
Financed purchase obligations	\$ <u>334,774</u>
Lease liabilities	\$ <u>937,720</u>
Compensated absences	\$ <u>36,295</u>

# **LOWER SALFORD TOWNSHIP**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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## **ECONOMIC FACTORS IMPACTING FUTURE BUDGETS**

The 2024 Township Budget adopted by the Board of Supervisors includes no tax increase for general government purposes. 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, Freedom Valley Medical Rescue, and other civic organizations. The General Fund budget of \$10.5 million is a 4.9% increase over the 2024 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 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, 2023**

	Primary Government			Component
	Governmental	Business-Type	Totals	Unit
	Activities	Activities		Lower Salford Township Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,212,024	\$ 550,086	\$ 6,762,110	\$ 1,111,482
Investments	369,552	-	369,552	6,925,438
Receivables	524,770	7,293	532,063	100,726
Taxes receivable	53,231	-	53,231	-
Inventories	-	77,264	77,264	-
Prepaid expenses	275,792	-	275,792	-
Capacity rights, net	-	-	-	387,520
Capital assets				
Land	5,054,130	4,623,197	9,677,327	-
Construction in progress	15,967	-	15,967	-
Buildings and improvements, net	2,284,393	1,497,830	3,782,223	-
Golf course, net	-	286,185	286,185	-
Machinery and equipment, net	528,777	215,631	744,408	-
Vehicles, net	179,204	-	179,204	-
Infrastructure, net	8,580,546	-	8,580,546	-
Furniture and fixtures, net	4,200	6,995	11,195	-
Sewer system, net	-	-	-	25,277,267
Right to use leased equipment, net	395,810	405,358	801,168	-
Right to use leased vehicles, net	37,908	-	37,908	-
<b>TOTAL ASSETS</b>	<b>24,516,304</b>	<b>7,669,839</b>	<b>32,186,143</b>	<b>33,802,433</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding of debt	15,045	82,446	97,491	-
Deferred outflows of resources, pension activity	1,542,155	-	1,542,155	179,610
Deferred outflows of resources, OPEB activity	372,236	-	372,236	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,929,436</b>	<b>82,446</b>	<b>2,011,882</b>	<b>179,610</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	131,297	58,911	190,208	43,285
Payroll and withholding taxes payable	99,196	-	99,196	-
Unearned revenues	-	128,099	128,099	400,227
Long-term liabilities				
Portion due or payable within one year				
Notes payable	61,000	1,196,000	1,257,000	-
Financed purchase obligations	76,964	-	76,964	-
Lease liabilities	121,400	113,963	235,363	-
Portion due or payable after one year				
Notes payable	315,000	3,836,000	4,151,000	-
Note premiums	2,253	12,329	14,582	-
Note discounts, net	(875)	(4,311)	(5,186)	-
Financed purchase obligations	257,810	-	257,810	-
Lease liabilities	386,372	315,985	702,357	-
Compensated absences	36,295	-	36,295	-
Net pension liability	502,561	-	502,561	14,288
Net OPEB obligation	2,143,892	-	2,143,892	-
<b>TOTAL LIABILITIES</b>	<b>4,133,165</b>	<b>5,656,976</b>	<b>9,790,141</b>	<b>457,800</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources, pension activity	626,519	-	626,519	-
Deferred inflows of resources, OPEB activity	718,983	-	718,983	-
Deferred inflows of resources, leases	316,391	-	316,391	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,661,893</b>	<b>-</b>	<b>1,661,893</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	15,876,056	1,647,676	17,523,732	25,277,267
Restricted	2,041,858	-	2,041,858	-
Unrestricted	2,732,768	447,633	3,180,401	8,246,976
<b>TOTAL NET POSITION</b>	<b>\$ 20,650,682</b>	<b>\$ 2,095,309</b>	<b>\$ 22,745,991</b>	<b>\$ 33,524,243</b>

See accompanying notes to the basic financial statements.

**LOWER SALFORD TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 1,930,042	\$ 438,302	\$ 213,708	\$ -
Public safety				
Police	4,261,692	24,193	361,904	-
Other	1,136,409	724,885	150,300	-
Parks and recreation	870,272	31,890	-	-
Highways	2,217,229	696,817	657,448	-
Interest on long-term debt and leases	38,649	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>10,454,293</b>	<b>1,916,087</b>	<b>1,383,360</b>	<b>-</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Golf course	2,616,219	2,487,457	-	-
<b>TOTAL TOWNSHIP ACTIVITIES</b>	<b>\$ 13,070,512</b>	<b>\$ 4,403,544</b>	<b>\$ 1,383,360</b>	<b>\$ -</b>
<b>COMPONENT UNIT</b>				
Lower Salford Township Authority	\$ 3,947,302	\$ 4,098,795	\$ -	\$ 165,335
<b>GENERAL REVENUES</b>				
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				
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				
<b>CHANGE IN NET POSITION</b>				
<b>NET POSITION AT BEGINNING OF YEAR</b>				
<b>NET POSITION AT END OF YEAR</b>				

*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
\$ (1,278,032)	\$ -	\$ (1,278,032)	\$ -
(3,875,595)	-	(3,875,595)	-
(261,224)	-	(261,224)	-
(838,382)	-	(838,382)	-
(862,964)	-	(862,964)	-
(38,649)	-	(38,649)	-
(7,154,846)	-	(7,154,846)	-
-	(128,762)	(128,762)	-
(7,154,846)	(128,762)	(7,283,608)	-
-	-	-	316,828
3,346,468	-	3,346,468	-
4,797,331	-	4,797,331	-
619,416	-	619,416	-
169,284	8,517	177,801	184,216
427,337	-	427,337	-
113,515	-	113,515	-
39,516	-	39,516	-
(339,718)	339,718	-	-
9,173,149	348,235	9,521,384	184,216
2,018,303	219,473	2,237,776	501,044
18,632,379	1,875,836	20,508,215	33,023,199
\$ 20,650,682	\$ 2,095,309	\$ 22,745,991	\$ 33,524,243

**LOWER SALFORD TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2023**

	General Fund	Traffic Impact Fees Fund	Capital Reserve Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,328,141	\$ 1,838,510	\$ 845,458	\$ -	\$ 199,915	\$ 6,212,024
Investments	369,552	-	-	-	-	369,552
Accounts receivable	175,668	-	-	-	3,850	179,518
Lease receivable	345,252	-	-	-	-	345,252
Taxes receivable, net	48,014	-	-	-	5,217	53,231
Due from other funds	250,000	-	-	-	-	250,000
Prepaid items	25,792	-	-	-	250,000	275,792
<b>TOTAL ASSETS</b>	<b><u>\$ 4,542,419</u></b>	<b><u>\$ 1,838,510</u></b>	<b><u>\$ 845,458</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 458,982</u></b>	<b><u>\$ 7,685,369</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 103,299	\$ -	\$ 25,969	\$ -	\$ 2,029	\$ 131,297
Payroll and withholding taxes payable	99,196	-	-	-	-	99,196
Due to other funds	-	-	-	-	250,000	250,000
<b>TOTAL LIABILITIES</b>	<b><u>202,495</u></b>	<b><u>-</u></b>	<b><u>25,969</u></b>	<b><u>-</u></b>	<b><u>252,029</u></b>	<b><u>480,493</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue, leases	316,391	-	-	-	-	316,391
<b>FUND BALANCES</b>						
<b>Nonspendable</b>						
Prepaid items	25,792	-	-	-	250,000	275,792
<b>Restricted</b>						
Traffic improvements	-	1,838,510	-	-	-	1,838,510
Fire protection	-	-	-	-	3,868	3,868
Liquid fuels	-	-	-	-	171,494	171,494
Parks	-	-	-	-	12,654	12,654
Library	-	-	-	-	15,332	15,332
Assigned, capital outlay	-	-	819,489	-	-	819,489
Unassigned	3,997,741	-	-	-	(246,395)	3,751,346
<b>TOTAL FUND BALANCES</b>	<b><u>4,023,533</u></b>	<b><u>1,838,510</u></b>	<b><u>819,489</u></b>	<b><u>-</u></b>	<b><u>206,953</u></b>	<b><u>6,888,485</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 4,542,419</u></b>	<b><u>\$ 1,838,510</u></b>	<b><u>\$ 845,458</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 458,982</u></b>	<b><u>\$ 7,685,369</u></b>

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, 2023**

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ <u>6,888,485</u>
<p>Under the requirements of GASB Statement No. 34, capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Land	5,054,130
Construction in progress	15,967
Buildings and improvements, net of accumulated depreciation of \$2,964,944	2,284,393
Machinery and equipment, net of accumulated depreciation of \$1,443,123	528,777
Vehicles, net of accumulated depreciation of \$1,545,344	179,204
Infrastructure, net of accumulated depreciation of \$3,350,159	8,580,546
Furniture and fixtures, net of accumulated depreciation of \$85,155	4,200
	<u>16,647,217</u>
<p>Under the requirements of GASB Statements No. 87, right to use assets used in governmental activities are not current financial resources, and therefore are not reported in the fund. These assets consist of:</p>	
Right to use leased equipment, net of accumulated amortization of \$158,070	395,810
Right to use leased vehicles, net of accumulated amortization of \$25,275	37,908
	<u>433,718</u>
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.	<u>15,045</u>
<p>Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.</p>	
Deferred outflows of resources, pension activity	1,542,155
Deferred outflows of resources, OPEB activity	372,236
Deferred inflows of resources, pension activity	(626,519)
Deferred inflows of resources, OPEB activity	(718,983)
	<u>568,889</u>
<p>Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. These liabilities consist of:</p>	
Notes payable	(376,000)
Note premiums	(2,253)
Note discounts	875
Financed purchase obligations	(334,774)
Lease liabilities	(507,772)
Compensated absences	(36,295)
Net pension liability	(502,561)
Net OPEB obligation	(2,143,892)
	<u>(3,902,672)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 20,650,682</u>

*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, 2023**

	General Fund	Traffic Impact Fees Fund	Capital Reserve Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Act 511 taxes	\$ 4,797,331	\$ -	\$ -	\$ -	\$ -	\$ 4,797,331
Real estate taxes, net	2,342,999	-	-	-	1,059,070	3,402,069
Real estate transfer tax	619,416	-	-	-	-	619,416
Franchise fees	281,458	-	-	-	-	281,458
Licenses and permits	762,661	-	-	-	-	762,661
Fees and fines	24,193	-	-	-	-	24,193
Interest income	96,376	30,510	18,810	15,067	8,521	169,284
Lease income	85,465	-	-	-	31,890	117,355
Intergovernmental revenues	1,133,649	-	112,735	-	544,713	1,791,097
Charges for services	37,463	692,957	-	-	-	730,420
Miscellaneous revenue	46,764	-	7,500	-	4,852	59,116
<b>TOTAL REVENUES</b>	<u>10,227,775</u>	<u>723,467</u>	<u>139,045</u>	<u>15,067</u>	<u>1,649,046</u>	<u>12,754,400</u>
<b>EXPENDITURES</b>						
General government	1,606,169	-	252,915	-	-	1,859,084
Public safety						
Police	4,353,177	-	621	-	-	4,353,798
Other	535,406	-	-	-	569,622	1,105,028
Public works, highways and streets	1,508,763	-	1,327,447	-	556,010	3,392,220
Culture and recreation	251,747	-	65,213	-	446,947	763,907
Debt service, long-term debt and leases						
Principal retirement	328,800	-	182,795	-	-	511,595
Interest paid	10,302	-	15,745	-	-	26,047
<b>TOTAL EXPENDITURES</b>	<u>8,594,364</u>	<u>-</u>	<u>1,844,736</u>	<u>-</u>	<u>1,572,579</u>	<u>12,011,679</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,633,411</u>	<u>723,467</u>	<u>(1,705,691)</u>	<u>15,067</u>	<u>76,467</u>	<u>742,721</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	159,870	-	625,000	-	-	784,870
Transfers out	(954,718)	-	(75,000)	(19,870)	(75,000)	(1,124,588)
Finance purchase obligations issued	-	-	429,270	-	-	429,270
Proceeds from leases	-	-	227,572	-	-	227,572
Proceeds from sale of fixed assets	113,515	-	-	-	-	113,515
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(681,333)</u>	<u>-</u>	<u>1,206,842</u>	<u>(19,870)</u>	<u>(75,000)</u>	<u>430,639</u>
<b>NET CHANGE IN FUND BALANCES</b>	952,078	723,467	(498,849)	(4,803)	1,467	1,173,360
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>3,071,455</u>	<u>1,115,043</u>	<u>1,318,338</u>	<u>4,803</u>	<u>205,486</u>	<u>5,715,125</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 4,023,533</u>	<u>\$ 1,838,510</u>	<u>\$ 819,489</u>	<u>\$ -</u>	<u>\$ 206,953</u>	<u>\$ 6,888,485</u>

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, 2023

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,173,360

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.

Capital additions of buildings and improvements	9,380
Capital additions of infrastructure	1,134,280
Capital additions of machinery and equipment	492,970
Capital additions of vehicles	83,632
Capital additions of right to use leased equipment	227,572
Depreciation expense	(818,756)
Amortization expense	(101,977)
	<u>1,027,101</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the Governmental Funds.

(55,601)

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of 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.

Financed purchase obligations issued	(429,270)
Leases issued	(227,572)
Principal paid on notes payable	344,000
Principal paid on financed purchase obligations	94,496
Principal paid on leases	73,099
	<u>(145,247)</u>

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:

Amortization of bond premiums and discounts	991
Amortization of deferred charges on refunding of debt	(9,989)
Changes in compensated absences	2,859
Changes in net pension liability and related deferrals	105,900
Changes in net OPEB liability and related deferrals	(81,071)
	<u>18,690</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,018,303

*See accompanying notes to the basic financial statements.*

**LOWER SALFORD TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

	Golf Course Enterprise Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 550,086
Inventory	77,264
Accounts receivable	7,293
Capital assets	
Land	4,623,197
Buildings and improvements	2,848,504
Furniture and fixtures	54,997
Golf course	8,075,247
Machinery and equipment	3,700,230
Accumulated depreciation	(12,672,337)
Right to use leased equipment	601,572
Accumulated amortization	(196,214)
<b>TOTAL ASSETS</b>	<u>7,669,839</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding of debt	<u>82,446</u>
<b>LIABILITIES</b>	
Accounts payable	58,911
Unearned revenue	128,099
Notes payable, current	1,196,000
Lease liabilities, current	113,963
Noncurrent liabilities	
Portion due or payable in more than one year	
Discount on notes payable, net	(4,311)
Premium on notes payable, net	12,329
Notes payable	3,836,000
Lease liabilities	315,985
<b>TOTAL LIABILITIES</b>	<u>5,656,976</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,647,676
Unrestricted	<u>447,633</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,095,309</u>

*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, 2023**

	<u>Golf Course Enterprise Fund</u>
OPERATING REVENUES	
Charges for services	\$ <u>2,487,457</u>
OPERATING EXPENSES	
Food and beverage	291,272
General and administrative	220,101
Golf operations	269,813
Marketing	2,765
Pro shop	55,337
Repairs and maintenance	62,371
Salaries and benefits	794,859
Depreciation	542,128
Amortization	164,701
TOTAL OPERATING EXPENSES	<u>2,403,347</u>
OPERATING INCOME	84,110
OTHER REVENUES (EXPENSES)	
Interest income	8,517
Interest expense	(95,104)
Loss on disposal of assets	(117,768)
Operating transfers in	404,718
Operating transfers out	<u>(65,000)</u>
TOTAL OTHER REVENUES	<u>135,363</u>
CHANGE IN NET POSITION	219,473
NET POSITION AT BEGINNING OF YEAR	<u>1,875,836</u>
NET POSITION AT END OF YEAR	<u>\$ <u>2,095,309</u></u>

*See accompanying notes to the basic financial statements.*

**LOWER SALFORD TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Golf Course Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,500,649
Payments to suppliers	(913,782)
Payments to employees	(806,831)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>780,036</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in from other funds, net	339,718
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>339,718</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(86,571)
Lease liability repayments	(132,627)
Principal payments on debt	(884,000)
Interest paid on long-term debt	(95,104)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,198,302)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	8,517
NET DECREASE IN CASH AND CASH EQUIVALENTS	(70,031)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>620,117</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 550,086</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 84,110
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	542,128
Amortization	164,701
Change in assets and liabilities	
Inventory	21,428
Accounts receivable	5,477
Accounts payable	(33,551)
Accrued payroll	(11,972)
Unearned revenue	7,715
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 780,036</u>
SUPPLEMENTAL DISCLOSURES	
Non-cash capital and related financial activities	
Right to use leased assets obtained in exchange for lease liabilities	<u>\$ 265,547</u>

*See accompanying notes to the basic financial statements.*

**LOWER SALFORD TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2023**

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	Pension and Other Benefit Funds	Custodial Funds
	<u>                    </u>	<u>                    </u>
ASSETS		
Cash and cash equivalents	\$ 151,003	\$ 641,184
Investments	<u>21,154,398</u>	<u>5,617</u>
TOTAL ASSETS	<u>\$ 21,305,401</u>	<u>\$ 646,801</u>
NET POSITION		
Restricted for benefits and other purposes	\$ 21,305,401	\$ -
Restricted for custodial purposes	<u>-</u>	<u>646,801</u>
TOTAL NET POSITION	<u>\$ 21,305,401</u>	<u>\$ 646,801</u>

*See accompanying notes to the basic financial statements.*

**LOWER SALFORD TOWNSHIP**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	Pension and Other Benefit Funds	Custodial Funds
	<u>                    </u>	<u>                    </u>
ADDITIONS		
Contributions		
Employer	\$ 455,033	\$ -
Plan members	83,265	-
State contributions	218,146	-
Developers	-	517,034
TOTAL CONTRIBUTIONS	<u>756,444</u>	<u>517,034</u>
Investment earnings		
Interest and dividends	689,292	8,750
Net increase in fair value of investments	2,311,370	-
Investment expenses	(46,865)	-
INVESTMENT EARNINGS, net	<u>2,953,797</u>	<u>8,750</u>
TOTAL ADDITIONS	<u>3,710,241</u>	<u>525,784</u>
DEDUCTIONS		
Benefit payments to retired plan participants	1,389,205	-
Administrative	18,300	-
Escrow payments	-	986,994
TOTAL DEDUCTIONS	<u>1,407,505</u>	<u>986,994</u>
CHANGE IN NET POSITION	2,302,736	(461,210)
NET POSITION AT BEGINNING OF YEAR	<u>19,002,665</u>	<u>1,108,011</u>
NET POSITION AT END OF YEAR	<u>\$ 21,305,401</u>	<u>\$ 646,801</u>

*See accompanying notes to the basic financial statements.*

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**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.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***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:

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

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 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.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

The General Fund and Special Revenue Funds with legally adopted budgets must have budgetary comparison schedules presented as required supplementary information to supplement the basic financial statements. For the year ended December 31, 2023, the American Rescue Plan Fund did not have a legally adopted budget.

**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.

All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital 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 \$5,000.

Depreciation of all exhaustible capital 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 Township has recorded right use leased assets as a result of implementing GASB Statement No. 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made prior to the term, less incentives, and plus ancillary charges necessary to place the asset into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	15-40
Furniture and fixtures	5
Golf course	15-40
Infrastructure	20-40
Equipment	3-15
Vehicles	5-15
Right to use leased equipment	5
Right to use leased vehicles	5

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

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. The deferred inflows related to lease receivables is reported in the government-wide statement of net position and Governmental Funds balance sheet.

**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 \$5,000 or more.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

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

Key estimates and judgments include how 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.

- The Township uses the implicit 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**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

**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 2023 is \$14,311.

**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.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 31, 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.

**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.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.
- ***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, 2023, 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.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**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, 2023, the Township had deposits of \$7,608,691. Of that amount \$500,000 is insured by the FDIC, \$62,690 is invested in state investment pools (uninsured) and the remaining balance of \$7,046,001 is secured under Act 72.

**Lower Salford Township Authority** - At December 31, 2023, the carrying amount of the Authority's deposits with financial institutions was \$1,111,482; the bank balance was \$1,167,872. Of the total bank balance, \$250,000 was insured by the FDIC. The amount uninsured and collateralized under the provisions of Act 72 was \$890,410. The amount uninsured and uncollateralized with state investment pools was \$27,462.

**Investments**

As of December 31, 2023, the Township had the following investments and maturities:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than 1 Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>			
State investment pools	\$ <u>369,552</u>	\$ <u>-</u>	\$ <u>369,552</u>
<b>CUSTODIAL FUNDS</b>			
State investment pools	\$ <u>5,617</u>	\$ <u>-</u>	\$ <u>5,617</u>
<b>PENSION ACTIVITIES</b>			
Mutual funds	\$ -	\$ 18,705,171	\$ 18,705,171
Exchange traded funds	<u>-</u>	<u>2,449,227</u>	<u>2,449,227</u>
	<u>\$ -</u>	<u>\$ 21,154,398</u>	<u>\$ 21,154,398</u>

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE B - DEPOSITS AND INVESTMENTS**

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, 2023, is \$375,169. 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, 2023, the Township's investment in the state investment pool was rated AAAM by Standard & Poor's.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township had \$375,169 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, 2023:

Investments in mutual funds and exchange traded funds of \$18,705,171 and \$2,449,227 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**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE B - DEPOSITS AND INVESTMENTS**

**Lower Salford Township Authority**

As of December 31, 2023, the Authority had the following investments and maturities:

Investment Type	Maturities	Amortized Cost
Certificates of deposit	Less than one year	\$ <u>6,925,438</u>

Certificates of deposit held by banks at December 31, 2023 were \$6,925,438. These amounts are stated at cost plus interest earned.

**NOTE C - CAPITAL ASSETS**

Capital assets are as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated / amortized				
Land	\$ 5,054,130	\$ -	\$ -	\$ 5,054,130
Construction in progress	15,967	-	-	15,967
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED / AMORTIZED</b>	<u>5,070,097</u>	<u>-</u>	<u>-</u>	<u>5,070,097</u>
Capital assets being depreciated / amortized				
Buildings and improvements	5,239,957	9,380	-	5,249,337
Infrastructure	10,796,425	1,134,280	-	11,930,705
Furniture and fixtures	89,355	-	-	89,355
Machinery and equipment	1,638,731	492,970	(159,801)	1,971,900
Vehicles	1,705,916	83,632	(65,000)	1,724,548
Right to use leased equipment	326,308	227,572	-	553,880
Right to use leased vehicles	63,183	-	-	63,183
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED / AMORTIZED</b>	<u>19,859,875</u>	<u>1,947,834</u>	<u>(224,801)</u>	<u>21,582,908</u>
Accumulated depreciation / amortization				
Buildings and improvements	(2,826,227)	(138,717)	-	(2,964,944)
Infrastructure	(2,899,436)	(450,723)	-	(3,350,159)
Furniture and fixtures	(83,755)	(1,400)	-	(85,155)
Machinery and equipment	(1,484,416)	(118,508)	159,801	(1,443,123)
Vehicles	(1,500,937)	(109,407)	65,000	(1,545,344)
Right to use leased equipment	(68,730)	(89,340)	-	(158,070)
Right to use leased vehicles	(12,637)	(12,638)	-	(25,275)
<b>TOTAL ACCUMULATED DEPRECIATION / AMORTIZATION</b>	<u>(8,876,138)</u>	<u>(920,733)</u>	<u>224,801</u>	<u>(9,572,070)</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED / AMORTIZED, net</b>	<u>10,983,737</u>	<u>1,027,101</u>	<u>-</u>	<u>12,010,838</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net</b>	<u>\$ 16,053,834</u>	<u>\$ 1,027,101</u>	<u>\$ -</u>	<u>\$ 17,080,935</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE C - CAPITAL ASSETS**

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated / amortized				
Land	\$ 4,623,197	\$ -	\$ -	\$ 4,623,197
Capital assets being depreciated / amortized				
Building and improvements	2,848,504	-	-	2,848,504
Furniture and fixtures	54,997	-	-	54,997
Golf course	8,068,485	6,762	-	8,075,247
Machinery and equipment	3,620,421	79,809	-	3,700,230
Right to use leased equipment	504,265	265,547	(168,240)	601,572
TOTAL CAPITAL ASSETS BEING DEPRECIATED / AMORTIZED	<u>15,096,672</u>	<u>352,118</u>	<u>(168,240)</u>	<u>15,280,550</u>
Accumulated depreciation / amortization				
Building and improvements	(1,279,461)	(71,213)	-	(1,350,674)
Furniture and fixtures	(45,467)	(2,535)	-	(48,002)
Golf course	(7,392,673)	(396,389)	-	(7,789,062)
Machinery and equipment	(3,412,609)	(71,990)	-	(3,484,599)
Right to use leased equipment	(96,788)	(149,898)	50,472	(196,214)
TOTAL ACCUMULATED DEPRECIATION / AMORTIZATION	<u>(12,226,998)</u>	<u>(692,025)</u>	<u>50,472</u>	<u>(12,868,551)</u>
 TOTAL CAPITAL ASSETS BEING DEPRECIATED / AMORTIZED, net	 <u>2,869,674</u>	 <u>(339,907)</u>	 <u>(117,768)</u>	 <u>2,411,999</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	 <u>\$ 7,492,871</u>	 <u>\$ (339,907)</u>	 <u>\$ (117,768)</u>	 <u>\$ 7,035,196</u>

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 70,288
Public safety	35,475
Parks and recreation	147,358
Highways	667,612
	<u>\$ 920,733</u>
 <b>BUSINESS-TYPE ACTIVITIES</b>	
Golf Course Enterprise Fund	<u>\$ 692,025</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE C - CAPITAL ASSETS**

**Lower Salford Township Authority**

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

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
CAPITAL ASSETS BEING DEPRECIATED				
Buildings, treatment facility and pumping stations	\$ 43,737,423	\$ 1,229,094	\$ -	\$ 44,966,517
Development costs	8,762,714	181,898	-	8,944,612
Machinery, equipment and vehicles	<u>1,297,910</u>	<u>14,537</u>	<u>-</u>	<u>1,312,447</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	53,798,047	1,425,529	-	55,223,576
Accumulated depreciation	<u>(28,606,374)</u>	<u>(1,339,935)</u>	<u>-</u>	<u>(29,946,309)</u>
 COMPONENT UNIT CAPITAL ASSETS, net	 <u>\$ 25,191,673</u>	 <u>\$ 85,594</u>	 <u>\$ -</u>	 <u>\$ 25,277,267</u>

**NOTE D - 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:

<u>Description</u>	<u>Term</u>	<u>Payment Amount</u>
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

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE D - LEASES**

At December 31, 2023, Lower Salford Township's receivable for lease payments was \$345,252. 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. At December 31, 2023, the balance of the deferred inflow of resources was \$316,391. Lease related revenues recognized as of December 31, 2023 were as follows:

<u>Lease-related Revenue</u>	<u>Year Ending December 31, 2023</u>
Lease Revenue	
Real Property	\$ 28,645
Interest Revenue	<u>14,433</u>
 TOTAL	 \$ <u><u>43,078</u></u>

The future maturity of lease receivables is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Receipts</u>
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	47,759	6,935	54,694
2029-2033	96,596	17,251	113,847
2034-2038	33,054	7,129	40,183
2039-2040	<u>17,665</u>	<u>749</u>	<u>18,414</u>
 TOTAL FUTURE RECEIPTS	 \$ <u><u>345,252</u></u>	 \$ <u><u>76,323</u></u>	 \$ <u><u>421,575</u></u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE D - LEASES**

**Lease Liabilities**

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%
Equipment	Annually through May 2028	53,073	5.35%

**BUSINESS-TYPE ACTIVITIES**

Description	Term	Payment Amount	Interest Rate
Equipment	Annually through May 2024	\$ 7,977	\$ 4.68%
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%
Equipment	Monthly through July 2027	1,293	4.83%
Equipment	Monthly through September 2028	5,554	4.80%

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE D - LEASES**

The future minimum lease obligations under the leases as of December 31, 2023 were as follows:

**GOVERNMENTAL ACTIVITIES**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 121,400	\$ 25,698	\$ 147,098
2025	112,954	19,236	132,190
2026	119,110	13,072	132,182
2027	103,930	6,815	110,745
2028	<u>50,378</u>	<u>2,695</u>	<u>53,073</u>
	<u>\$ 507,772</u>	<u>\$ 67,516</u>	<u>\$ 575,288</u>

**BUSINESS-TYPE ACTIVITIES**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 113,963	\$ 25,270	\$ 139,233
2025	107,471	19,990	127,461
2026	85,782	15,166	100,948
2027	78,846	10,940	89,786
2028	<u>43,886</u>	<u>-</u>	<u>43,886</u>
	<u>\$ 429,948</u>	<u>\$ 71,366</u>	<u>\$ 501,314</u>

Interest expense for the lease liabilities was \$16,493 and \$16,030 for the governmental activities and business-type activities, respectively for the year ended December 31, 2023.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE E - LONG-TERM OBLIGATIONS**

A summary of transactions affecting long-term obligations for the year ended December 31, 2023, is as follows:

	Balance January 1, 2023	Additions	Retirements	Balance December 31, 2023	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Notes payable					
Series of 2020	\$ 289,000	\$ -	\$ (289,000)	\$ -	\$ -
Series B of 2021	270,000	-	(41,000)	229,000	46,000
Series of 2022	161,000	-	(14,000)	147,000	15,000
Total notes payable	<u>720,000</u>	<u>-</u>	<u>(344,000)</u>	<u>376,000</u>	<u>61,000</u>
Financed purchase obligations	-	429,270	(94,496)	334,774	76,964
Deferred note discount	(1,095)	-	220	(875)	-
Deferred note premium	3,464	-	(1,211)	2,253	-
Leases	353,299	227,572	(73,099)	507,772	121,400
Compensated absences	39,154	-	(2,859)	36,295	-
Net Pension liability	2,677,022	-	(2,174,461)	502,561	-
Net OPEB obligation	<u>2,337,087</u>	<u>-</u>	<u>(193,195)</u>	<u>2,143,892</u>	<u>-</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 6,128,931</u>	<u>\$ 656,842</u>	<u>\$ (2,883,101)</u>	<u>\$ 3,902,672</u>	<u>\$ 259,364</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Notes payable					
Series B of 2002	\$ 1,201,000	\$ -	\$ (226,000)	\$ 975,000	\$ 233,000
Series of 2005	191,000	-	(98,000)	93,000	93,000
Series of 2020	2,211,000	-	(230,000)	1,981,000	506,000
Series B of 2021	2,313,000	-	(330,000)	1,983,000	364,000
Total notes payable	<u>5,916,000</u>	<u>-</u>	<u>(884,000)</u>	<u>5,032,000</u>	<u>1,196,000</u>
Deferred note discount	(5,173)	-	862	(4,311)	-
Deferred note premium	15,410	-	(3,081)	12,329	-
Leases	<u>297,028</u>	<u>265,547</u>	<u>(132,627)</u>	<u>429,948</u>	<u>113,963</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>\$ 6,223,265</u>	<u>\$ 265,547</u>	<u>\$ (1,018,846)</u>	<u>\$ 5,469,966</u>	<u>\$ 1,309,963</u>

For the governmental activities, all of the long-term liabilities are generally liquidated by the General Fund and Capital Reserve Fund. For the business-type activities, all of the long-term liabilities are liquidated by the Golf Course Enterprise Fund.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE E - LONG-TERM OBLIGATIONS**

**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.

As of December 31, 2023, notes payable consisted of the following:

***Governmental Activities***

Note payable, Series B of 2021, Webster Bank, bearing interest at a fixed rate of 1.106%, payable semi-annually, final maturity in 2028.	\$ 229,000
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.	147,000
	<u>376,000</u>
Current Portion	<u>(61,000)</u>
	<u>\$ 315,000</u>

***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.	\$ 975,000
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.	93,000
Notes payable, Series of 2020, Delaware Valley Regional Finance Authority, bearing interest at fixed rate of 1%, payable monthly, final maturity in 2028.	1,981,000
Note payable, Series B of 2021, Webster Bank, bearing interest at a fixed rate of 1.106%, payable semi-annually, final maturity in 2028.	1,983,000
	<u>5,032,000</u>
Current portion	<u>(1,196,000)</u>
	<u>\$ 3,836,000</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE E - LONG-TERM OBLIGATIONS**

**Financed Purchase Obligations**

The Township's financed purchase obligations are governmental activities.

As of December 31, 2023, financed purchase obligations consisted of the following:

During the current fiscal year, the Township entered into a financed purchase obligation for the purchase of public works machinery and equipment in the amount of \$143,909, bearing interest at a fixed rate of 6.15%, payable annually, final maturity in October 2027.	\$ 111,593
During the current fiscal year, the Township entered into a financed purchase obligation for the purchase of public works machinery and equipment in the amount of \$285,361, bearing interest at a fixed rate of 5.35%, payable annually, final maturity in May 2027.	223,181
	<u>334,774</u>
Current Portion	<u>(76,964)</u>
	<u>\$ 257,810</u>

The annual debt service requirements to maturity, including principal and interest, for governmental and business-type activities as of December 31, 2023, are as follows:

Year Ending December 31,	Governmental Activities		Financed Purchase Obligations	
	Principal	Interest	Principal	Interest
2024	\$ 61,000	\$ 6,490	\$ 76,964	\$ 18,804
2025	61,000	5,552	81,286	14,483
2026	61,000	4,613	85,850	9,917
2027	62,000	3,674	90,674	5,094
2028	61,000	2,713	-	-
2029-2032	70,000	5,071	-	-
	<u>\$ 376,000</u>	<u>\$ 28,113</u>	<u>\$ 334,774</u>	<u>\$ 48,298</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE E - LONG-TERM OBLIGATIONS**

Year Ending December 31,	Business-Type Activities	
	Notes Payable	
	Principal	Interest
2024	\$ 1,196,000	\$ 48,758
2025	1,206,000	35,351
2026	1,224,000	22,077
2027	1,236,000	8,611
2028	170,000	919
	<u>\$ 5,032,000</u>	<u>\$ 115,716</u>

**NOTE F - 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 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 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 10 members--the Chairman of the Board of Supervisors, Township Manager, Finance Director, Public Works Director, Authority Business Manager, Authority Board Secretary, Police Department Administrative Assistant, and three sworn police officers appointed by the Township. The Pension Board is responsible for managing, investing and monitoring the Township's Police Pension Fund.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

**Plan Membership** - At December 31, 2023, 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	2
Active plan members	<u>19</u>
	<u><u>34</u></u>

**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.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

**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, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	60%
International equity	10%
Fixed income	<u>30%</u>
	<u>100%</u>

**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, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 16.66%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

**Net Pension Liability of the Township**

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

Total pension liability	\$ 14,462,703
Plan fiduciary net position	<u>(13,981,612)</u>
NET PENSION LIABILITY	<u>\$ 481,091</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>96.67%</u>

**Actuarial Assumptions** - The total pension liability was determined by rolling forward the liability from an actuarial valuation as of January 1, 2023. 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-2021 to reflect mortality improvement.

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

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

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, 2023 (see the plan's investment policy), are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
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, 2022	\$ 14,824,696	\$ 12,514,276	\$ 2,310,420
Changes for the year			
Service cost	389,082	-	389,082
Interest	938,622	-	938,622
Differences between expected and actual experience	(573,027)	-	(573,027)
Contributions			
Employer	-	556,164	(556,164)
Member	-	83,265	(83,265)
Net investment income	-	1,953,977	(1,953,977)
Benefit payments	(1,116,670)	(1,116,670)	-
Administrative expense	-	(9,400)	9,400
<b>NET CHANGES</b>	<b>(361,993)</b>	<b>1,467,336</b>	<b>(1,829,329)</b>
BALANCE AT DECEMBER 31, 2023	<b>\$ 14,462,703</b>	<b>\$ 13,981,612</b>	<b>\$ 481,091</b>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE F - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

**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	\$ <u>2,308,084</u>	\$ <u>481,091</u>	\$ <u>(1,031,248)</u>

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended December 31, 2023, the Township recognized pension expense of \$431,144. At December 31, 2023, 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	\$ 42,647	\$ 626,519
Changes in assumptions	422,602	-
Net difference between projected and actual earnings on pension plan investments	<u>807,002</u>	<u>-</u>
<b>TOTALS</b>	<b>\$ <u>1,272,251</u></b>	<b>\$ <u>626,519</u></b>

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

<u>Year Ending</u> <u>December 31,</u>	
2024	\$ 263,861
2025	417,786
2026	434,804
2027	(306,997)
2028	(81,861)
Thereafter	<u>(81,861)</u>
	<b>\$ <u>645,732</u></b>

**LOWER SALFORD TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2023

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**NOTE G - 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 10 members--the Chairman of the Board of Supervisors, Township Manager, Finance Director, Public Works Director, Authority Business Manager, Authority Board Secretary, Police Department Administrative Assistant, and three sworn police officers 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, 2023, 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	10
Active plan members	<u>15</u>
	<u>44</u>

**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.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE G - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)**

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, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	60%
International equity	10%
Fixed income	<u>30%</u>
	<u>100%</u>

**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, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 16.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE G - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)**

**Net Pension Liability of the Township**

The net pension liability was measured as of December 31, 2023 and the total pension liability was determined by rolling forward the assets from an actuarial valuation as of January 1, 2023. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end:

Total pension liability	\$ 7,359,547
Plan fiduciary net position	<u>(7,323,789)</u>
NET PENSION LIABILITY	<u>\$ 35,758</u>

Plan fiduciary net position as a percentage of the total pension liability	<u>99.51%</u>
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**Actuarial Assumptions** - The total pension liability in the January 1, 2023 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-2021 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, 2023 (see the plan's investment policy), are summarized in the following table:

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

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE G - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)**

**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)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
BALANCE AT DECEMBER 31, 2022	\$ 7,083,264	\$ 6,488,389	\$ 594,875
Changes for the year			
Service cost	100,471	-	100,471
Interest	475,183	-	475,183
Differences between expected and actual experience	11,408	-	11,408
Contributions			
Employer	-	117,015	(117,015)
Net investment income	-	1,038,064	(1,038,064)
Benefit payments	(310,779)	(310,779)	-
Administrative expense	-	(8,900)	8,900
	<u>                    </u>	<u>                    </u>	<u>                    </u>
NET CHANGES	<u>276,283</u>	<u>835,400</u>	<u>(559,117)</u>
BALANCE AT DECEMBER 31, 2023	<u>\$ 7,359,547</u>	<u>\$ 7,323,789</u>	<u>\$ 35,758</u>

**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%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net pension liability	<u>\$ 802,662</u>	<u>\$ 35,758</u>	<u>\$ (624,162)</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE G - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - For the year ended December 31, 2023, the Township and Authority recognized pension expense of \$137,411. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>GOVERNMENTAL ACTIVITIES</b>		
Difference between expected and actual experience	\$ 4,566	\$ -
Net difference between projected and actual earnings on pension plan investments	<u>265,338</u>	<u>-</u>
<b>TOTALS</b>	<b>\$ <u>269,904</u></b>	<b>\$ <u>-</u></b>
<b>LOWER SALFORD TOWNSHIP AUTHORITY</b>		
Difference between expected and actual experience	\$ 3,039	\$ -
Net difference between projected and actual earnings on pension plan investments	<u>176,571</u>	<u>-</u>
<b>TOTALS</b>	<b>\$ <u>179,610</u></b>	<b>\$ <u>-</u></b>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE G - DEFINED BENEFIT PENSION PLAN (TOWNSHIP AND AUTHORITY PLAN)**

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Lower Salford Township Authority</u>
2024	\$ 57,037	\$ 37,956
2025	114,184	75,985
2026	171,567	114,171
2027	(72,884)	(48,502)
2028	-	-
Thereafter	-	-
	<u>\$ 269,904</u>	<u>\$ 179,610</u>

**NOTE H - 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 Uninvest. 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 2023 of \$42,258 to the Plan.

At December 31, 2023, there were no investments in any one organization that represented 5% or more of total plan assets available for benefits other than mutual funds.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE I - 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, 2023, 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** - 4.31%, based on S&P Municipal Bond 20 Year High Grade Rate Index at January 1, 2023.

**LOWER SALFORD TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2023

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**NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**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 headcount-weighted mortality table including rates for contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 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. The resulting costs are as follows:

Age	Medical and Prescription Drug Combined	
	Males	Females
45-49	\$11,783	\$17,017
50-54	\$15,605	\$19,233
55-59	\$19,007	\$20,124
60-64	\$24,803	\$23,118

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

**Health Care Cost Trend Rate** - 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% 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.

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**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.

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

**Changes in Assumptions** - The discount rate changed from 2.25 % to 4.31%. The mortality assumption was updated.

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance at January 1, 2022	\$ <u>2,337,087</u>
Changes for the year	
Service cost	163,380
Interest cost	55,239
Differences between expected and actual experience	-
Changes in assumptions	(328,038)
Benefit payments	<u>(83,776)</u>
Net changes	<u>(193,195)</u>
Balance at January 1, 2023	\$ <u><u>2,143,892</u></u>

**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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current discount rate:

	1% Decrease <u>3.31%</u>	Current Discount Rate <u>4.31%</u>	1% Increase <u>5.31%</u>
Net OPEB liability	\$ <u>2,349,683</u>	\$ <u>2,143,892</u>	\$ <u>1,958,550</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

***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:

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
Net OPEB liability	\$ <u>1,896,437</u>	\$ <u>2,143,892</u>	\$ <u>2,434,097</u>

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

For the year ended December 31, 2023, the Plan recognized OPEB expense of \$170,650. At December 31, 2023, the Plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 282,657	\$ 376,174
Difference between expected and actual experience	-	342,809
Benefit payments subsequent to the measurement date	<u>89,579</u>	<u>-</u>
	<u>\$ 372,236</u>	<u>\$ 718,983</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE I - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

\$89,579 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>December 31,</u>		
2024	\$	(47,969)
2025		(47,969)
2026		(47,969)
2027		(47,969)
2028		(24,087)
Thereafter		<u>(220,363)</u>
	\$	<u>(436,326)</u>

**NOTE J - INTERFUNDS**

Interfund transfers were comprised of the following amounts on an individual fund basis at December 31, 2023:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
GENERAL FUND	\$ 159,870	\$ 954,718
CAPITAL PROJECTS FUND		
Capital Reserve Fund	625,000	75,000
SPECIAL REVENUE FUNDS		
American Rescue Plan Fund	-	19,870
Park Fund	-	<u>75,000</u>
TOTAL SPECIAL REVENUE FUNDS	-	94,870
ENTERPRISE FUND		
Golf Course Enterprise Fund	<u>404,718</u>	<u>65,000</u>
	\$ <u>1,189,588</u>	\$ <u>1,189,588</u>

**LOWER SALFORD TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE J - INTERFUNDS**

	Due	
	<u>To</u>	<u>From</u>
GENERAL FUND	\$ -	\$ 250,000
SPECIAL REVENUE FUNDS		
Ambulance Fund	<u>250,000</u>	<u>-</u>
	<u>\$ 250,000</u>	<u>\$ 250,000</u>

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 K - 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 L - 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.

**LOWER SALFORD TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE M - 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 2023.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LOWER SALFORD TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Act 511 taxes	\$ 4,125,000	\$ 4,125,000	\$ 4,797,331	\$ 672,331
Real estate taxes, net	2,302,000	2,302,000	2,342,999	40,999
Real estate transfer tax	450,000	450,000	619,416	169,416
Franchise fees	302,500	302,500	281,458	(21,042)
Licenses and permits	305,000	305,000	762,661	457,661
Fees and fines	25,100	25,100	24,193	(907)
Interest income	25,000	25,000	96,376	71,376
Rental income	69,000	69,000	85,465	16,465
Intergovernmental revenues	878,288	878,288	1,133,649	255,361
Charges for services	107,990	107,990	37,463	(70,527)
Miscellaneous revenue	105,000	105,000	46,764	(58,236)
TOTAL REVENUES	<u>8,694,878</u>	<u>8,694,878</u>	<u>10,227,775</u>	<u>1,532,897</u>
<b>EXPENDITURES</b>				
General government	1,594,570	1,594,570	1,606,169	(11,599)
Public safety				
Police	4,574,672	4,574,672	4,353,177	221,495
Other	435,228	435,228	535,406	(100,178)
Public works, highways and streets	1,581,958	1,581,958	1,508,763	73,195
Culture and recreation	182,820	182,820	251,747	(68,927)
Miscellaneous expenditures	2,000	2,000	-	2,000
Debt service				
Principal retirement	1,086,079	1,086,079	328,800	757,279
Interest paid	-	-	10,302	(10,302)
TOTAL EXPENDITURES	<u>9,457,327</u>	<u>9,457,327</u>	<u>8,594,364</u>	<u>862,963</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(762,449)</u>	<u>(762,449)</u>	<u>1,633,411</u>	<u>2,395,860</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	187,500	187,500	159,870	27,630
Transfers out	(600,000)	(600,000)	(954,718)	354,718
Proceeds from sale of fixed assets	10,000	10,000	113,515	103,515
TOTAL OTHER FINANCING SOURCES (USES)	<u>(402,500)</u>	<u>(402,500)</u>	<u>(681,333)</u>	<u>485,863</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,164,949)</u>	<u>\$ (1,164,949)</u>	952,078	<u>\$ 2,881,723</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>3,071,455</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 4,023,533</u>	

**LOWER SALFORD TOWNSHIP**  
**SCHEDULE OF CHANGES IN THE NET POLICE**  
**PENSION PLAN LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**

	2023	2022	2021	2020
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 389,082	\$ 358,028	\$ 343,432	\$ 284,073
Interest	938,622	873,099	1,262,099	834,672
Changes of benefit terms				
Differences between expected and actual experience	(573,027)	-	106,616	-
Changes of assumptions	-	-	713,362	-
Benefit payments	(1,116,670)	(405,930)	(735,234)	(236,049)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>(361,993)</b>	<b>825,197</b>	<b>1,690,275</b>	<b>882,696</b>
Total pension liability, beginning	14,824,696	13,999,499	12,309,224	11,426,528
<b>TOTAL PENSION LIABILITY, ENDING (a)</b>	<b>\$ 14,462,703</b>	<b>\$ 14,824,696</b>	<b>\$ 13,999,499</b>	<b>\$ 12,309,224</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions				
Employer	\$ 556,164	\$ 483,744	\$ 592,597	\$ 489,419
Member	83,265	82,516	78,014	67,935
Net investment income (loss)	1,953,977	(2,688,127)	1,806,047	1,606,823
Benefit payments, including refunds of member contributions	(1,116,670)	(405,930)	(735,234)	(236,049)
Administrative expense	(9,400)	(4,300)	(8,750)	(3,300)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>1,467,336</b>	<b>(2,532,097)</b>	<b>1,732,674</b>	<b>1,924,828</b>
Plan fiduciary net position, beginning	12,514,276	15,046,373	13,313,699	11,388,871
<b>PLAN FIDUCIARY NET POSITION, ENDING (b)</b>	<b>\$ 13,981,612</b>	<b>\$ 12,514,276</b>	<b>\$ 15,046,373</b>	<b>\$ 13,313,699</b>
<b>NET PENSION LIABILITY (ASSET), ENDING (a)-(b)</b>	<b>\$ 481,091</b>	<b>\$ 2,310,420</b>	<b>\$ (1,046,874)</b>	<b>\$ (1,004,475)</b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>96.67%</b>	<b>84.42%</b>	<b>107.48%</b>	<b>108.16%</b>
<b>COVERED PAYROLL</b>	<b>\$ 2,368,942</b>	<b>\$ 2,224,566</b>	<b>\$ 1,977,766</b>	<b>\$ 1,850,505</b>
<b>NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL</b>	<b>20.31%</b>	<b>103.86%</b>	<b>-52.93%</b>	<b>-54.28%</b>

**NOTES TO SCHEDULE**

In 2021, amounts reported 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 reported 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 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 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.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	272,492	\$ 290,365	\$ 277,861	\$ 284,909	\$ 255,967	\$ 244,945
	794,589	734,053	692,272	624,719	572,039	528,949
	(473,728)	-	66,813	-	(340,481)	-
	480,391	-	-	(111,273)	438,671	-
	<u>(236,049)</u>	<u>(236,631)</u>	<u>(243,038)</u>	<u>(241,609)</u>	<u>(205,974)</u>	<u>(192,765)</u>
	837,695	787,787	793,908	556,746	720,222	581,129
	<u>10,588,833</u>	<u>9,801,046</u>	<u>9,007,138</u>	<u>8,450,392</u>	<u>7,730,170</u>	<u>7,149,041</u>
\$	<u><u>11,426,528</u></u>	<u><u>10,588,833</u></u>	<u><u>9,801,046</u></u>	<u><u>9,007,138</u></u>	<u><u>8,450,392</u></u>	<u><u>7,730,170</u></u>
\$	463,373	\$ 469,682	\$ 449,956	\$ 440,291	\$ 392,303	\$ 381,761
	62,897	62,697	76,787	74,808	71,143	66,120
	1,964,406	(721,765)	1,319,061	583,280	(44,646)	517,400
	(236,049)	(236,631)	(243,038)	(241,609)	(205,974)	(192,765)
	<u>(8,500)</u>	<u>(4,400)</u>	<u>(11,340)</u>	<u>(28,185)</u>	<u>(38,280)</u>	<u>(18,182)</u>
	2,246,127	(430,417)	1,591,426	828,585	174,546	754,334
	<u>9,142,744</u>	<u>9,573,161</u>	<u>7,981,735</u>	<u>7,153,150</u>	<u>6,978,604</u>	<u>6,224,270</u>
\$	<u><u>11,388,871</u></u>	<u><u>9,142,744</u></u>	<u><u>9,573,161</u></u>	<u><u>7,981,735</u></u>	<u><u>7,153,150</u></u>	<u><u>6,978,604</u></u>
\$	<u><u>37,657</u></u>	<u><u>1,446,089</u></u>	<u><u>227,885</u></u>	<u><u>1,025,403</u></u>	<u><u>1,297,242</u></u>	<u><u>751,566</u></u>
	<u>99.67%</u>	<u>86.34%</u>	<u>97.67%</u>	<u>88.62%</u>	<u>84.65%</u>	<u>90.28%</u>
\$	<u><u>1,714,703</u></u>	<u><u>1,648,397</u></u>	<u><u>1,986,275</u></u>	<u><u>1,999,007</u></u>	<u><u>1,905,532</u></u>	<u><u>1,745,838</u></u>
	<u>2.20%</u>	<u>87.73%</u>	<u>11.47%</u>	<u>51.30%</u>	<u>68.08%</u>	<u>43.05%</u>

**LOWER SALFORD TOWNSHIP**  
**SCHEDULE OF POLICE PENSION PLAN CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 556,164	\$ 483,744	\$ 554,532	\$ 489,419
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>556,164</u>	<u>483,744</u>	<u>592,597</u>	<u>489,419</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,065)</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 2,368,942</u>	<u>\$ 2,224,566</u>	<u>\$ 1,977,766</u>	<u>\$ 1,850,505</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>23.48%</u>	<u>21.75%</u>	<u>29.96%</u>	<u>26.45%</u>

**NOTES TO SCHEDULE**

Valuation date: January 1, 2023

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	5 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of 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	PubS-2010 Mortality Table. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 463,373	\$ 469,682	\$ 449,956	\$ 440,291	\$ 392,303	\$ 381,761
<u>463,373</u>	<u>469,682</u>	<u>449,956</u>	<u>440,291</u>	<u>392,303</u>	<u>381,761</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>1,714,703</u>	\$ <u>1,648,397</u>	\$ <u>1,986,275</u>	\$ <u>1,999,007</u>	\$ <u>1,905,532</u>	\$ <u>1,745,838</u>
<u>27.02%</u>	<u>28.49%</u>	<u>22.65%</u>	<u>22.03%</u>	<u>20.59%</u>	<u>21.87%</u>

# LOWER SALFORD TOWNSHIP

## SCHEDULE OF POLICE PENSION PLAN INVESTMENT RETURNS LAST TEN FISCAL YEARS

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	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>16.66%</u>	<u>-18.43%</u>	<u>13.64%</u>	<u>14.92%</u>

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u><u>21.76%</u></u>	<u><u>-7.55%</u></u>	<u><u>16.59%</u></u>	<u><u>7.58%</u></u>	<u><u>-0.92%</u></u>	<u><u>8.02%</u></u>

**LOWER SALFORD TOWNSHIP**  
**SCHEDULE OF CHANGES IN THE NET TOWNSHIP AND**  
**AUTHORITY PENSION PLAN LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**

	2023	2022	2021	2020
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 100,471	\$ 114,419	\$ 110,018	\$ 153,423
Interest	475,183	457,555	440,189	429,336
Differences between expected and actual experience	11,408	-	(51,616)	-
Changes of assumptions	-	-	167,683	-
Benefit payments	(310,779)	(305,774)	(288,895)	(246,048)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>276,283</b>	<b>266,200</b>	<b>377,379</b>	<b>336,711</b>
Total pension liability, beginning	7,083,264	6,817,064	6,439,685	6,102,974
<b>TOTAL PENSION LIABILITY, ENDING (a)</b>	<b>\$ 7,359,547</b>	<b>\$ 7,083,264</b>	<b>\$ 6,817,064</b>	<b>\$ 6,439,685</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions, employer	\$ 117,015	\$ 116,232	\$ 247,458	\$ 285,820
Net investment income (loss)	1,038,064	(1,490,462)	983,894	917,234
Benefit payments, including refunds of member contributions	(310,779)	(305,774)	(288,895)	(246,048)
Administrative expense	(8,900)	(6,000)	(8,200)	(3,700)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>835,400</b>	<b>(1,686,004)</b>	<b>934,257</b>	<b>953,306</b>
Plan fiduciary net position, beginning	6,488,389	8,174,393	7,240,136	6,286,830
<b>PLAN FIDUCIARY NET POSITION, ENDING (b)</b>	<b>\$ 7,323,789</b>	<b>\$ 6,488,389</b>	<b>\$ 8,174,393</b>	<b>\$ 7,240,136</b>
<b>NET PENSION LIABILITY (ASSET), ENDING (a)-(b)</b>	<b>\$ 35,758</b>	<b>\$ 594,875</b>	<b>\$ (1,357,329)</b>	<b>\$ (800,451)</b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>99.51%</b>	<b>91.60%</b>	<b>119.91%</b>	<b>112.43%</b>
<b>COVERED PAYROLL</b>	<b>\$ 1,293,236</b>	<b>\$ 1,222,168</b>	<b>\$ 1,173,269</b>	<b>\$ 1,305,396</b>
<b>NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL</b>	<b>2.77%</b>	<b>48.67%</b>	<b>-115.69%</b>	<b>-61.32%</b>

**NOTES TO SCHEDULE**

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.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	147,522	\$ 166,422	\$ 160,021	\$ 184,622	\$ 147,817	\$ 142,132
	407,378	382,981	359,486	341,332	298,201	277,458
	(86,718)	-	(145,189)	-	(110,628)	-
	136,414	-	-	(122,308)	415,614	-
	<u>(248,183)</u>	<u>(215,157)</u>	<u>(165,360)</u>	<u>(152,929)</u>	<u>(116,751)</u>	<u>(129,775)</u>
	356,413	334,246	208,958	250,717	634,253	289,815
	<u>5,746,561</u>	<u>5,412,315</u>	<u>5,203,357</u>	<u>4,952,640</u>	<u>4,318,387</u>	<u>4,028,572</u>
\$	<u><u>6,102,974</u></u>	<u><u>5,746,561</u></u>	<u><u>5,412,315</u></u>	<u><u>5,203,357</u></u>	<u><u>4,952,640</u></u>	<u><u>4,318,387</u></u>
\$	287,416	\$ 313,576	\$ 313,745	\$ 336,845	\$ 259,467	\$ 242,099
	1,109,765	(408,804)	752,609	332,876	(23,794)	324,024
	(248,183)	(215,157)	(165,360)	(152,929)	(116,751)	(129,775)
	<u>(7,400)</u>	<u>(3,970)</u>	<u>(9,790)</u>	<u>(26,508)</u>	<u>(33,986)</u>	<u>(10,416)</u>
	1,141,598	(314,355)	891,204	490,284	84,936	425,932
	<u>5,145,232</u>	<u>5,459,587</u>	<u>4,568,383</u>	<u>4,078,099</u>	<u>3,993,163</u>	<u>3,567,231</u>
\$	<u><u>6,286,830</u></u>	<u><u>5,145,232</u></u>	<u><u>5,459,587</u></u>	<u><u>4,568,383</u></u>	<u><u>4,078,099</u></u>	<u><u>3,993,163</u></u>
\$	<u><u>(183,856)</u></u>	<u><u>601,329</u></u>	<u><u>(47,272)</u></u>	<u><u>634,974</u></u>	<u><u>874,541</u></u>	<u><u>325,224</u></u>
	<u>103.01%</u>	<u>89.54%</u>	<u>100.87%</u>	<u>87.80%</u>	<u>82.34%</u>	<u>92.47%</u>
\$	<u><u>1,342,846</u></u>	<u><u>1,357,551</u></u>	<u><u>1,539,746</u></u>	<u><u>1,655,705</u></u>	<u><u>1,716,516</u></u>	<u><u>1,634,978</u></u>
	<u><u>-13.69%</u></u>	<u><u>44.30%</u></u>	<u><u>-3.07%</u></u>	<u><u>38.35%</u></u>	<u><u>50.95%</u></u>	<u><u>19.89%</u></u>

**LOWER SALFORD TOWNSHIP**  
**SCHEDULE OF TOWNSHIP AND AUTHORITY**  
**PENSION PLAN CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 117,015	\$ 116,232	\$ 247,458	\$ 285,820
CONTRIBUTIONS IN RELATION TO THE ACTUARIAL DETERMINED CONTRIBUTION	<u>117,015</u>	<u>116,232</u>	<u>247,458</u>	<u>285,820</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 1,293,236</u>	<u>\$ 1,222,168</u>	<u>\$ 1,173,269</u>	<u>\$ 1,305,396</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>9.05%</u>	<u>9.51%</u>	<u>21.09%</u>	<u>21.90%</u>

**NOTES TO SCHEDULE**

Valuation date:

January 1, 2023

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 closed
Remaining amortization period	N/A
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value.
Inflation	3.0%
Salary increases	4.25% annual increase
Investment rate of return	6.75%
Retirement age	Normal retirement age (65)
Mortality	PubG-2010 Mortality Table.
	Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 287,416	\$ 313,576	\$ 313,745	\$ 336,845	\$ 259,467	\$ 242,099
<u>287,416</u>	<u>313,576</u>	<u>313,745</u>	<u>336,845</u>	<u>259,467</u>	<u>242,099</u>
\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>
\$ <u>1,342,846</u>	\$ <u>1,357,551</u>	\$ <u>1,539,746</u>	\$ <u>1,655,705</u>	\$ <u>1,716,516</u>	\$ <u>1,634,978</u>
<u>21.40%</u>	<u>23.10%</u>	<u>20.38%</u>	<u>20.34%</u>	<u>15.12%</u>	<u>14.81%</u>

**LOWER SALFORD TOWNSHIP**  
SCHEDULE OF TOWNSHIP AND AUTHORITY  
PENSION PLAN INVESTMENT RETURNS  
LAST TEN FISCAL YEARS

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	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ANNUAL MONEY-WEIGHTED RATE OF OF RETURN, NET OF INVESTMENT EXPENSE	<u>16.52%</u>	<u>-18.52%</u>	<u>13.78%</u>	<u>14.74%</u>

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u><u>21.83%</u></u>	<u><u>-7.56%</u></u>	<u><u>16.63%</u></u>	<u><u>7.61%</u></u>	<u><u>-0.88%</u></u>	<u><u>8.53%</u></u>

# LOWER SALFORD TOWNSHIP

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

	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY						
Service cost	\$ 163,380	\$ 168,695	\$ 122,862	\$ 103,130	\$ 108,970	\$ 111,726
Interest	55,239	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	(328,038)	(45,080)	318,024	79,304	(82,149)	66,461
Benefit payments	(83,776)	(89,200)	(71,904)	(64,982)	(60,438)	(64,942)
NET CHANGE IN TOTAL OPEB LIABILITY	(193,195)	(163,048)	438,913	157,303	28,069	(115,365)
TOTAL OPEB LIABILITY, BEGINNING	2,337,087	2,500,135	2,061,222	1,903,919	1,875,850	1,991,215
TOTAL OPEB LIABILITY, ENDING (a)	<u>\$ 2,143,892</u>	<u>\$ 2,337,087</u>	<u>\$ 2,500,135</u>	<u>\$ 2,061,222</u>	<u>\$ 1,903,919</u>	<u>\$ 1,875,850</u>
COVERED PAYROLL	<u>\$ 2,126,718</u>	<u>\$ 2,126,718</u>	<u>\$ 2,168,452</u>	<u>\$ 2,168,452</u>	<u>\$ 1,986,276</u>	<u>\$ 1,986,276</u>
TOWNSHIP'S TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	<u>100.81%</u>	<u>109.89%</u>	<u>115.30%</u>	<u>95.05%</u>	<u>95.85%</u>	<u>94.44%</u>

### NOTES TO SCHEDULE

Changes in assumptions: In the January 1, 2023 actuarial valuation, the discount rate changed from 2.25% to 4.31%. The trend and mortality assumptions were updated. 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, 2023**

	Fire Protection Fund	Ambulance Fund	Liquid Fuels Fund	Park Fund	Library Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,240	\$ 2,487	\$ 171,494	\$ 8,513	\$ 14,181	\$ 199,915
Accounts receivable	-	-	-	3,850	-	3,850
Taxes receivable, net	1,015	1,805	-	536	1,861	5,217
Prepaid items	-	250,000	-	-	-	250,000
<b>TOTAL ASSETS</b>	<b>\$ 4,255</b>	<b>\$ 254,292</b>	<b>\$ 171,494</b>	<b>\$ 12,899</b>	<b>\$ 16,042</b>	<b>\$ 458,982</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 387	\$ 687	\$ -	\$ 245	\$ 710	\$ 2,029
Due to other funds	-	250,000	-	-	-	250,000
<b>TOTAL LIABILITIES</b>	<b>387</b>	<b>250,687</b>	<b>-</b>	<b>245</b>	<b>710</b>	<b>252,029</b>
<b>FUND BALANCES</b>						
<b>Nonspendable</b>						
Prepaid items	-	250,000	-	-	-	250,000
<b>Restricted</b>						
Fire protection	3,868	-	-	-	-	3,868
Liquid fuels	-	-	171,494	-	-	171,494
Parks	-	-	-	12,654	-	12,654
Library	-	-	-	-	15,332	15,332
Unassigned	-	(246,395)	-	-	-	(246,395)
<b>TOTAL FUND BALANCES</b>	<b>3,868</b>	<b>3,605</b>	<b>171,494</b>	<b>12,654</b>	<b>15,332</b>	<b>206,953</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,255</b>	<b>\$ 254,292</b>	<b>\$ 171,494</b>	<b>\$ 12,899</b>	<b>\$ 16,042</b>	<b>\$ 458,982</b>

**LOWER SALFORD TOWNSHIP**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	Fire Protection Fund	Ambulance Fund	Liquid Fuels Fund	Park Fund	Library Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>						
Real estate taxes, net	\$ 206,157	\$ 366,156	\$ -	\$ 108,805	\$ 377,952	\$ 1,059,070
Interest income	104	54	6,433	280	1,650	8,521
Lease income	-	-	-	31,890	-	31,890
Intergovernmental revenues	-	-	544,713	-	-	544,713
Miscellaneous revenue	-	-	-	4,852	-	4,852
TOTAL REVENUES	<u>206,261</u>	<u>366,210</u>	<u>551,146</u>	<u>145,827</u>	<u>379,602</u>	<u>1,649,046</u>
<b>EXPENDITURES</b>						
Public safety, other	206,088	363,534	-	-	-	569,622
Public works, highways and streets	-	-	556,010	-	-	556,010
Culture and recreation	-	-	-	79,388	367,559	446,947
TOTAL EXPENDITURES	<u>206,088</u>	<u>363,534</u>	<u>556,010</u>	<u>79,388</u>	<u>367,559</u>	<u>1,572,579</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	173	2,676	(4,864)	66,439	12,043	76,467
<b>OTHER FINANCING USES</b>						
Transfers out	-	-	-	(75,000)	-	(75,000)
NET CHANGE IN FUND BALANCES	173	2,676	(4,864)	(8,561)	12,043	1,467
<b>FUND BALANCES AT BEGINNING OF YEAR</b>						
	<u>3,695</u>	<u>929</u>	<u>176,358</u>	<u>21,215</u>	<u>3,289</u>	<u>205,486</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,868</u>	<u>\$ 3,605</u>	<u>\$ 171,494</u>	<u>\$ 12,654</u>	<u>\$ 15,332</u>	<u>\$ 206,953</u>

**LOWER SALFORD TOWNSHIP**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2023**

	Pension and Other Benefit Funds		
	Township and Authority Pension Fund	Police Pension Fund	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 49,432	\$ 101,571	\$ 151,003
Investments	<u>7,274,357</u>	<u>13,880,041</u>	<u>21,154,398</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,323,789</u></u>	<u><u>\$ 13,981,612</u></u>	<u><u>\$ 21,305,401</u></u>
<b>NET POSITION</b>			
Restricted for benefits and other purposes	<u><u>\$ 7,323,789</u></u>	<u><u>\$ 13,981,612</u></u>	<u><u>\$ 21,305,401</u></u>

**LOWER SALFORD TOWNSHIP**

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2023

	Pension and Other Benefit Funds		
	Township and Authority Pension Fund	Police Pension Fund	Totals
ADDITIONS			
Contributions			
Employer	\$ 117,015	\$ 338,018	\$ 455,033
Plan members	-	83,265	83,265
State contributions	-	218,146	218,146
TOTAL CONTRIBUTIONS	<u>117,015</u>	<u>639,429</u>	<u>756,444</u>
Investment earnings			
Interest and dividends	238,840	450,452	689,292
Net increase in fair value of investments	815,569	1,495,801	2,311,370
Investment expenses	(16,345)	(30,520)	(46,865)
INVESTMENT EARNINGS, net	<u>1,038,064</u>	<u>1,915,733</u>	<u>2,953,797</u>
TOTAL ADDITIONS	<u>1,155,079</u>	<u>2,555,162</u>	<u>3,710,241</u>
DEDUCTIONS			
Benefit payments to retired plan participants	310,779	1,078,426	1,389,205
Administrative	8,900	9,400	18,300
TOTAL DEDUCTIONS	<u>319,679</u>	<u>1,087,826</u>	<u>1,407,505</u>
CHANGE IN NET POSITION	835,400	1,467,336	2,302,736
NET POSITION AT BEGINNING OF YEAR	<u>6,488,389</u>	<u>12,514,276</u>	<u>19,002,665</u>
NET POSITION AT END OF YEAR	<u>\$ 7,323,789</u>	<u>\$ 13,981,612</u>	<u>\$ 21,305,401</u>