

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**MUNICIPALITY OF NORRISTOWN**

**MONTGOMERY COUNTY**

**PENNSYLVANIA**

*Year Ended December 31, 2023*



MUNICIPALITY OF NORRISTOWN DEPARTMENT OF FINANCE

**MUNICIPALITY OF  
NORRISTOWN  
MONTGOMERY COUNTY  
PENNSYLVANIA**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**For the Year Ended December 31, 2023**

***Municipality of Norristown Department of Finance***

***Leonard Lightner, Municipal Administrator***

# **INTRODUCTORY SECTION**



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Municipality of Norristown  
Pennsylvania**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morrill*

Executive Director/CEO

# MUNICIPALITY OF NORRISTOWN

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# Municipality of Norristown

235 East Airy Street  
Norristown, PA 19401

September 25, 2024

To the Municipal Council, Residents, and Taxpayers of Norristown:

The Annual Comprehensive Financial Report (ACFR) for the Municipality of Norristown for the fiscal year ended December 31, 2023 is herewith submitted for your consideration. This report was prepared by the Municipality's administration and finance departments and includes the Municipality's annual audit report prepared by the accounting firm of Maillie LLP, the Municipality's independent auditor.

Responsibility for the accuracy, completeness, and fairness of the financial statements, including all disclosures, rests with Municipal management. We believe the enclosed information as presented is accurate in all material respects; that its presentation fairly shows the financial position and the results of the Municipality's operations as measured by the financial activity of its various funds; and that all necessary disclosures will provide the reader with a sound understanding of the Municipality's financial activities.

The organization, form, and content of the ACFR and the accompanying financial statements and statistical tables were prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA). GASB34 (Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments) requires management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management discussion & analysis (MD&A) section. This letter is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditor.

## Financial Reporting Entity

The ACFR includes all funds utilized by the Municipality in its operations to provide a full range of municipal services. These services include administrative and financial services, police and fire protection, sanitation services, maintenance, and construction of streets, planning and development, buildings and code compliance, and parks and recreation programs.

## Key Report Sections

The introductory section includes information about Norristown, its local economy, future outlook, major initiatives and budget control. The financial section includes the MD&A, basic financial statements, notes to the basic financial statements, and required supplementary information. The basic financial statements include the government-wide financial statements reporting all Municipal financial operations and fund financial statements that present information for all separate Municipal funds. The

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independent auditor's report on the basic financial statements is also included. The statistical section includes up to ten years of historical financial data and miscellaneous social and economic information that conforms to GASB 44 standards for reporting. This section may be of special interest to holders of and prospective investors in the Municipality's bonds, notes, and other debt instruments.

### **About Norristown**

Located in the Philadelphia suburbs of southeastern Pennsylvania, Norristown sits along the majestic Schuylkill River. The community was founded on land purchased from William Penn and has served as the county seat of Montgomery County since 1784.

Chartered as a borough in 1812, Norristown has a land area of 3.52 square miles and, with a population of approximately 35,800 people, has a relatively high population density of 10,170 people per square mile. At its peak in the 1940s and 1950s, Norristown was a prosperous community with thriving small businesses flooding Main Street with shoppers from throughout the region. However, the opening of large shopping malls in adjacent townships and increased regional and global competition has diverted consumers and industries away from the town. As local businesses began to close or relocate, property values decreased, and Norristown entered into a period of economic decline. However, that decline is gradually being reversed.

### **Demographic and Socio-Economic Information**

Norristown is an ethnically and racially diverse community with an educational attainment rate of 85.1% for high school graduation or beyond. Possessing a labor force of approximately 19,000, major businesses in Norristown include education and social services, administrative and government services, construction, and manufacturing.

Norristown's 2023 unemployment rate is 2.7%, a significant decrease from its unemployment rate of 8.5% in 2010, and a significant decrease from its 2020 unemployment rate during the COVID-19 pandemic of 8.2%. Three more indicators: U.S. Census data indicate the median value of homes has increased from \$153,100 in 2010 to \$188,100 in 2023; per capita income increased by \$6,815 from \$20,123 to \$26,938 (33.9%); and median household income has increased from \$43,551 to \$59,068 (35.6%). The poverty rate increased slightly from 18.0% to 18.4% during the same period.

### **Transportation**

Norristown is situated approximately 20 miles from center-city Philadelphia and 25 miles from the Philadelphia International Airport. U.S. 202 is the major north-south route through the town. Just outside the municipal boundary is I-476, a major north-south route connecting with the Pennsylvania Turnpike (I-276) which runs east-west. The Municipality is the largest multi-modal transportation hub in Montgomery County with the convergence of numerous rail lines, bus routes, and multi-use trails.

### **Form of Government**

Norristown is one of approximately 75 municipalities out of more than 2500 in Pennsylvania that has adopted a home rule charter. Prior to adopting its charter in 1986, Norristown was a borough allowed to exercise only those powers specifically outlined in the Borough Code, a compilation of state laws governing how a borough

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must conduct its business. In becoming a Home Rule Municipality, Norristown voters gave themselves the ability to adopt and amend their own local laws on any subject not specifically prohibited by state or federal law. The charter provides for a seven-member municipal council and an appointed, professional administrator.

### **Municipal Services**

Due to its urban setting and high population density, Norristown provides a very high level of services. The municipality has a well-trained police department consisting of 69 sworn officers and 17 support staff. Its fire department employs 23 firefighters and is one of the few professional, fulltime fire-fighting forces in the region. In addition to these extensive public safety services, the municipal government has seven other departments: Administration which consists of the Office of the Administrator, clerk, Information Technology, Public Information, Municipal Engineer, and various legal counsel; Human Resources, which manages personnel records management, training and development, and employee benefit services for Municipal staff; Finance, which provides tax and revenue collection, accounts payable, payroll, procurement, and debt & cash management; Buildings & Code Compliance, which is charged with extensive building, housing, and property maintenance inspection responsibilities; Planning and Development to ensure proper zoning enforcement and to encourage high quality commercial and residential development/redevelopment; Public Works, responsible for maintenance of streets, street lighting, vehicles & equipment, buildings & grounds, public infrastructure maintenance whose crews repair roads, replace street lights, and maintain the storm water system, public rights-of-way, and parks; and Parks & Recreation which offers sports and recreational activities and events to the public.

### **Economic Condition and Outlook**

Although predominantly residential, Norristown also serves as an important commercial and service center for the immediate area, as well as outlying communities. Norristown's role as the county seat and hub of government activities also influences the Municipality's economy, given the number of government and related employees, as well as lawyers and other professional people attracted to the area (Norristown has one of the largest legal communities in the Delaware Valley outside of Philadelphia). Municipal, county, state, and federal offices are located throughout Norristown, and include among others, the state Department of Environmental Protection, State Representative Greg Scott's office, State Senator Amanda Cappelletti's office, the county courts, district attorney's office, county planning commission, veteran's affairs office, and the county commissioners.

Norristown continues to experience both residential and commercial growth stimulating the private sector's interest in the redevelopment opportunities available in the Municipality.

The Municipality has invested general fund and capital projects fund dollars, created public/private partnerships, and received federal, state, and county grant funds to advance its economic development potential. Those efforts have been catalytic. There are many highly visible publicly funded improvement projects in the core neighborhoods of Norristown that are stimulating private development. While not all-inclusive, the following list of projects/activities are representative of the multi-faceted approach undertaken by Norristown to enhance the Municipality's economic viability, health and welfare of the community, and attract public and private sector investment.

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Norristown State Hospital – In November 2022, the Commonwealth of Pennsylvania conveyed approximately 68 acres of land to the Municipality for redevelopment. Prior to the conveyance, the state spent up to \$30 million dollars for demolition of buildings and site remediation to prepare for redevelopment. The Municipality completed an RFP review process for a masterplan and master developer for the site that will encourage mixed-use light industrial, office, and residential development in December 2023. The Municipality received five (5) proposals as part of this process which were reviewed by Council, Municipal staff, and the RDA. Council selected Pinnacle Realty Development Company (PRDC) to complete a redevelopment proposal for the site. The proposal was submitted in March 2024 and was accepted by Municipal Council and the RDA. PRDC is commencing with acquisition of the property, as well as zoning and land development preparations to complete the multiphase redevelopment project.

Montgomery County Justice Center – Construction has begun on the \$500 million project that includes expanding the county offices at One Montgomery Plaza on Swede Street, an addition and renovations to the courthouse and its garage, ongoing interior and exterior renovations to the nearby county administration offices, and an overhaul of Hancock Square Park.

Elmwood Park Zoo – Construction completed for the Elmwood Park Zoo infrastructure improvements including significant expansion of parking capacity. The zoo is the second most visited zoo in Pennsylvania and in 2018 became the first zoo in the world to earn the distinction as a certified autism center. In October 2021, the zoo received a \$1 million donation from the Genuardi Family Foundation. The gift will fund the construction of a 100-foot-long vehicle and pedestrian bridge that spans the creek. The bridge is the crucial first step in allowing the zoo to develop the land for future animal enclosures, guest amenities and more. In June 2022, zoo management presented a master plan for development of the park over the next 5+ years. The total investment for this master plan is estimated to be \$150 million. The developments will be carried out in roughly three phases with each phase constituting an investment of around \$50 million. The Zoo’s new Welcome Center and Veterinary Hospital are Phase I of the master plan, and construction of this new building and wing was completed in June 2024.

Kennedy-Kenrick High School Redevelopment (250 E. Johnson Highway) – Vacant high school for over 10 years on a 12.68-acre property which includes a convent located across Arch Street, a caretaker house, and a sports field. The redevelopment plan for the property is slated to have 317 residences made up of apartment units, townhomes and “multiplexes.” There are also 568 parking spaces proposed. Municipal Council approved a zoning change to support the development in September 2021. Final land development for Phase I of this project has been approved by Council and demolition of existing buildings on the site is underway. The investment by the developer is projected to be \$117 million.

Lafayette Street Project – In concert with the Lafayette Street Interchange Project led by the Pennsylvania Turnpike Commission, Montgomery County is heading the ongoing Lafayette Street Extension Project between the future interchange area and downtown Norristown. PennDOT and Montgomery County completed construction on Phase 3 of the Lafayette Street Extension in Norristown. Phase 3 consisted of reconstructing and widening existing Lafayette Street, relocating the Schuylkill River Trail, and creating a linear park. The project was constructed and is open to traffic. Phase 4 consists of a new interchange with the PA Turnpike, and the project is in design. The project is broken into five phases and has a budget of over \$114 million.

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Main & DeKalb Mixed Use Development Project – The Municipality invested \$2.2 million to acquire and assemble key properties on Main Street for a mixed-use redevelopment project. A request for proposals from qualified developers was issued in the summer of 2021. Four firms responded to the RFP issued for development of the property, the development proposal from M&M Partners for the Main and DeKalb Street property received Council approval at its September 9, 2021, meeting. Construction is expected to begin in 2024.

Transportation Alternatives Set-Aside Grant – The Municipality was awarded a \$1.5 million grant through the Pennsylvania Department of Transportation (PennDOT) to complete phases III and IV of the Arch Street Greenway project. These phases will complete the project from Main Street to E Airy Street and will provide for improved traffic management, streetscapes, and bicycle and pedestrian facilities.

Norristown Redevelopment Area Traffic and Transportation Study – Authorized by Council in December 2022, this year-long study of traffic patterns, calming strategies, pedestrian safety, bicycle facilities, and public transportation access will provide the Municipality with insights and data on how to continue to make Norristown more accessible and attractive to residents, visitors, developers, and private businesses. Norristown is a place where you can eat, work, and play in a dynamic environment on foot, on a bike, or in a car, and this helps spur economic growth. The results of this study will also be used to leverage additional funding for the design and implementation of improved traffic management, streetscapes, and bicycle and pedestrian facilities in the Redevelopment Area.

Markley Reconstruction Project Phase II – Markley Street is part of a major thoroughfare also known as U.S. Route 202, which runs through the southeastern part of Pennsylvania connecting the western and northern suburbs of Philadelphia. The route follows a general southwest to northeast direction through the Commonwealth. The \$20.8 million reconstruction of Markley Street is critical in reestablishing the connectivity with the surrounding communities. This project was completed in 2023.

Montgomery Park Senior Housing (1301 Powell Street)

- Phase I – The first phase is a 4 story, 50-unit new construction building for low-income seniors. Total development cost was \$14.7 million, and it was completed in May 2018.
- Phase II – The second phase is a 4 story, 42-unit new construction building for low-income seniors. Total development cost is \$13 million, and it was completed in fall 2021.
- Phase III – The third phase will also be a 4 story, 40-unit new construction building for low-income seniors. Total development cost is estimated to be \$13 million. The developer received land development approval from Municipal Council and is moving forward with a LERTA application prior to beginning construction.

Arbor Knoll Townhomes (1505 DeKalb Street) – Third project in Norristown with Progressive New Homes, LLC. Progressive New Homes previously completed the Arbor Heights (12 townhomes) and Arbors Mews (24 townhomes) housing development projects in Norristown. Completed in 2019, Arbor Knoll is a \$7.4 million investment to construct 34 units of townhomes for homeownership on the site which are all fully occupied.

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Opportunity Zone – Obtained federal *Opportunity Zone* designation for census block central to the redevelopment area. Qualified Opportunity Zones were created by the 2017 Tax Cut and Jobs Act. These zones are designed to spur economic development and job creation in distressed communities throughout the country and U.S. possessions by providing tax benefits to investors who invest eligible capital into these communities. Taxpayers may defer tax on eligible gains by making an appropriate investment in a Qualified Opportunity Fund and meeting other requirements.

Riverfront Feasibility Study – Adopted by Council on January 16, 2020, this redevelopment planning and feasibility study created a targeted and actionable plan for redevelopment along the riverfront that will help reconnect the community of Norristown to the Schuylkill River. Redevelopment will be funded through the DCED Local Share Account fund program.

Housing Rehabilitation Program – Completed twenty-two (22) homes under the Municipality’s owner-occupied Rehabilitation Housing Program projects utilizing HUD CDBG funds and leveraging DCED HOME funds during 2015-2023. The Municipality has programmed \$320,000 for the continuation of the program and has received a DCED HOME grant in the amount of \$500,000 for the program.

First-Time Homebuyers Financial Assistance Program – Funded first-time home-buyers financial assistance program, including down payment, and closing cost assistance to help qualified borrowers. The program is CDBG funded and provides a maximum of up to \$5,000 depending on the need of the applicant. The Municipality has programmed \$50,000 for the continuation of the program.

Baer Building Redevelopment (118-120 E. Main Street) – Conditional use approval granted in 2021 for a residential mixed use to include El Jefe Bar and 17 residential units. Construction has been completed and the estimated investment is \$2 Million.

Curren Terrace (1011 New Hope Street) – This project is located on an 11.59-acre tract of land, which is currently occupied by the existing Curren Terrace Apartments complex encompassing a total of 318 existing units. This project includes the construction of an additional thirty-six (36) unit multi-family apartment building that is three (3) stories, each floor consisting of 9,468 SF, for a gross floor area of 28,404 SF. The proposed project investment is \$8 million.

Stinson Hall (1651 Markley Street) – The developer has proposed the construction of a Multifamily Residential Building - Garden Condos consisting of a three (3) story building with eighteen (18) dwelling units with parking located to the rear of the building. Access to and from the lot will be by way of two (2) existing driveways, one (1) from Markley Street and one (1) from the unopened Roberts Street. The proposed project investment is \$4 million.

Sandy Hill (722 Sandy Street) – The developer has proposed to demolish the existing single family residential building and construct a new gross 62,800 SF, four (4) story multifamily garden apartment building with a total of seventy-six (76) units as follows:

- Twenty-nine (29) - Studio Units with 1 Bathroom (approx. 560 SF per Unit)
- Thirty-eight (38) - 1-Bedroom Units with 1.5 Bathrooms (approx. 630 SF per Unit)
- Nine (9) - 2-Bedroom Units with 2.5 Bathrooms (approx. 960 SF per Unit)

The proposed project investment is \$15 million.

600 E Fornance Street – The site is currently a vacant tract of land, comprising of approximately 3.44 acres, and is located within the R-2 Residence Zoning District. Twenty-five (25) new Townhomes on existing vacant land will be built. Each dwelling is proposed with an attached one-car garage and an additional one to three off street parking spaces located to the rear of the dwellings via a shared access easement along the entire length of the townhomes.

1020 Violet Street – The site is currently a 14,666 SF property with a single-family home. The developer is proposing to demolish existing structures on the property, subdivide the existing parcel into five (5) individual parcels, and construct a housing group of five (5) rowhomes.

48 E Main St – This project is proposed for the former Rite Aid site (44-50 E Main St) between the AutoZone parking lot and Pauline’s Deli. The developer is proposing to demolish the existing building and construct a 7-story, 142-unit apartment building. The ground floor will consist of rough 5,000 SF of commercial space.

Montgomery County American Rescue Plan Act (ARPA) Funding – The Municipality received \$2 million in ARPA funding from the County which will be put towards economic development and business assistance programs throughout Norristown.

Roosevelt Field – The Municipality has negotiated a subdivision and sale agreement for part of the Roosevelt Field property from the Norristown Area School District. This property will be incorporated into the Municipality’s parks and recreation facilities as part of the Elmwood Park master plan study and subsequent improvements, including a new recreation complex.

14 W Main St – Through the Municipality’s Main Street Economic Development Initiative program (MEDI), Council awarded a grant to Simply Divine Catering to open a brick-and-mortar restaurant and catering business at 14 W Main St. The business owner is completing renovations on the space with an expected completion and opening date scheduled for the summer of 2024.

Von C Brewing (1210 Stanbridge Street) – Von C Brewing Company completed construction and opened a 20-barrel, 16,000 sq. ft. microbrewery with a 2,500 sq. ft. tasting room including a spacious outdoor beer garden. The brewery uses family recipes and offers nine other beverages on draft. The development investment for the project was \$1.4 million.

257 E. Main St. Mixed-Use Redevelopment – Approved in 2021, development of a five-story building with 24 residential units atop commercial space on the first floor. Construction will begin in the near-future and expected investment is \$3.90 Million.

Logan Commerce Center (1700 Markley Street) – Construction and redevelopment of a commercial shopping center has been completed in 2020. The estimated cost of the project is \$3,000,000.

Royal Farms (1882 Markley Street) – Royal Farms gas station and convenience store already constructed; current land development completed for additional car wash on site. Investment in this project was over \$3 million.

Benjamin Court (200 E Logan Street) – The developer has completed the construction of five (5) building groups of six (6) rowhomes for a total of thirty (30) dwelling units, as well as an access road, parking, landscaping,

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lighting, and storm water management improvements. The proposed project investment is \$8 million, and the project will be completed in 2024.

1421 Green Valley Road – The developer has proposed demolishing the existing one-story ranch dwelling and detached garage to construct twenty-six (26) new townhomes and total building footprint of 21,550 SF. Each dwelling is proposed with an attached one (1) - car garage parking and additional parking in the roadway cartway. The construction of the development will also include a new retaining wall, landscaping areas including a filtering buffer, public utilities (water, gas, sanitary sewer), and storm water management facilities. The proposed project investment is \$7.5 million.

1417 & 1419 New Hope Street – The developer has proposed the construction of a twin dwelling spanning on two existing vacant lots. Access to the twin dwelling will be by way of a driveway that intersects New Hope Street. The proposed project investment is \$500,000.

15 & 17 E Fornance Street – The developer has completed the proposed demolition to the existing asphalt parking area on both lots and constructed a twin dwelling spanning both lots. Access to the 1,600 SF twin dwelling (or 800 SF per dwelling) is by way of a new driveway access that intersects the adjacent Bringhurst Alley (aka. Houpt Alley) located at the rear of the property. The proposed project investment is \$500,000.

26-36 W Wood Street – The developer has proposed to consolidate six (6) existing parcels and subdivide the lots into five (5) lots; demolish the existing asphalt parking area; and construct one (1) single family detached dwelling and two (2) twin dwellings (total of five (5) new units). Each dwelling will have a detached garage located in the rear yard of each lot. Access to the units will be in the rear yards of the proposed lots by way of an unnamed alley that intersects Locust Street and Grady Alley. The proposed project investment is \$1.25 million.

820 Thomas Street – The developer has proposed to consolidate three (3) existing irregular shaped vacant parcels into one (1) tract totaling 22,272 SF (or 0.5113 acres) and construct a single row of an eight (8)-unit residential rowhomes, and an access driveway with front parking for each unit. The proposed project investment is \$2 million.

1437 DeKalb Street – The developer has proposed the construction of a 3,028 SF expansion of the first floor of an existing two story 13,650 SF medical office building as well as a 136 SF stair tower addition to the same existing building. The proposed project investment is \$500,000.

Given the above it must be said that the economic condition and outlook for Norristown is very positive.

### **Long-Term Financial Planning**

The Municipality is committed to providing value to residents and taxpayers by maintaining quality service levels and offering new programs or services whenever opportunities present themselves and when the Municipality's financial position permits. To further this commitment, the Municipality frequently evaluates its revenue generating capacity, periodically assesses and revises its fiscal policies as necessary, annually examines the fees it charges for services, and regularly conducts long-term projections of its finances. In addition, Norristown develops and maintains a five-year capital improvements program.

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As part of sound financial planning, the Municipality monitors Best Practices of the Government Finance Officers Association (GFOA). Those best practices, particularly in the areas of operating and capital budgets, capital improvements, debt, and fund balances, guide the Municipality's evaluation of its comprehensive fiscal goals and policy discussions.

### **Management Responsibility for Internal Controls**

Municipal management is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Municipality are protected from loss, theft, or misuse and to ensure adequate accounting information is compiled to prepare financial statements in accordance with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance the Municipality's objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of the control should not exceed its benefit, and
2. The evaluation of cost and benefits requires estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe that the Municipality's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of transactions and maintenance of asset accountability.

In addition to the above-referenced controls, The Municipality maintains budgetary accounting controls. The objective of these controls is to ensure compliance with legal provisions embodied within the annual budget approved by the Municipal Council. Activities of all Municipal funds, with the exception of escrow funds and pension trust funds, are included in the annual appropriation budget. The annual budget process officially begins in August of each year with the request for budget proposals sent to the Municipality's department heads.

Throughout the course of September and October requests for funding are submitted to and reviewed by the Municipality's management. A proposed annual budget is submitted to the Municipal Council in October or November. The Council holds a public hearing on the proposed and the process culminates with a vote for adoption by the Council in November or December. The Municipality's fiscal year begins on January 1st and ends on December 31st. All annual appropriations lapse at year-end.

The level of budgetary control (i.e. the level at which expenditures cannot exceed the appropriated amount) is maintained at the department manager level. Each department is required to operate within the annual departmental budget established by the Municipal Council. The Municipal Administrator may transfer funds between departments and will report those transfers to Municipal Council.

As demonstrated by the statements and schedules included in the financial section of this report, the Municipality continues to meet its responsibility for sound financial management.

**Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate for Achievement for Excellence in Financial Reporting to the Municipality of Norristown for its annual comprehensive report (ACFR) for the fiscal year ended December 31, 2022. This was the fourth year the Municipality prepared a annual comprehensive financial report and achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Timely preparation of this COA was made possible by the dedicated service of Municipal staff. Each member has our sincere appreciation for contributions made in the preparation of this report. We also extend our appreciation to the Municipal Council for its leadership and guidance and all employees who strive on a daily basis to attain and maintain excellent results on behalf of the residents and taxpayers of Norristown.

Sincerely,

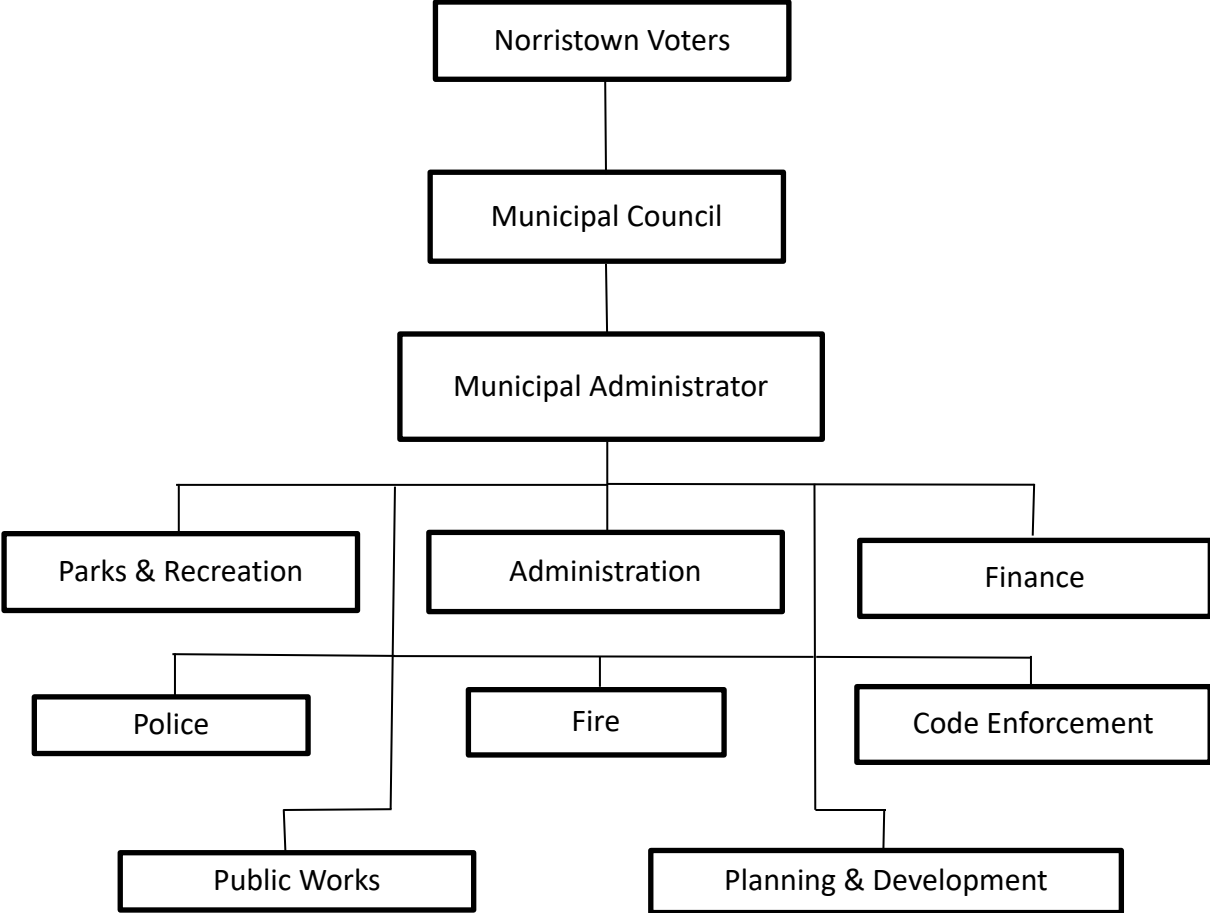


Leonard Lightner  
Municipal Administrator/CAO



Kathy L. Pfister  
Director of Finance

# Municipality of Norristown, Pennsylvania



**Municipality of Norristown  
List of Principal Officials  
December 31, 2023**

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**Municipal Council**

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Thomas Lepera.....	President, At Large
Heather Lewis.....	Vice President, District 2
Rashaad Bates.....	District 1
Dustin Queenan.....	District 3
Lauren Hughes.....	District 4
Rebecca Smith.....	At Large
Tiffani Hendley.....	At Large

**Administrative Officials**

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Leonard Lightner.....	Municipal Administrator
Kathy Pfister.....	Director of Finance
Jayne Musonye.....	Director of Planning & Development
Michael Bishop.....	Acting Police Chief
Thomas O'Donnell.....	Fire Chief
Thomas Odenigbo.....	Director of Public Works
Amrinder Singh.....	Code Enforcement Manager
Bri'Ana Cropps-Hawkins.....	Recreation Director
Sean Kilkenny.....	Municipal Solicitor

## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

To the Honorable Municipal Council  
Municipality of Norristown  
Norristown, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Municipality of Norristown, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Municipality of Norristown's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Municipality of Norristown, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Norristown Police Pension Plan, the Norristown Paid Fire Fighters' Pension Plan and Norristown Municipal Waste Authority, which represent 100% of the assets, net position and revenues of the Pension Trust Funds and 100% of the assets, net position and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Norristown Police Pension Plan, the Norristown Paid Fire Fighters' Pension Plan and Norristown Municipal Waste Authority, is based solely on the report of the other auditors.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller general of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Norristown Police Pension Plan, the Norristown Paid Fire Fighters' Pension Plan, the Norristown Stormwater Authority and Norristown Municipal Waste Authority were not audited in accordance with Government Auditing Standards. We are required to be independent of the Municipality of Norristown, 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.

To the Honorable Municipal Council  
Municipality of Norristown  
Norristown, Pennsylvania

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality of Norristown'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 the Municipality of Norristown's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality of Norristown's ability to continue as a going concern for a reasonable period of time.

To the Honorable Municipal Council  
Municipality of Norristown  
Norristown, Pennsylvania

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 21 through 30, budgetary comparison on pages 95 through 97, pension plan information on pages 98 through 105, and postemployment benefits other than pension plan information on page 106 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 the Municipality of Norristown's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

### ***Other Information Included in the Annual Report***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Honorable Municipal Council  
Municipality of Norristown  
Norristown, Pennsylvania

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024 on our consideration of Municipality of Norristown's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Municipality of Norristown's internal control over financial reporting and compliance.

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

New Castle, Delaware  
September 25, 2024

# **MUNICIPALITY OF NORRISTOWN**

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

**YEAR ENDED DECEMBER 31, 2023**

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This section of the Municipality of Norristown's annual financial report presents its discussion and analysis of the Municipality's financial performance during the fiscal year ended December 31, 2023. We recommend that it be read in conjunction with the Municipality's financial statements and notes to the financial statements in order to obtain a thorough understanding of the Municipality's financial condition at December 31, 2023.

### **FINANCIAL HIGHLIGHTS**

The Municipality of Norristown's Department of Finance continued to make the accounting system more organized to ensure accurate presentation of its 2023 financial data in accordance with Generally Accepted Accounting Principles (GAAP), Government Auditing Standards and the Department of Community and Economic Development's financial reporting regulations.

The Municipality of Norristown continues to receive a significant amount of revenues each year in the form of state and local grants. These annual revenues include funds from Liquid Fuels, the Pension State Aid, the Firemen's Relief Fund, various Department and Community Economic Development grants, various Department of Community and Natural Resources grants, Pennsylvania Department of Environmental Protection and the County of Montgomery.

Significant federal revenues were provided by the U.S. Department of Housing and Urban Development in the form of Community Development Block Grants, the Department of Justice JAG Grants and through the U.S. Departments of Transportation and Treasury (ARPA), Federal Highway Administration, passed through the Pennsylvania Department of Transportation.

In 2023, the Municipality of Norristown continued to participate in the Delaware Valley Health Insurance Trust Program (DVHIT), which is a risk sharing pool that provides health insurance to various local governments and municipalities in select counties of Pennsylvania. Through this participation, in the coming years the Municipality has the potential to minimize future annual premium increases.

Also, in 2023, non-union employees received a 3.00% base wage increase. The American Federation of State, County and Municipal Employees (AFSCME) employees were provided a 2.50% wage increase effective January 1, 2023, along with normal longevity applications. The International Association of Fire Fighters (IAFF) employees were provided a 3.00% wage increase effective January 1, 2023, along with normal longevity applications. The Fraternal Order of Police (FOP) employees were provided a 3.00% wage increase effective January 1, 2023, along with normal longevity applications.

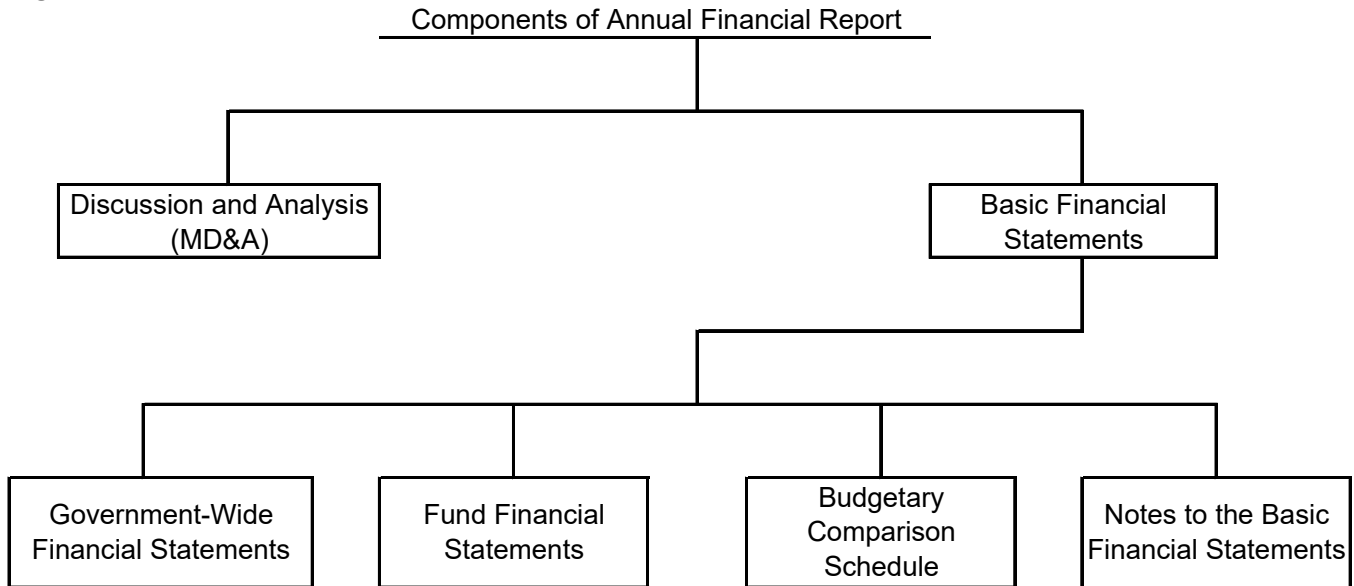
The net position of the Municipality of Norristown at the close of the 2023 fiscal year was \$26,126,993.

The total net position of the governmental activities (General, Liquid Fuels, Community Development, Capital Projects, Police Grant, and Main & Cherry Parking Lot Funds) is \$23,004,963. The comparable total as of December 31, 2022, was \$16,803,491.

The total net position of the business-type activities (Norristown Stormwater Authority (NWSA) is \$3,122,030. The comparable total as of December 31, 2022, was \$4,386.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**Figure 1**



**Management's Discussion and Analysis (MD&A)**

The MD&A serves as an introduction to the Municipality of Norristown's basic financial statements by providing information that will assist the reader to better understand the financial condition of the Municipality. The basic financial statements include notes that provide additional information necessary for a complete understanding of the financial data provided in the government-wide and fund financial statements.

**Basic Financial Statements**

The basic financial statements present two different views of the Municipality. These financial statements are comprised of four components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements
- Required Supplementary Information (Other than MD&A)

# MUNICIPALITY OF NORRISTOWN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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## Government-Wide Financial Statements

The government-wide financial statements, the first two statements, provide a broad overview of the Municipality's overall financial status (short-term and long-term). The statement of net position presents information on all of the Municipality's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business by acting as an indicator of the financial position of the Municipality.

The statement of activities presents information on how the Municipality's net position changed during the year. This statement separates program revenue from general revenue and illustrates to which extent each program relies on local taxes for funding.

All changes to net position are recorded using the accrual method of accounting, which requires that revenues be recorded when they are earned and expenses be recorded when the goods and/or services are received, regardless of when cash is received or paid.

Net position is one way to measure the Municipality's financial position. Over time, increases or decreases in the Municipality's net position are one indicator of whether the Municipality's financial position is improving or deteriorating. To assess the overall position of the Municipality, other non-financial factors such as changes in the Municipality's real estate property tax base and general economic conditions must be considered.

The government-wide financial statements distinguish functions of the Municipality of Norristown that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- **Governmental Activities** encompasses the Municipality's basic services such as general government, public safety, community development, administration, public works, health and sanitation, parks and recreation. Property taxes, state and federal grants and revenues finance most of these activities.
- **Business-Type Activities** encompasses the Municipality's Stormwater Authority, the activities of which relate to the municipality's stormwater management system and is intended to be self-supporting through user charges.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The Municipality of Norristown uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements are reported using current financial resources and modified accrual accounting established by the Government Accounting Standards Board (GASB) for governments. Fund financial statements provide more detailed information on the Municipality's most significant funds, not the Municipality as a whole.

# MUNICIPALITY OF NORRISTOWN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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The Municipality has three kinds of funds:

- **Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, Governmental Funds financial statements focus on the inflow and outflow of cash and other financial assets that can be readily converted to cash and the balances left at the fiscal year end that are available for spending. This information presents a better understanding of the long-term impact of the Municipality's short-term financing decisions.

The Governmental Funds balance sheet and the Governmental Funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate a comparison between Governmental Funds and governmental activities.

- **Proprietary Funds. Enterprise Funds** are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Municipality uses an Enterprise Fund to account for its Stormwater Authority.

Proprietary Funds provide the same type of information as the government-wide financial statements only in more detail. The Proprietary Funds financial statements provide information for the Stormwater Authority, a blended component unit of the Municipality.

- **Fiduciary Funds** are funds for which the Municipality is the trustee or fiduciary. The Municipality serves as the fiduciary agent for the Police Pension Fund and Paid Firefighters' Pension Fund and certain Custodial Funds or clearing accounts for assets held by the Municipality in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The Municipality is responsible to ensure the assets reported in these funds are used for their intended purposes. This activity is reported in a statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are not reflected in the government-wide financial statements because the resources of those funds are not utilized to finance its operations.

## **Budgetary Comparison Schedules**

The Municipality adopts an annual budget for its General Fund, as required by its Home Rule Charter. Budgetary comparison schedules have been provided for the General Fund to demonstrate compliance with the authorized budget. The statement identifies four components:

- Original budget as adopted by Municipal Council
- Final Appropriated Budget
- Actual Revenues and Expenditures
- Final Budget Variance

## **Notes to the Basic Financial Statements**

The notes to the financial statements provide supplemental information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**MUNICIPALITY OF NORRISTOWN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2023**

**FINANCIAL ANALYSIS**

**Government-Wide Financial Statements**

As previously noted in this document, net position may serve as a useful indicator of a government's financial position as well as an important determinant of its ability to finance services in the future.

The Municipality of Norristown's total assets were \$98,718,272 as of December 31, 2023. Of this amount, \$46.3 million were capital assets, net of accumulated depreciation and amortization. On a government-wide basis, the Municipality's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$26.1 million as of December 31, 2023, which represents the balance of net position at year-end. Of this amount, \$11,666,556 represents the balance of long-term capital assets, net of long-term debt related to such capital assets. Although the Municipality's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The portion of the Municipality's net position that is restricted carries a balance of \$9,332,641. The portion of the Municipality's net position that is unrestricted represents a balance of \$5,127,796.

**Figure 2 - Statement of Net Position**

	2023			2022			Change
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals	
<b>ASSETS</b>							
Current assets	\$ 46,861,045	\$ 2,599,086	\$ 49,460,131	\$ 48,164,507	\$ 1,407,850	\$ 49,572,357	\$ (112,226)
Capital assets, net	45,771,720	546,111	46,317,831	39,981,368	-	39,981,368	6,336,463
Other non-current assets	2,940,310	-	2,940,310	5,094,977	-	5,094,977	(2,154,667)
<b>TOTAL ASSETS</b>	<u>95,573,075</u>	<u>3,145,197</u>	<u>98,718,272</u>	<u>93,240,852</u>	<u>1,407,850</u>	<u>94,648,702</u>	<u>4,069,570</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>9,578,458</u>	<u>-</u>	<u>9,578,458</u>	<u>10,082,122</u>	<u>-</u>	<u>10,082,122</u>	<u>(503,664)</u>
<b>LIABILITIES</b>							
Other liabilities	19,563,783	23,167	19,586,950	20,853,809	1,403,464	22,257,273	(2,670,323)
Long-term liabilities							
Amount due in one year	2,646,564	-	2,646,564	2,483,030	-	2,483,030	163,534
Amount due more than one year	57,447,041	-	57,447,041	59,098,419	-	59,098,419	(1,651,378)
<b>TOTAL LIABILITIES</b>	<u>79,657,388</u>	<u>23,167</u>	<u>79,680,555</u>	<u>82,435,258</u>	<u>1,403,464</u>	<u>83,838,722</u>	<u>(4,158,167)</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>2,489,182</u>	<u>-</u>	<u>2,489,182</u>	<u>4,084,225</u>	<u>-</u>	<u>4,084,225</u>	<u>(1,595,043)</u>
<b>NET POSITION</b>							
Net investment in capital assets	11,120,445	546,111	11,666,556	11,569,107	-	11,569,107	97,449
Restricted	9,332,641	-	9,332,641	9,782,051	-	9,782,051	(449,410)
Unrestricted	2,551,877	2,575,919	5,127,796	(4,547,667)	4,386	(4,543,281)	9,671,077
<b>TOTAL NET POSITION</b>	<u>\$ 23,004,963</u>	<u>\$ 3,122,030</u>	<u>\$ 26,126,993</u>	<u>\$ 16,803,491</u>	<u>\$ 4,386</u>	<u>\$ 16,807,877</u>	<u>\$ 9,319,116</u>

Net cost of service expenses indicate the amount of support required from taxes and other general revenues for a program of the government. In 2023, the Municipality's real estate tax revenues of \$14.9 million and the earned income tax revenue of \$13.4 million along with other enabling tax collections indicates the Municipality relied heavily on these revenues to fund its activities in 2023.

**MUNICIPALITY OF NORRISTOWN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2023**

**Figure 3 - Statement of Activities**

	2023			2022			Change
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
<b>REVENUES</b>							
Program revenues							
Charges for services	\$ 7,658,327	\$ 2,842,488	\$ 10,500,815	\$ 8,022,418	\$ -	\$ 8,022,418	\$ 2,478,397
Operating grants and contributions	4,488,124	-	4,488,124	7,342,908	-	7,342,908	(2,854,784)
Capital grants and contributions	2,109,327	-	2,109,327	1,873,246	-	1,873,246	236,081
General revenues							
Taxes (property, enabling)	31,006,741	-	31,006,741	28,378,514	-	28,378,514	2,628,227
Investment earnings	1,289,818	51,224	1,341,042	396,329	4,386	400,715	940,327
Lease interest	21,772	-	21,772	21,772	-	21,772	-
Payments from Municipality of Norristown	-	1,197,588	1,197,588	-	-	-	1,197,588
Miscellaneous	41,114	-	41,114	617,208	-	617,208	(576,094)
<b>TOTAL REVENUES</b>	<b>46,615,223</b>	<b>4,091,300</b>	<b>50,706,523</b>	<b>46,652,395</b>	<b>4,386</b>	<b>46,656,781</b>	<b>4,049,742</b>
<b>EXPENSES</b>							
General government	6,575,929	-	6,575,929	4,769,023	-	4,769,023	1,806,906
Public safety	22,993,189	-	22,993,189	23,345,956	-	23,345,956	(352,767)
Public works							
Highways and streets	3,295,859	-	3,295,859	3,526,760	-	3,526,760	(230,901)
Sanitation	3,989,624	-	3,989,624	3,996,794	-	3,996,794	(7,170)
Stormwater	-	973,656	973,656	1,401,667	574,208	1,975,875	(1,002,219)
Community development	1,334,519	-	1,334,519	1,012,276	-	1,012,276	322,243
Culture and recreation	1,021,883	-	1,021,883	861,800	-	861,800	160,083
Interest	1,202,748	-	1,202,748	1,244,613	-	1,244,613	(41,865)
<b>TOTAL EXPENSES</b>	<b>40,413,751</b>	<b>973,656</b>	<b>41,387,407</b>	<b>40,158,889</b>	<b>574,208</b>	<b>40,733,097</b>	<b>654,310</b>
TRANSFERS	-	-	-	(574,208)	574,208	-	-
<b>CHANGE IN NET POSITION</b>	<b>6,201,472</b>	<b>3,117,644</b>	<b>9,319,116</b>	<b>5,919,298</b>	<b>4,386</b>	<b>5,923,684</b>	<b>3,395,432</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>16,803,491</b>	<b>4,386</b>	<b>16,807,877</b>	<b>10,884,193</b>	<b>-</b>	<b>10,884,193</b>	<b>5,923,684</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 23,004,963</b>	<b>\$ 3,122,030</b>	<b>\$ 26,126,993</b>	<b>\$ 16,803,491</b>	<b>\$ 4,386</b>	<b>\$ 16,807,877</b>	<b>\$ 9,319,116</b>

The Municipality's 2023 tax rate was 17.00 mills. In 2023, the Municipality derived approximately 46.2% of its general revenues from property taxes.

The real estate tax is based on the assessed value of real property; therefore, changes in the assessed valuation affect tax revenues. The Municipality's assessed valuation of real property increased \$400,000 in 2023. Residents have properties reassessed to lower their taxes, some people receive tax exemptions, and there are demolitions of properties and other reasons that can cause assessment fluctuation. The Municipality's ongoing plan and implementation for revitalization and deviation from rental unit residential living to single family homes should contribute to the increase in valuation in the future.

**MUNICIPALITY OF NORRISTOWN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2023**

**Capital Assets**

The Municipality's capital assets as of December 31, 2023, were approximately \$46.3 million. Capital assets consist primarily of land, buildings, vehicles, equipment, right to use leased assets and infrastructure. Refer to Note C for additional information on the Municipality's capital assets.

**Figure 4 - Capital Assets**

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Land	\$ 7,183,186	\$ 7,183,186	\$ -	\$ -
Construction in progress	710,392	13,055,437	-	-
Infrastructure	13,427,680	14,296,028	546,111	-
Land improvements	545,726	20,530	-	-
Buildings	19,972,168	2,689,856	-	-
Machinery, vehicles, and equipment	3,849,700	2,638,926	-	-
Right to use leased assets	82,868	97,405	-	-
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ 45,771,720</b>	<b>\$ 39,981,368</b>	<b>\$ 546,111</b>	<b>\$ -</b>

Significant capital asset activities for the year included the following:

- Municipal building renovations - \$5,911,939
- Purchase of Police and Fire vehicles and equipment - \$803,014
- Purchase Street and Highway Department equipment - \$749,915
- Riverfront Park project - final set of improvements - \$89,517

**Figure 5 - Debt Administration**

At December 31, 2023, the Municipality of Norristown had \$37.5 million in outstanding debt. See Note G for additional information on the Municipality's debt.

	Governmental Activities	
	2023	2022
General obligation debt	\$ 31,618,449	\$ 33,349,213
Financing purchase obligations	3,072,691	1,676,417
Revenue notes	2,720,000	3,100,000
Leases	88,148	99,701
<b>TOTAL OUTSTANDING DEBT</b>	<b>\$ 37,499,288</b>	<b>\$ 38,225,331</b>

During 2023, the Municipality retired \$2,426,050 of debt compared to \$14,327,086 in 2022. The decrease was due to the prior refunding of General Obligation Bonds Series 2020A.

**Fund Financial Statements**

As previously noted in this document, the Municipality uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

# MUNICIPALITY OF NORRISTOWN

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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### **Governmental Funds**

The General Fund, Liquid Fuels Fund, Capital Projects and Community Development Funds are considered to be the major funds of the Municipality. Information is presented separately in the Governmental Funds balance sheet and statement of revenue, expenditures and changes in fund balances for these five major funds. All other funds are classified in one grouping identified as Other Governmental Funds, which are the Non-Major funds.

The focus of Governmental Funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Municipality's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Municipality's net resources available for spending at the end of the fiscal year. The General Fund serves as the chief operating fund for the Municipality. Special Revenue Funds are restricted to specific legislative use, while the Capital Projects Fund serves as the fund for the Municipality's proceeds of bond issues. The major funds are shown on the statement of revenues, expenditures and changes in fund balance in the financial statements.

Governmental Funds reported ending fund balances of \$26,226,339. Of this year-end total: \$3,107,453 is restricted for highway and street projects and \$4,353,908 is restricted for capital projects.

**Major Governmental Funds** - The General Fund is the Municipality's primary operating fund. The General Fund balance at fiscal year-end was \$19,631,110, an increase of \$5,291,765 over 2022. The General Fund balance is 52.1% of our 2023 operating expense and 46.7% of revenue.

**The Liquid Fuels Fund** is the fund used to report activity related to highway and streets funding received from the Commonwealth. The fiscal year-end balance for the Liquid Fuels Fund was \$3,107,453. This is an increase of \$373,416 over the ending fund balance for 2022.

**The Community Development Fund** is the fund used to report activity related to community development including Federal and State grants related to HUD programs. The fiscal year-end balance for the Community Development Fund was \$(864,711). This is a decrease of \$357,640 over the ending fund balance for 2022.

**The Capital Projects Fund** is the fund used to report activity related to the issuance of debt for capital purposes and the related expenditures. The fiscal year-end balance for the Capital Projects Fund was \$4,353,908. This is a decrease of \$5,307,156 over the ending fund balance for 2022, resulting from the Municipality expenditures related to the municipal building renovations.

### **Governmental Funds Revenues**

Governmental Funds revenues totaled \$49,680,059 for the year ended December 31, 2023. Property tax revenues in 2023 increased by \$788,508 from prior year. Local enabling tax collection revenue increase by \$1,831,342. Intergovernmental revenues decreased by \$2,614,424 million due to less grant money. Most other line items saw an increase or decrease similar to the prior year.

**MUNICIPALITY OF NORRISTOWN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2023**

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**Figure 6 - Governmental Fund Revenues**

	<u>2023</u>	<u>2022</u>	<u>Change</u>
<b>REVENUES</b>			
Property taxes	\$ 14,905,810	\$ 14,117,302	\$ 788,508
Local enabling taxes	16,071,110	14,239,768	1,831,342
Licenses and permits	1,165,297	1,385,986	(220,689)
Fines and forfeits	769,036	800,400	(31,364)
Intergovernmental	6,494,931	9,109,355	(2,614,424)
Charges for services	5,825,716	5,912,231	(86,515)
Investment earnings	1,289,818	396,329	893,489
Interest on leases	21,772	21,772	-
Proceeds from financing purchase obligations	1,700,007	1,592,762	107,245
Proceeds from issuance of general obligation debt	-	5,035,000	(5,035,000)
Proceeds from issuance of refunding bonds	-	12,675,000	(12,675,000)
Premiums on general obligation debt	-	104,055	(104,055)
Premiums on refunding bonds	-	263,267	(263,267)
Proceeds from sale of capital assets	59,773	14,000	45,773
Miscellaneous	394,424	648,907	(254,483)
Transfers in	982,365	2,960,000	(1,977,635)
	<u>982,365</u>	<u>2,960,000</u>	<u>(1,977,635)</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>49,680,059</u></b>	<b>\$ <u>69,276,134</u></b>	<b>\$ <u>(19,596,075)</u></b>

***Governmental Funds Expenditures***

Governmental Funds expenditures totaled \$49,681,849 for the year ended December 31, 2023. Public Works, stormwater expenses, decreased from the prior year by \$1,401,667, because the Municipality paid the stormwater fee on behalf of the residents in the prior year. Debt services expenditures decreased \$194,446 from the prior year due to the prior refunding of prior years' debt. Capital expenditures amounted to \$8.8 million in 2023, which were \$900,000 less than prior year due to building renovations.

**MUNICIPALITY OF NORRISTOWN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2023**

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**Figure 7 - Governmental Fund Expenditures**

	<u>2023</u>	<u>2022</u>	<u>Change</u>
EXPENDITURES			
General government	\$ 5,898,146	\$ 5,488,862	\$ 409,284
Public safety	22,666,520	21,755,891	910,629
Public works			
Sanitation	3,989,624	3,996,794	(7,170)
Highways and streets	1,778,375	1,995,618	(217,243)
Stormwater	-	1,401,667	(1,401,667)
Culture and recreation	803,883	697,726	106,157
Community development	1,055,500	388,650	666,850
Debt service			
Principal	2,346,520	1,673,271	673,249
Interest and fees	1,406,420	1,885,223	(478,803)
Capital outlays	8,754,496	9,654,042	(899,546)
Payments to refunding agent	-	12,500,000	(12,500,000)
Transfers out	982,365	3,534,208	(2,551,843)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL EXPENDITURES	\$ <u>49,681,849</u>	\$ <u>64,971,952</u>	\$ <u>(15,290,103)</u>

**Proprietary Funds**

The Municipality's Proprietary Fund provides the same type of information found in the government-wide financial statements but in more detail. The Stormwater Authority Fund is the fund used to report activity related to the Municipality's stormwater fee and related costs. The fiscal year-end balance for the Stormwater Authority Fund was \$3,122,030. This is an increase of \$3,117,644 for 2023 as 2022 was the initial year of operations for the Authority.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Municipality of Norristown Council may revise the budget through transfers or resolution. There are two types of revisions:

- Allocations made to specific department line items from other department line items.
- Budgeting new appropriations and anticipated related expenditures.

The General Fund budget for revenues experienced no change during 2023 from the original budget of \$40.3 million. On an actual to budget comparison, the Municipality realized a \$2,590,567 favorable revenue budget variance.

The 2023 General Fund budget for expenditures experienced some reclassifications during the year. On an actual-budgetary basis, the Municipality experienced a favorable variance from budget in overall expenditures of \$2,701,198.

**REQUESTS FOR INFORMATION**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Municipal Administrator, Municipality of Norristown, 235 East Airy Street, Norristown, Pennsylvania 19401.

**MUNICIPALITY OF NORRISTOWN**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 42,128,264	\$ 1,891,363	\$ 44,019,627	\$ 2,552,262
Investments	73,585	-	73,585	-
Receivables, net				
Accounts	283,235	737,920	1,021,155	852,787
Taxes	3,856,000	-	3,856,000	-
Intergovernmental	36,530	-	36,530	217,651
Lease receivables	446,486	-	446,486	-
Prepays	6,748	-	6,748	-
Net pension asset	2,940,310	-	2,940,310	-
Internal balances	30,197	(30,197)	-	-
Other assets	-	-	-	5,400
Restricted cash and cash equivalents	-	-	-	1,854,604
Capital assets				
Not being depreciated	7,893,578	-	7,893,578	618,677
Being depreciated	37,795,274	546,111	38,341,385	33,900,408
Right to use lease assets	82,868	-	82,868	71,406
<b>TOTAL ASSETS</b>	<b>95,573,075</b>	<b>3,145,197</b>	<b>98,718,272</b>	<b>40,073,195</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - pension activity	8,966,014	-	8,966,014	-
Deferred outflows of resources - OPEB activity	612,444	-	612,444	-
Unamortized loss on refunding	-	-	-	1,631
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,578,458</b>	<b>-</b>	<b>9,578,458</b>	<b>1,631</b>
<b>LIABILITIES</b>				
Accounts payable	839,099	23,167	862,266	-
Accrued liabilities	2,234,427	-	2,234,427	254,595
Accrued interest payable	234,713	-	234,713	21,776
Escrow deposits	502,440	-	502,440	15,414
Unearned revenues	15,753,104	-	15,753,104	-
Long-term liabilities				
Due within one year				
General obligation debt	1,730,478	-	1,730,478	-
Financing purchase obligations	526,565	-	526,565	-
Revenue notes payable	380,000	-	380,000	1,174,269
Leases	9,521	-	9,521	42,522
Due in more than one year				
General obligation debt	30,828,988	-	30,828,988	-
Financing purchase obligations	2,546,126	-	2,546,126	-
Revenue notes payable	2,340,000	-	2,340,000	14,797,976
Leases	78,627	-	78,627	42,588
Compensated absences	2,330,074	-	2,330,074	25,045
Total OPEB liability	4,563,964	-	4,563,964	-
Net pension liability	14,759,262	-	14,759,262	-
<b>TOTAL LIABILITIES</b>	<b>79,657,388</b>	<b>23,167</b>	<b>79,680,555</b>	<b>16,374,185</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension activity	1,604,417	-	1,604,417	-
Deferred inflows of resources - OPEB activity	468,670	-	468,670	-
Deferred inflows of resources - lease activity	416,095	-	416,095	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,489,182</b>	<b>-</b>	<b>2,489,182</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	11,120,445	546,111	11,666,556	18,548,471
Restricted				
Pension asset	2,940,310	-	2,940,310	-
Capital projects	3,284,878	-	3,284,878	-
Highways and streets	3,107,453	-	3,107,453	-
Debt service	-	-	-	1,839,190
Unrestricted	2,551,877	2,575,919	5,127,796	3,312,980
<b>TOTAL NET POSITION</b>	<b>\$ 23,004,963</b>	<b>\$ 3,122,030</b>	<b>\$ 26,126,993</b>	<b>\$ 23,700,641</b>

See accompanying notes to the basic financial statements.

# MUNICIPALITY OF NORRISTOWN

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Services		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
GOVERNMENTAL ACTIVITIES				
General government	\$ 6,575,929	\$ 1,745,715	\$ 189,458	\$ -
Public safety	22,993,189	1,206,003	2,087,372	-
Public works				
Highways and streets	3,295,859	485,305	-	812,333
Sanitation	3,989,624	3,936,512	-	-
Community development	1,334,519	238,486	1,958,885	1,296,994
Culture and recreation	1,021,883	46,306	252,409	-
Interest expense	1,202,748	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>40,413,751</u>	<u>7,658,327</u>	<u>4,488,124</u>	<u>2,109,327</u>
BUSINESS-TYPE ACTIVITIES				
Stormwater Authority	<u>973,656</u>	<u>2,842,488</u>	<u>-</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT ACTIVITIES	<u>\$ 41,387,407</u>	<u>\$ 10,500,815</u>	<u>\$ 4,488,124</u>	<u>\$ 2,109,327</u>
<b>COMPONENT UNIT</b>				
Norristown Municipal Waste Authority	<u>\$ 4,575,696</u>	<u>\$ 5,766,801</u>	<u>\$ -</u>	<u>\$ 607,563</u>
GENERAL REVENUES				
Taxes				
Real estate taxes				
Earned income taxes				
Business gross receipts tax				
Local services taxes				
Per capita tax				
Real estate transfer taxes				
Unrestricted investment earnings				
Lease interest				
Payments from Municipality of Norristown				
Miscellaneous				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and  
Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activities	Totals	Component Unit
\$ (4,640,756)	\$ -	\$ (4,640,756)	
(19,699,814)	-	(19,699,814)	
(1,998,221)	-	(1,998,221)	
(53,112)	-	(53,112)	
2,159,846	-	2,159,846	
(723,168)	-	(723,168)	
(1,202,748)	-	(1,202,748)	
<u>(26,157,973)</u>	<u>-</u>	<u>(26,157,973)</u>	
<u>-</u>	<u>1,868,832</u>	<u>1,868,832</u>	
<u>(26,157,973)</u>	<u>1,868,832</u>	<u>(24,289,141)</u>	
			<u>\$ 1,798,668</u>
14,935,631	-	14,935,631	-
13,400,986	-	13,400,986	-
1,140,374	-	1,140,374	-
753,437	-	753,437	-
57,484	-	57,484	-
718,829	-	718,829	-
1,289,818	51,224	1,341,042	115,904
21,772	-	21,772	-
-	1,197,588	1,197,588	-
41,114	-	41,114	92,758
<u>32,359,445</u>	<u>1,248,812</u>	<u>33,608,257</u>	<u>208,662</u>
6,201,472	3,117,644	9,319,116	2,007,330
<u>16,803,491</u>	<u>4,386</u>	<u>16,807,877</u>	<u>21,693,311</u>
<u>\$ 23,004,963</u>	<u>\$ 3,122,030</u>	<u>\$ 26,126,993</u>	<u>\$ 23,700,641</u>

# MUNICIPALITY OF NORRISTOWN

## BALANCE SHEET

### GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	<u>General Fund</u>	<u>Liquid Fuels Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 20,677,467	\$ 3,138,470
Investments	73,585	-
Receivables, net		
Accounts	283,235	-
Taxes	3,856,000	-
Intergovernmental	-	-
Leases	446,486	-
Prepaid items	6,748	-
Due from other funds	<u>1,044,148</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 26,387,669</u>	<u>\$ 3,138,470</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 566,441	\$ -
Accrued liabilities	2,219,132	15,295
Unearned revenues	2,163,210	-
Escrows payable	502,140	-
Due to other funds	<u>-</u>	<u>15,722</u>
TOTAL LIABILITIES	<u>5,450,923</u>	<u>31,017</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues, property taxes	889,541	-
Lease activities	<u>416,095</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,305,636</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT)</b>		
Nonspendable, prepaid items	6,748	-
Restricted	-	3,107,453
Unassigned	<u>19,624,362</u>	<u>-</u>
TOTAL FUND BALANCES (DEFICIT)	<u>19,631,110</u>	<u>3,107,453</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	<u>\$ 26,387,669</u>	<u>\$ 3,138,470</u>

See accompanying notes to the basic financial statements.

Community Development Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 163,014	\$ 18,114,804	\$ 34,509	\$ 42,128,264
-	-	-	73,585
-	-	-	283,235
-	-	-	3,856,000
36,530	-	-	36,530
-	-	-	446,486
-	-	-	6,748
-	-	-	1,044,148
<u>\$ 199,544</u>	<u>\$ 18,114,804</u>	<u>\$ 34,509</u>	<u>\$ 47,874,996</u>
\$ 54,596	\$ 218,037	\$ 25	\$ 839,099
-	-	-	2,234,427
342,452	13,242,467	4,975	15,753,104
300	-	-	502,440
666,907	300,392	30,930	1,013,951
<u>1,064,255</u>	<u>13,760,896</u>	<u>35,930</u>	<u>20,343,021</u>
-	-	-	889,541
-	-	-	416,095
-	-	-	1,305,636
-	-	-	6,748
-	4,353,908	-	7,461,361
(864,711)	-	(1,421)	18,758,230
<u>(864,711)</u>	<u>4,353,908</u>	<u>(1,421)</u>	<u>26,226,339</u>
<u>\$ 199,544</u>	<u>\$ 18,114,804</u>	<u>\$ 34,509</u>	<u>\$ 47,874,996</u>

# MUNICIPALITY OF NORRISTOWN

## RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES DECEMBER 31, 2023

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ <u>26,226,339</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Land	7,183,186
Construction in progress	710,392
Infrastructure, net of \$50,171,652 accumulated depreciation	13,427,680
Site land improvements, net of \$1,054,422 accumulated depreciation	545,726
Buildings, net of \$4,110,937 accumulated depreciation	19,972,168
Machinery, vehicles and equipment, net of \$13,438,818 accumulated depreciation	3,849,700
Right to use leased assets, net of \$29,074 accumulated amortization	82,868
	<u>45,771,720</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Net pension asset	<u>2,940,310</u>
Deferred inflows and outflows of resources related to pension and OPEB activities are not financial resources and therefore not reported in the Governmental Funds	
	<u>7,505,371</u>
Revenue not available to pay for the current period's expenditures and therefore reported as unavailable revenue in the funds:	
Property taxes	<u>889,541</u>
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Bonds, notes and loans payable	(37,411,140)
Unamortized bond discounts (premiums), net	(941,017)
Leases	(88,148)
Accrued interest on bonds	(234,713)
Net pension liability	(14,759,262)
Total other postemployment benefit liability	(4,563,964)
Compensated absences	(2,330,074)
COMBINED LIABILITY ADJUSTMENT	<u>(60,328,318)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>23,004,963</u></u>

See accompanying notes to the basic financial statements.

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# MUNICIPALITY OF NORRISTOWN

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2023

	<u>General Fund</u>	<u>Liquid Fuels Fund</u>
REVENUES		
Property taxes	\$ 14,905,810	\$ -
Local enabling taxes	16,071,110	-
Licenses and permits	1,165,297	-
Fines and forfeits	769,036	-
Intergovernmental	2,346,097	812,333
Charges for services	5,825,716	-
Investment earnings	529,122	164,691
Interest on leases	21,772	-
Miscellaneous	386,182	-
TOTAL REVENUES	<u>42,020,142</u>	<u>977,024</u>
EXPENDITURES		
General government	5,760,474	-
Public safety	22,666,520	-
Sanitation	3,989,624	-
Highways and streets	1,561,249	216,509
Culture and recreation	803,883	-
Community development	18,710	-
Debt service		
Principal	1,613,756	352,764
Interest and fees	1,257,675	34,335
Capital outlays	-	-
TOTAL EXPENDITURES	<u>37,671,891</u>	<u>603,608</u>
OTHER FINANCING SOURCES (USES)		
Issuance of financing purchase obligations	-	-
Proceeds from sale of capital assets	-	-
Transfers in	962,149	-
Transfers out	(18,635)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>943,514</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,291,765	373,416
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	<u>14,339,345</u>	<u>2,734,037</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ 19,631,110</u>	<u>\$ 3,107,453</u>

See accompanying notes to the basic financial statements.

Community Development Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 14,905,810
-	-	-	16,071,110
-	-	-	1,165,297
-	-	-	769,036
1,281,887	2,054,614	-	6,494,931
-	-	-	5,825,716
6	595,989	10	1,289,818
-	-	-	21,772
-	8,242	-	394,424
<u>1,281,893</u>	<u>2,658,845</u>	<u>10</u>	<u>46,937,914</u>
108,437	29,235	-	5,898,146
-	-	-	22,666,520
-	-	-	3,989,624
-	617	-	1,778,375
-	-	-	803,883
1,036,790	-	-	1,055,500
380,000	-	-	2,346,520
96,910	17,500	-	1,406,420
-	8,754,496	-	8,754,496
<u>1,622,137</u>	<u>8,801,848</u>	<u>-</u>	<u>48,699,484</u>
-	1,700,007	-	1,700,007
-	59,773	-	59,773
2,185	18,031	-	982,365
<u>(19,581)</u>	<u>(941,964)</u>	<u>(2,185)</u>	<u>(982,365)</u>
<u>(17,396)</u>	<u>835,847</u>	<u>(2,185)</u>	<u>1,759,780</u>
(357,640)	(5,307,156)	(2,175)	(1,790)
<u>(507,071)</u>	<u>9,661,064</u>	<u>754</u>	<u>26,228,129</u>
<u>\$ (864,711)</u>	<u>\$ 4,353,908</u>	<u>\$ (1,421)</u>	<u>\$ 26,226,339</u>

# MUNICIPALITY OF NORRISTOWN

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (1,790)

Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$8,139,981) exceeds depreciation (\$2,298,249) in the current period.

5,841,732

The net effect of various miscellaneous transactions involving capital assets is to decrease net position.

(36,843)

Right of use lease asset capital outlays are reported in the Governmental Fund as expenditures. However, in the statement of activities, the value of those assets is allocated over the life of the related lease as amortization expense. This is the amount by which the amortization (\$14,537) exceeds lease asset capital outlays (\$0) in the current period.

(14,537)

The issuance of long-term debt provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt uses current financial resources. Neither transaction has any effect on net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. The net effects of these difference in the current period are:

Principal repayments	2,414,497
Net amortization of debt issuance premiums	56,100
Financing purchase obligation proceeds	(1,700,007)
Principal payments on long-term lease liabilities	<u>11,553</u>
NET ADJUSTMENT	<u>782,143</u>

Interest is expensed when paid in the Governmental Funds. However, in the government-wide statements, interest is matched to the period in which it was incurred. In the current period, the net effect of matching interest expense to the proper period is:

Change in accrued interest (25,463)

Revenues in the statement of activities that are not available to provide current financial resources are not reported as revenues in the funds. At the government-wide level, revenue recognition is not limited by availability. The effects of these adjustments in the current year are:

Taxes 29,821

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 Governmental Funds.

Compensated absences	(577,274)
Pension expense	466,166
Change in OPEB	<u>(262,483)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,201,472

*See accompanying notes to the basic financial statements.*

**MUNICIPALITY OF NORRISTOWN**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2023**

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	<u>Stormwater Authority</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,891,363
Accounts receivable	737,920
Capital assets	
Depreciable assets	585,119
Accumulated depreciation	<u>(39,008)</u>
<b>TOTAL CAPITAL ASSETS</b>	<b>546,111</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 3,175,394</b>
 <b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 23,167
Due to Municipality of Norristown	<u>30,197</u>
<b>TOTAL LIABILITIES</b>	<b>53,364</b>
 <b>NET POSITION</b>	
Net investment in capital assets	546,111
Restricted for stormwater projects	<u>2,575,919</u>
<b>TOTAL NET POSITION</b>	 <b>\$ 3,122,030</b>

*See accompanying notes to the basic financial statements.*

**MUNICIPALITY OF NORRISTOWN**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Stormwater Authority</u>
OPERATING REVENUES	
Stormwater fee	\$ 2,842,013
Administrative fee	475
TOTAL OPERATING REVENUES	<u>2,842,488</u>
OPERATING EXPENSES	
General and administrative	325,704
Public works - stormwater	
Maintenance and repair	68,564
Operations	540,380
Depreciation	39,008
TOTAL OPERATING EXPENSES	<u>973,656</u>
OPERATING INCOME	1,868,832
NONOPERATING REVENUES	
Payments from Municipality of Norristown	1,401,667
Payments to Municipality of Norristown	(204,079)
Investment Earnings	51,224
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,248,812</u>
CHANGE IN NET POSITION	3,117,644
NET POSITION AT BEGINNING OF YEAR	<u>4,386</u>
NET POSITION AT END OF YEAR	<u>\$ 3,122,030</u>

*See accompanying notes to the basic financial statements.*

**MUNICIPALITY OF NORRISTOWN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

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	<u>Stormwater Authority</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Payments to Municipality of Norristown for employee wages and benefits	\$ (197,514)
Payments to suppliers	(715,764)
Stormwater fees received	2,104,093
Administrative fees received	475
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,191,290</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Purchases of capital assets	(585,119)
Payments to Municipality of Norristown	(454,525)
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(1,039,644)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	51,224
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	202,870
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,688,493</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,891,363</u>

*See accompanying notes to the basic financial statements.*

**MUNICIPALITY OF NORRISTOWN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

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	<u>Storm Water Fund</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 1,868,832
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	39,008
(Increase) Decrease	
Accounts receivable	(737,920)
Increase (Decrease)	
Accounts payable	<u>21,370</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,191,290</u>

*See accompanying notes to the basic financial statements.*

**MUNICIPALITY OF NORRISTOWN**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2023**

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
<b>ASSETS</b>		
Cash	\$ 147,517	\$ -
Receivables	21,746	-
Prepaid plan expenses and pension benefits	347,489	-
Investments		
Mutual funds	26,245,414	-
Exchange traded funds	29,000,586	-
U.S. Government agency obligations	415,266	-
Certificates of deposit	2,483,618	-
Common and preferred stock	1,266,408	-
Other	109,135	-
TOTAL INVESTMENTS	<u>59,520,427</u>	<u>-</u>
TOTAL ASSETS	<u>60,037,179</u>	<u>-</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>102,161</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for pensions	<u>59,935,018</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 59,935,018</u>	<u>\$ -</u>

*See accompanying notes to the basic financial statements.*

**MUNICIPALITY OF NORRISTOWN**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
<b>ADDITIONS</b>		
Investment income		
Net appreciation (depreciation) in fair value of investments	\$ 5,704,845	\$ -
Interest	1,777,469	-
Investment expenses and foreign taxes paid	(207,188)	-
<b>INVESTMENT INCOME, net</b>	<u>7,275,126</u>	<u>-</u>
Contributions		
Commonwealth of Pennsylvania Act 205 pension allocation	1,293,883	-
Municipality contributions	1,774,679	-
Member contributions	765,890	-
<b>TOTAL CONTRIBUTIONS</b>	<u>3,834,452</u>	<u>-</u>
<b>TOTAL ADDITIONS</b>	<u>11,109,578</u>	<u>-</u>
<b>DEDUCTIONS</b>		
Monthly retirement benefits	4,128,636	-
DROP benefits	374,907	-
Return of contributions	72,085	-
Administrative expenses	226,103	-
Payment to beneficiary	-	349
<b>TOTAL DEDUCTIONS</b>	<u>4,801,731</u>	<u>349</u>
<b>CHANGE IN NET POSITION</b>	6,307,847	(349)
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>53,627,171</u>	<u>349</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 59,935,018</u>	<u>\$ -</u>

*See accompanying notes to the basic financial statements.*

**MUNICIPALITY OF NORRISTOWN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Municipality of Norristown (“Municipality”) was incorporated as a borough in 1812 under the laws of the Commonwealth of Pennsylvania. The Municipality operates under a home rule charter approved by voters on November 6, 1984 and effective January 6, 1986. In July 2004 the Municipality transitioned from a mayoral form of government to one governed by a municipal council and managed by a municipal administrator. The Municipality provides the following services as authorized by its charter: public safety (fire and police), street maintenance, sanitation collection and disposal, culture and recreation, planning and zoning, and general administrative services.

Financial statements are prepared in accordance with generally accepted accounting principles accepted in the United States of America (“GAAP”) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (“GASB”). A summary of the Municipality’s significant accounting policies follows.

**Reporting Entity**

Financial accountability is defined in GASB Statement No. 14, “The Financial Reporting Entity,” as amended by GASB Statement No. 61. The Municipality is financially accountable for legally separate organizations if it appoints a voting majority of the organization’s board and (1) it is able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Municipality. The Municipality also may be financially accountable if an organization is fiscally dependent on the Municipality regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Blended and Fiduciary component units are legally separate entities; however, they place a financial burden on the Municipality and the Municipality can impose its will on them. Thus, blended and fiduciary component units are appropriately presented as funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. In conformity with GAAP, the following component units have been included in the financial reporting entity:

***Blended Component Unit***

- ***Norristown Stormwater Authority (the “NSWA”)*** - is a public corporation organized by Norristown Municipal Council on June 15, 2021, under the enabling state legislation (Municipality Authorities Act of 1945). Initially created for a 50-year life, the Authority’s main focus is to establish and set a fee for stormwater management that will be applied to all properties in the Municipality. The Authority is governed by a five-member board, which is appointed by the Municipal Council. Although it is legally separate from the Municipality, the Authority is reported as if it were part of the primary government because it conducts business solely with the Municipality through a lease rental agreement related to the stormwater system in the Municipality. Financial information from the Authority’s audited financial statements for the year ended December 31, 2023, is combined in the accompanying financial statements by including financial information from the Authority in the Municipality’s proprietary funds (blending). Separately issued financial statements of the Authority may be obtained at the Municipality’s office.

**MUNICIPALITY OF NORRISTOWN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

***Discretely Presented Component Unit***

- **Norristown Municipal Waste Authority (“Authority”)** - The appointment of members of the governing board of the Authority is subject to the approval by the Council of the Primary Government. The Authority is financially accountable to the primary government because the primary government can impose its will on the authority and the authority can impose a financial benefit or burden on the primary government. The Authority reports on the accrual basis of accounting. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The Authority operates on a fiscal year ending March 31. More detailed information is available from the Norristown Municipal Waste Authority at 25 E. Marshall Street, Norristown, Pennsylvania 19401.

***Fiduciary Component Units***

- 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 of trustees comprised of members appointed by the Municipal Council and the Municipality is responsible for funding the plan. The plan is reported as a fiduciary fund and issues separate financial statements.
- The Paid Firefighters’ Pension Plan is a single employer defined benefit pension plan that provides pensions for all regular full-time, firefighters. 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 of trustees comprised of members appointed by the Municipal Council and the Municipality is responsible for funding the plan. The plan is reported as a fiduciary fund and issues separate financial statements.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all the non-fiduciary activities of the Primary Government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the Primary Government is reported separately from its legally separate component unit.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

---

**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are affected by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) 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.

Separate financial statements are provided for Governmental Funds and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the Custodial Fund financial statements. This approach differs from the manner in which the Governmental Funds' financial statements are prepared. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows where applicable. 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.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability rather than an expenditure.

Governmental Funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes must be received within 60 days of year-end to be deemed available. Licenses, operating grants, capital grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources." Governmental Funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period.

**MUNICIPALITY OF NORRISTOWN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

Because of their spending measurement focus, expenditure recognition for Governmental Fund Types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as Governmental Fund Type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims for judgments, are recorded only when payment is due.

The Municipality reports the following major Governmental Funds:

- The *General Fund* is the Primary Government's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The primary revenue sources are property taxes, local enabling taxes, charges for services and state grants and shared revenue. The primary expenditures are for public safety, street maintenance and sanitation services.
- The *Liquid Fuels Fund (special revenue fund)*, as required by law, accounts for revenue from the State Motor License Fund (gasoline tax distribution, etc.) and the approved expenditure of such monies for road and highway purposes.
- The *Community Development Fund (special revenue fund)* tracks activity primarily related to the Municipality's Community Development Block Grant and related community development activity.
- The *Capital Projects Fund (capital projects fund)* accounts for financial resources, including the proceeds of general obligation debt, to be used for the acquisition or construction of major capital assets.

The Municipality reports the following major Proprietary Funds:

- The *Stormwater Authority Fund* is used to account for activities related to the municipality's stormwater management system and is intended to be self-supporting through user charges.

Additionally, the Municipality reports the following fiduciary fund types:

- The *Pension Trust Funds* account for the revenue (i.e., member contributions, Municipal contributions, state contributions and net investment income) and the expenses (i.e., contributions refunded, retirement allowances and death benefits paid) of the Police Pension Trust Fund and the Paid Firefighters' Trust Fund.
- The *Custodial Fund* accounts for monies held for community groups to which the Municipality of Norristown provides accounting services.

**MUNICIPALITY OF NORRISTOWN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Assets, Liabilities and Net Position or Fund Balances**

**Cash and Investments** - The Municipality's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition and which have no withdrawal restrictions.

State statutes authorize the Municipality 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. Investments are stated at fair value.

The Municipality has adopted GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, No. 72, *Fair Value Measurement and Application* and No. 79, *Certain External Investment Pools and Pool Participants*. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

***Receivables and Payables***

- **Interfund Receivables and Payables** - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year is referred to as "due to/from other funds."
- **Taxes Receivable** - Enabling taxes are presented net of an allowance for uncollectibles based on historical collections and current tax collector estimates.
- **Other Receivables** - Receivables related to other charges are presented net of an allowance for uncollectibles based on historical collections, current collection efforts and discussions with legal counsel where applicable.

**Allowance for Doubtful Accounts** - Accounts receivable and taxes receivable have been reported net of an allowance for doubtful accounts in the amount of \$560,444 and \$284,201 for the General Fund and the Stormwater Authority, respectively.

**Capital Assets** - Capital assets, which include property, plant and equipment, right to use leased assets and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable columns in the government-wide financial statements. Property, plant and equipment and infrastructure with initial costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical costs or estimated historical costs if purchased or constructed (except for intangible right to use leased assets, the measurement of which is discussed in **Leases** below). Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value, rather than fair value, at the date of donation.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlay of capital assets and improvements are capitalized as projects are completed.

Property, plant and equipment of the Primary Government are depreciated/amortized using the straight-line method over the following intended useful lives:

	<u>Years</u>
Buildings and improvements	7-50
Machinery, vehicles and equipment	3-20
Right to use leased assets	2-50
Infrastructure	5-100

**Leases**

**Lessee** - The Municipality is a lessee for noncancellable leases of equipment and a parking lot. The Municipality recognizes a lease liability and related right to use leased assets in the Statement of Net Position. At commencement of a lease, the Municipality initially measures the lease liability at the present value of payments expected to be paid during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right to use leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date. Subsequently, the right to use leased asset is recognized over the life of the lease term.

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Long-term lease liabilities are shown net of the interest portion and are based on the net present value of future minimum lease payments. The interest portion is determined using either an implicit or estimated discount rate, depending on the lease.

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

- The Municipality uses the rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Municipality uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus renewal options that are reasonably certain to be exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments to the lessor.

The Municipality monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease liability and right to use leased assets if certain changes occur that are expected to significantly affect the amount of lease liability.

**MUNICIPALITY OF NORRISTOWN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

---

**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

In the fund financial statements, an amount equal to the lease liability is reported as other financing sources with an equal amount reported as a capital outlay in the year of lease inception.

Right to use leased assets are reported with other capital assets and lease liabilities are reported with long-term debt in the statement of net position.

**Lessor** - The Municipality is a lessor for noncancellable leases of Municipal property. The Municipality recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position. At commencement of a lease, the Municipality 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. Subsequently, the deferred inflow of resources is recognized over the life of the lease term.

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

- The Municipality uses the implicit rate, when available, or its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus renewal options that are reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

**Compensated Absences** - Municipal policy permits employees to accumulate a limited amount of earned but unused sick time. These benefits are payable to employees upon separation of services. All leave pay is accrued when incurred in the government-wide financial statements. Sick buy back benefits paid shortly after year-end are also accrued as a short-term liability in the Governmental Funds financial statements. The computed liability is in compliance with GASB 16, *Accounting for Compensated Absences*.

**Long-Term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government-wide activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method to interest expense. Long-term general obligation debt is presented net of unamortized premiums and discounts. Bond issuance costs are expensed during the period incurred.

**MUNICIPALITY OF NORRISTOWN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

In the fund financial statements, Governmental Fund Types recognize bond premiums and discounts, as well as bond 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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Unearned Revenue** - Unearned revenues represent government grant funds received but not yet spent for its intended purposes and rental license income collected in advance of the corresponding license year.

**Net Position/Fund Balances** - The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets** - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- **Restricted Net Position** - This category presents external restrictions imposed by creditors, grantors, contributors or laws, or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** - This category represents net position of the Municipality, not restricted for any project or other purpose.

The Municipality follows 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 Municipality's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable** - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted** - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**MUNICIPALITY OF NORRISTOWN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

- **Committed** - Amounts that can be spent only for specific purposes determined by formal actions of the Council. The Council is the highest level of decision-making authority for the Municipality of Norristown. Commitments may be established, modified, or rescinded only through resolutions approved by Council.
- **Assigned** - Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the Council or by an official or body to which Council has delegated authority. Council has not delegated the authority to assign fund balance.
- **Unassigned** - All other spendable amounts.

When both restricted and unrestricted resources are available for use, it is the Municipality's policy to use restricted resources first, then unrestricted resources as they are needed for their intended purposes.

**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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Municipality has two items that qualify for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is deferred and recognized as an outflow of resources in the period to which the expense applies. In addition, the deferred outflow of resources related to pensions and OPEB are reported in the government-wide statement of net position and are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the statement of financial 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Municipality has four items that qualify for reporting in this category. Accordingly, the item, *unavailable revenue*, which arises only under a modified accrual bases of accounting, is reported only in the Governmental Funds balance sheet and represents unavailable revenues from property taxes. The amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available. Deferred inflow of resources related to pensions and OPEB are reported in the government-wide statement of net position and are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred lease activities are reported in the Governmental Funds balance sheet as well as the government-wide statement of net position and are deferred and recognized as an inflow of resources in the period that the amounts become available.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Interfund Transactions**

Interfund services provided and used 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 expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions except quasi-external transactions and reimbursements are reported as transfers. Transfers can only be approved in the budget or through Council action during the year.

**Accounting Estimates**

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

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified to conform to current year presentation.

**MUNICIPALITY OF NORRISTOWN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Component Unit - Norristown Municipal Waste Authority**

***Summary of Significant Accounting Policies***

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** - The Authority's financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows.

All activities of the Authority are accounted for within a Proprietary (Enterprise) Fund. Proprietary Funds are used to account for operations that are (1) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (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 accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e., total assets net of total liabilities) is segregated into "net investment in capital assets," "restricted for debt service" and "unrestricted" components.

Operating revenues are those revenues that are generated directly from primary activities. For the Authority, these revenues are rental charges for services and investment income. Operating expenses are necessary costs incurred to provide the services that are the primary activity of the Authority.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Cash and Cash Equivalents** - Cash and cash equivalents include all cash accounts, restricted cash accounts and highly liquid investments, which are not subject to withdrawal restrictions or penalties, with original maturities of three months or less from the date of acquisition to be cash and cash equivalents.

**Trade Accounts Receivable** - Trade receivables consist of retail sewer line and treatment charges and wholesale treatment charges to another government entity. Trade receivables are shown net of an allowance for uncollectibles, as applicable. Trade receivables, in excess of 90 days, are evaluated for collectability, and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. At December 31, 2023, the allowance for doubtful accounts was \$85,819.

**Capital Assets** - Capital assets, which include property, plant and equipment, are reported in the financial statements at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value, rather than fair value, at the date of donation. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects when constructed.

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

	<u>Years</u>
Collection system and sewer plant	6-50
Equipment	5-10

**Right to Use Asset** - The Authority has recorded the right to use lease assets as a result of implementing GASB 87. The right to use assets are initially recorded at an amount equal to the present value of minimum lease payments. The right to use assets are amortized on a straight-line basis over the life of the related lease.

**Compensated Absences** - Employees of the Authority are entitled to accrue unused sick leave one calendar year to the next. With the exception of the first year of employment, all employees are granted sick leave at the rate of one (1) day for each month of the year. Sick leave may be accumulated from year to year up to a maximum of 120 hours. The accrued sick leave liability for the year ended December 31, 2023 is \$24,834.

Vacation time is granted to employees based on the length of service. An employee is paid for any unused vacation time at the beginning of the following calendar year. The accrued vacation liability for the year ended December 31, 2023 is \$12,379.

**MUNICIPALITY OF NORRISTOWN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Long-Term Debt** - Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, when applicable, are deferred and amortized over the life of the bond using the straight-line interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are amortized to interest expense. Bond issuance costs are expensed in the period incurred.

In accordance with GAAP, the Authority has adopted the following policy for bond refunding resulting in the defeasance of debt reported in Proprietary Funds. The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. On the statement of net position, the deferred amount is reported as a deduction from the new debt liability.

**Net Position** - Net position includes the various net earnings from operating and nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three components: invested in capital assets, net of related liabilities; restricted for capital activity and debt services; and unrestricted net position. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted represent cash and investments established for debt repayment under terms of the debt trust indenture. Restricted assets also include developer deposits held by the Authority to be used to pay costs of certain engineering, legal, and inspection work required by the Authority. Unrestricted are amounts that do not meet the definitions above and are available for the Authority operations.

**Use of Estimates** - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Property Tax**

The Municipality levies taxes on real property located within the boundaries of the Municipality of Norristown. Property taxes are levied by the Municipality on property values assessed by the Montgomery County Assessment Offices.

The Municipality bills and collects property taxes. Tax bills were mailed on or about February 15, 2023. A 2% discount was allowed on bills paid by April 15, 2023, and a 10% penalty was assessed for bills paid after June 15, 2023. Unpaid property taxes attach as an enforceable lien on property on January 1, 2024.

The rate of real estate taxation in 2023 was 17.00 mills in total, which was designated entirely for general government purposes. All real estate tax revenue is recognized in the General Fund.

**MUNICIPALITY OF NORRISTOWN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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**NOTE A - NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Pension Plans**

The Municipality has pension plans covering substantially all of its employees. All pension plans are funded by the Municipality's annual contribution and by member contributions. Brief descriptions of each plan are included in the pension notes to the financial statements. The primary functions of the pension plans, which are investment management and benefit management activities, are vested solely with each plan's respective Pension Board. The Boards have contracted with various investment managers and banks for management of the portfolios of the funds. Furthermore, the assets are under ownership and control of the pension funds and are not owned by the Municipality. Pension benefits and administrative costs are paid directly from the assets of the plans. These plans are subject to audits and issue separate reports, the results of which are included in the Fiduciary Funds financial statements.

**Budgets**

**Legal Requirements** - The Home Rule Charter requires the Municipal Administrator to submit a financial plan and budget to the Council four months prior to the end of the year for the General Fund budget. The Municipality is not legally required to adopt budgets for any other fund. Council reviews the proposed financial plan with the Municipal Administrator and upon review and the completion of changes, the Municipal Administrator will submit the proposed plans and budgets along with a budget message to Council within 75 days prior to the end of the fiscal year. Council will then advertise, in one or more newspapers, a notice of a public meeting in which the public can voice their concerns in regards to the proposed financial plans and budget. After a public meeting, within 30 days before the end of the fiscal year, Council will, by ordinance, adopt the budget which will be effective the first day of the following year.

**Lapsing of Appropriations** - Unexpended appropriations lapse at year-end.

**Management Amendment** - During the course of the year, departmental needs may change, emergencies may occur, or additional revenue may arise. As a result, funds may be transferred between line items of a department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and approved by the Municipal Council.

Financial analysis is provided monthly to management showing spending levels in comparison to the current budget. The budget is also reviewed by management with operating departments.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE B - DEPOSIT AND INVESTMENT RISK**

**Deposits and Investments**

Municipality funds may be deposited in any bank that is insured by federal deposit insurance or the Pennsylvania Local Government Investment Trust, by resolution of the Municipal Council. To the extent that such deposits exceed federal insurance, the depositories must deposit (with their trust department or other custodians) obligations of the United States, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Under Pennsylvania Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit with their institution. State statutes authorize the Municipality to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

**Governmental and Proprietary Funds** - The Municipality's Governmental and Proprietary cash and cash equivalents consist of deposits with financial institutions as follows:

CASH AND CASH EQUIVALENTS	
Bank deposits	\$ 38,253,616
Pennsylvania Local Government Investment Trust	<u>5,766,011</u>
	<u>\$ 44,019,627</u>

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of a bank failure, the Municipality's deposits may not be returned to it. Deposits are insured under Act 72 of the 1971 Session of the Pennsylvania General Assembly, whereby financial institutions were granted the 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. The Municipality does not have a deposit policy for custodial credit risk. As of December 31, 2023, \$44,480,673 of the Municipality's bank balances of \$45,230,673 was exposed to custodial credit risk as follows:

GOVERNMENTAL AND PROPRIETARY FUNDS	
Uninsured and uncollateralized	\$ 5,841,016
Uninsured and uncollateralized but covered under Act 72	<u>38,639,657</u>
	<u>\$ 44,480,673</u>

A portion of the Municipality's deposits is in the PLGIT program, of 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 PLGIT cash deposits included in these statements will not be assigned a credit risk category. The carrying amount of these deposits at December 31, 2023, is \$5,841,016 and is included in cash and cash equivalents. These assets maintain a stable net asset value of \$1 per share. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE B - DEPOSIT AND INVESTMENT RISK (Continued)**

Governmental Funds' investments consist of the following:

Money market	\$	23,836
Common stock		44,956
Mutual funds		4,793
		<u>73,585</u>
	\$	<u>73,585</u>

**Pension Trust Funds** - As of December 31, 2023, Pension Trust Fund balances were comprised of the following:

	<u>Total</u>	<u>Norristown Police Pension Plan</u>	<u>Norristown Paid Fire Fighters' Pension Plan</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Bank deposits	\$ 147,517	\$ 90,405	\$ 57,112
<b>INVESTMENTS</b>			
Exchange traded funds	\$ 21,447,396	\$ 18,073,080	\$ 3,374,316
Mutual funds	23,987,636	16,534,128	7,453,508
International equity mutual funds	476,040	-	476,040
International equity exchange traded funds	7,553,190	7,553,190	-
Common and preferred stock	1,266,408	-	1,266,408
Money market mutual funds	1,781,738	1,537,411	244,327
U.S. Government agency obligations	415,266	-	415,266
Certificates of deposit	2,483,618	-	2,483,618
Bank deposit program	108,783	-	108,783
Mortgage-backed security	352	-	352
	<u>\$ 59,520,427</u>	<u>\$ 43,697,809</u>	<u>\$ 15,822,618</u>

Pension Trust Fund bank deposits were insured for \$147,517. Pension Trust Fund certificates of deposit were FDIC insured for \$2,483,618.

**Fair Value Measurement** - The Municipality 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 Municipality has the following recurring fair value measurements as of December 31, 2023:

Investments in domestic and international exchange traded funds of \$29,000,586, domestic and international equity mutual funds of \$24,463,676, common and preferred stock of \$1,266,408, money market mutual funds of \$1,781,738 are valued using quoted market prices (Level 1 inputs). Investments in U.S. Government agency obligations of \$415,266 and mortgage-backed securities of \$352 are valued using significant other observable inputs (Level 2 inputs). Certificates of deposit of \$2,483,618 and investments in the bank deposit program of \$108,783 are measured at cost-plus interest earned which approximates fair value.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE B - DEPOSIT AND INVESTMENT RISK (Continued)**

**Interest Rate Risk**

**Governmental and Proprietary Funds** - As a means of limiting its exposure to fair value losses arising from fluctuations in interest rates, the Municipality takes a conservative approach to meet its projected cash flow needs by investing primarily in short-term bank deposits and cash equivalents in accordance with the Commonwealth of Pennsylvania’s Act 72. PLGIT investments have maturities of less than one year.

**Pension Trust Funds** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Municipality’s investment policy is to invest funds to achieve a positive rate of return over the long-term, sufficient to meet the Pension Plan’s actuarial interest rate and provide for the payment of benefit obligations and expenses in perpetuity and in secure and prudent fashion.

As of December 31, 2023, the Municipality had the following debt investments and maturities within its Pension Trust Fund accounts:

Type of Investment	Fair Value at December 31, 2023	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More than 10
<b>NORRISTOWN PAID FIREFIGHTERS’ PENSION PLAN</b>					
U.S. Government agency obligations	\$ 415,266	\$ 415,266	\$ -	\$ -	\$ -
Money market mutual funds	244,327	244,327	-	-	-
Certificates of deposit	2,483,618	1,016,957	1,466,661	-	-
Bank deposit program	108,783	108,783	-	-	-
Mortgage-backed security	352	-	352	-	-
	<u>\$ 3,252,346</u>	<u>\$ 1,785,333</u>	<u>\$ 1,467,013</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NORRISTOWN POLICE PENSION PLAN</b>					
Money market mutual funds	\$ 1,537,411	\$ 1,537,411	\$ -	\$ -	\$ -

**Credit Risk**

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit exposure.

The Municipality’s investments in the Pennsylvania Local Government Investment Trust were rated as “AAAm” by Standard and Poor’s at December 31, 2023. Both instruments have maturities of three months or less and are considered to be cash equivalents. It is a fundamental policy of the aforementioned investments to maintain a net asset value of \$1 per share, but there can be no assurance that the net asset value will not vary from the \$1 per share.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE B - DEPOSIT AND INVESTMENT RISK (Continued)**

At December 31, 2023, the Municipality's retirement fixed income investments had a credit quality rating as follows:

***Paid Firefighters' Pension Plan***

Type of Investment	Fair Value at December 31, 2023	AAAm	AAA	AA+	Unrated
U.S. Government agency obligations	\$ 415,266	\$ -	\$ 415,266	\$ -	\$ -
Money market mutual funds	244,327	244,327	-	-	-
Certificates of deposit	2,483,618	-	-	-	2,483,618
Bank deposit program	108,783	-	-	-	108,783
Mortgage-backed security	352	-	-	-	352
	<u>\$ 3,252,346</u>	<u>\$ 244,327</u>	<u>\$ 415,266</u>	<u>\$ -</u>	<u>\$ 2,592,753</u>

***Police Pension Plan***

Type of Investment	Fair Value at December 31, 2023	AAAm	AAA	AA+	Unrated
Money market mutual funds	\$ 1,537,411	\$ 1,537,411	\$ -	\$ -	\$ -
	<u>\$ 1,537,411</u>	<u>\$ 1,537,411</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Concentration of Credit Risk**

The Municipality's investment policy for Governmental and Proprietary Funds is to invest primarily in U.S. Government or federal agency securities held in money funds or in pooled funds such as the Pennsylvania Local Government Investment Trust. Investments in these funds with maturities of less than three months are considered cash equivalents.

***Component Unit - Norristown Municipal Waste Authority***

The Authority's available cash is invested in demand deposits and money market mutual funds. The carrying amounts of the cash deposited and investments at December 31, 2023, consist of the following:

Cash deposits	\$ <u>4,406,866</u>
Classification per the statement of net position:	
Cash and cash equivalents	\$ 2,552,262
Restricted cash and cash equivalents	<u>1,854,604</u>
	<u>\$ 4,406,866</u>

The Authority has custodial credit risk on cash deposits. This is the risk that, in the event of a financial institution failure, the Authority's deposits may not be returned. The Authority has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE B - DEPOSIT AND INVESTMENT RISK (Continued)**

At December 31, 2023, the carrying amount of the Authority's bank deposits was \$4,406,866, and the bank balance was \$4,136,927 of which \$250,000 was covered by Federal Depository Insurance. At December 31, 2023, the remaining bank deposit amount of \$3,886,927 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Authority's name.

The Authority acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Authority and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Authority. At December 31, 2023, \$15,413 represents the balance of these monies held in escrow.

**NOTE C - CAPITAL ASSETS**

**Governmental Activities**

Capital asset activities for the year ended December 31, 2023, are as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
CAPITAL ASSETS NOT BEING DEPRECIATED				
Land	\$ 7,183,186	\$ -	\$ -	\$ 7,183,186
Construction in progress	13,055,437	-	(12,345,045)	710,392
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>20,238,623</u>	<u>-</u>	<u>(12,345,045)</u>	<u>7,893,578</u>
CAPITAL ASSETS BEING DEPRECIATED				
Infrastructure	63,271,456	327,876	-	63,599,332
Land improvements	1,051,945	548,203	-	1,600,148
Buildings	6,495,005	17,588,100	-	24,083,105
Machinery, vehicles and equipment	16,314,161	2,020,847	(1,046,490)	17,288,518
Right to use leased assets	111,942	-	-	111,942
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>87,244,509</u>	<u>20,485,026</u>	<u>(1,046,490)</u>	<u>106,683,045</u>
Accumulated depreciation				
Infrastructure	(48,975,428)	(1,196,224)	-	(50,171,652)
Land improvements	(1,031,415)	(23,007)	-	(1,054,422)
Buildings	(3,805,149)	(305,788)	-	(4,110,937)
Machinery, vehicles and equipment	(13,675,235)	(773,230)	1,009,647	(13,438,818)
Right to use leased assets	(14,537)	(14,537)	-	(29,074)
TOTAL ACCUMULATED DEPRECIATION	<u>(67,501,764)</u>	<u>(2,312,786)</u>	<u>1,009,647</u>	<u>(68,804,903)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>19,742,745</u>	<u>18,172,240</u>	<u>(36,843)</u>	<u>37,878,142</u>
CAPITAL ASSETS, net	<u>\$ 39,981,368</u>	<u>\$ 18,172,240</u>	<u>\$ (12,381,888)</u>	<u>\$ 45,771,720</u>

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE C - CAPITAL ASSETS (Continued)**

Depreciation/amortization expense was charged to functions/programs as follows:

General government	\$ 277,222
Highways and streets, public works	1,371,244
Recreation	112,337
Public safety	<u>551,983</u>
	<u>\$ 2,312,786</u>

**Business-type Activities**

Capital asset activities for the year ended December 31, 2023, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Infrastructure	\$ -	\$ 585,119	\$ -	\$ 585,119
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>-</u>	<u>585,119</u>	<u>-</u>	<u>585,119</u>
<b>Accumulated depreciation</b>				
Infrastructure	-	(39,008)	-	(39,008)
TOTAL ACCUMULATED DEPRECIATION	<u>-</u>	<u>(39,008)</u>	<u>-</u>	<u>(39,008)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>-</u>	<u>546,111</u>	<u>-</u>	<u>546,111</u>
CAPITAL ASSETS, net	<u>\$ -</u>	<u>\$ 546,111</u>	<u>\$ -</u>	<u>\$ 546,111</u>

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE C - CAPITAL ASSETS (Continued)**

**Component Unit - Norristown Municipal Waste Authority**

Capital asset activities for the year ended December 31, 2023, are as follows:

	Balance January 1, 2023	Additions	Transfers and Deletions	Balance December 31, 2023
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
CAPITAL ASSETS NOT BEING DEPRECIATED				
Construction in progress	\$ 12,801,310	\$ 2,100,927	\$ (14,283,560)	\$ 618,677
CAPITAL ASSETS BEING DEPRECIATED				
Sewer plant	24,933,381	14,283,560	-	39,216,941
Sewer collection system	12,331,644	-	-	12,331,644
Equipment	207,966	-	-	207,966
Right to use leased assets	181,479	-	-	181,479
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>37,654,470</u>	<u>14,283,560</u>	<u>-</u>	<u>51,938,030</u>
Accumulated depreciation				
Sewer plant	(13,901,826)	(779,966)	-	(14,681,792)
Sewer collection system	(2,921,080)	(143,307)	-	(3,064,387)
Equipment	(77,964)	(32,000)	-	(109,964)
Right to use leased assets	(72,592)	(37,481)	-	(110,073)
TOTAL ACCUMULATED DEPRECIATION	<u>(16,973,462)</u>	<u>(992,754)</u>	<u>-</u>	<u>(17,966,216)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>20,681,008</u>	<u>13,290,806</u>	<u>-</u>	<u>33,971,814</u>
CAPITAL ASSETS, net	<u>\$ 33,482,318</u>	<u>\$ 15,391,733</u>	<u>\$ (14,283,560)</u>	<u>\$ 34,590,491</u>

**MUNICIPALITY OF NORRISTOWN**  
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**NOTE D - LEASE RECEIVABLES**

In July 2008, the Municipality entered into a lease with Pami Cigar Factory, LLC, that allows Pami Cigar Factory, LLC, to lease parking spaces from the Municipality. Under the lease, the lessee pays the Municipality an amount ranging from \$12,000 to \$22,800 semi-annually through December 2049. The lease receivable is measured as the present value of future minimum rent payments expected to be received during the lease term at a discount rate of 5%, which is the rate the Municipality determined to charge the lessee. For the year ended December 31, 2023, the Municipality recognized \$16,004 of lease revenue and \$21,772 of interest revenue under the lease. For the year ended December 31, 2023, the Municipality reports a receivable for lease payments of \$424,755 and an interest receivable of \$21,731. The Municipality also reports a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of December 31, 2023, the balance of deferred inflows of resources was \$416,095.

**NOTE E - LEASE LIABILITIES**

The Municipality has entered into an agreement to lease copiers with an effective date of September 1, 2021, and an implementation date of January 1, 2022. The lease requires monthly payments of \$1,100. The lease liability is measured at a discount rate of 5% which is determined to be the Municipality's incremental borrowing rate as of the date of inception. As a result of the lease, the Municipality recorded a right to use asset with a net book value of \$8,259 on December 31, 2023.

The Municipality has entered into an agreement to lease a lot at 244 E. Airy Street in Norristown with an effective date of October 17, 2008, and an implementation date of January 1, 2022. The lease requires monthly payments ranging from \$276 to \$573 per month. The lease is measured at a discount rate of 5% which is determined to be the Municipality's incremental borrowing rate as of the date of inception. As a result of the lease, the Municipality recorded a right to use asset with a net book value of \$74,609 as of December 31, 2023.

The future minimum lease obligations under the lease at December 31, 2023, are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 9,521	\$ 3,807	\$ 13,328
2025	-	3,577	3,577
2026	-	3,666	3,666
2027	-	3,758	3,758
2028	-	3,852	3,852
2029-2033	-	20,753	20,753
2034-2038	860	22,619	23,479
2039-2043	8,004	18,554	26,558
2044-2048	14,221	15,823	30,044
2048-2053	22,715	11,280	33,995
2054-2058	32,827	4,289	37,116
	<u>\$ 88,148</u>	<u>\$ 111,978</u>	<u>\$ 200,126</u>

**MUNICIPALITY OF NORRISTOWN**  
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**NOTE E - LEASE LIABILITIES (Continued)**

**Component Unit - Norristown Municipal Waste Authority**

The Authority currently leases its office space for \$3,500 per month and escalates by 2.5%, on January 1st of each year until expiration. The Authority has recorded a right to use asset associated with the lease for office space. The right to use assets is amortized on a straight-line basis over the life of the lease.

The future minimum lease obligations under the lease at December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 42,522	\$ 1,604	\$ 44,126
2025	42,588	514	43,102
	<u>\$ 85,110</u>	<u>\$ 2,118</u>	<u>\$ 87,228</u>

**NOTE F - EMPLOYEES' RETIREMENT PLANS**

Substantially all employees of the Municipality participate in one of the Municipality's pension plans. The Municipality has separate retirement plans for qualified police, firemen and non-uniformed employees.

Each year, the Municipality receives state funds under the Municipality Pension Plan Funding Standard and Recovery Act (Act 205). The amount for 2023, was \$1,293,883. The allocation of these funds is based on the actuarial valuation of the plans, which may differ from state receipts because of the use of accrual basis accounting.

The allocations of Act 205 funds, as approved by council, were as follows:

Paid Firefighters' Pension Plan	\$ 342,009
Police Pension Plan	<u>951,874</u>
	<u>\$ 1,293,883</u>

The following brief descriptions of the retirement plans are provided for general information purposes only. Plan participants should refer to the appropriate source documents for more complete information on the plans.

**MUNICIPALITY OF NORRISTOWN**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

**Police Pension Plan**

**Summary of Significant Accounting Policies**

Financial information of the Municipality's Police Pension Plan (the "Plan") is presented on the accrual basis of accounting. Contributions due and not paid prior to the year-end are recorded as contribution receivable. Benefit payments to participants are recorded upon distribution.

Investments in domestic equity mutual funds, the international equity mutual funds, fixed income mutual fund, the inflation projected mutual fund and the money market fund are carried at fair value as provided by the Plan's investment custodian, which generally represents quoted market prices as of the last business day of the year.

**Plan Description**

The Police Pension Plan is a single-employer, defined benefit pension plan established by the Municipality. The Plan is a trust created for the exclusive benefit of the participants and their beneficiaries, and, as such, is exempt from federal income taxes under Internal Revenue Code Section 401(a).

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Police Pension Plan. That report can be obtained by writing to: Lawrence C. Musgrove Associates, Inc., PO Box 1769, Salem, VA 24153.

**Plan Membership**

At December 31, 2023, the Plan membership consisted of the following:

Current active members	58
Current active members electing DROP	2
Retirees and beneficiaries currently receiving benefits	83
	143

**Benefits Provided** - The Police Pension Plan provides for normal, deferred vested, early retirement and disability pensions and survivor benefits. All benefits vest after 12 years of credited service. Each participant retiring at his/her normal retirement date shall be entitled to a monthly benefit equal to an amount calculated from the plan provisions selected by the participant. A police officer's normal retirement benefit shall equal 50% of Final Average Salary (last 36 months of W-2 pay) plus \$25 per month for each full year of service in excess of 25 years. The normal form of benefits under this Plan is 50% Joint and Survivor Annuity. A police officer may select the 100% Joint and Survivor Annuity option. Normal retirement is age 50 with at least 25 years of service. Early retirement is age 45 with at least 15 years of service.

**MUNICIPALITY OF NORRISTOWN**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

The Plan provides for death benefits for the pre-retirement death of participants killed in the line of duty. The participant's spouse is entitled, during the spouse's lifetime (or children to age 18, or age 23 if attending college, if there is no spouse), to receive a pension equal to 100% of salary.

If a police officer is found to be mentally or physically unable to engage in any substantial gainful activity due to an impairment that can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve (12) months, he or she shall receive a severe service-connected disability retirement benefit equal to 100% of Final Average Salary. If a police officer is found to be mentally or physically unable to engage in duties of his or her position with the Municipality due to an impairment that can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than twelve (12) months, he or she shall receive a moderate service-connected disability retirement benefit equal to 50% of Final Average Salary. If a police officer who becomes totally and permanently disabled as a result of a non-service-connected disability shall be entitled to receive a monthly benefit in the amount equal to 30% of Final Average Salary.

Benefits are funded through participant and employer contributions, the latter of which includes pension allocations under the Commonwealth of Pennsylvania Act 205. Effective January 1, 2016, the maximum each participant contributes was increased to 8.0% of applicable compensation.

Pursuant to the Act of May 29, 1956 P.L. 1804 (Act 600), as amended, this Act assigns authority to establish and amend benefit provisions to provide pension benefits for all its full-time police officers.

***Deferred Retirement Option Plan*** - Effective January 1, 2008, the Plan was amended to offer a five-year deferred retirement option plan ("DROP") to all Police Officers who reach the age of 55 and who complete at least 25 years of service. Each month during the DROP enrollment period, the Plan will transfer the monthly benefit that the participant would have received had the participant retired on their DROP enrollment date into an individual bookkeeping account in the name of the DROP participant. DROP accounts are credited annually with the amount of the Plan's investment earnings. If the monthly DROP contributions exceed the calendar year tax law limits, the participant will be paid for the months above the limit.

***Contributions*** - Pennsylvania Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation ("MMO") to each employee pension fund of the Municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated contributions. The annual required contribution for the MMO to the Pension Trust Fund in 2023 was \$2,312,099, which was funded entirely by the Municipality through state aid and municipal contributions. Municipal contributions were \$1,360,225 of the required MMO. Employee contributions in 2023 totaled \$532,200. State aid and employee participant contributions in 2023 amounted to 12.7% and 7.1%, respectively, of the \$7,479,766 annual covered payroll.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

The Municipality of Norristown provides management services to the Fund at no cost. The value of these services is not readily determinable and therefore, is not charged to the plan. Investment manager, custodial trustee and actuarial services are charged to the plan and funded through investment earnings.

**Investments**

**Investment Policy** - The Plan's policy in regard to the allocation of invested assets is established and may be amended by the board of trustees. It is the policy of the Board of Trustees to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. 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 Plan's adopted asset allocation policy as of December 31, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	42.0%
International equity	23.0%
Fixed income	30.0%
Cash	5.0%
	<u>100%</u>

Investments are reported at fair value. The fair value is the quoted market price. The plan's fair value of investments as of December 31, 2023 was \$43,697,809.

**Concentrations** - The Municipality's pension plans maintain a diversity of assets to absorb market risk to meet pension plan obligations. The following investments in pension plan assets represent more than 5% of the plan assets as of December 31, 2023:

MUTUAL FUNDS

Vanguard Total International Etf	\$ 4,909,919
Vanguard Total Stock Market Etf	12,784,774
Baird Core Plus Bond Fund Institut	3,610,402
Ishares Core U.S. Aggregate Bond ETF	2,703,320
Pgim Total Return Bond CI R6	3,119,531
	<u>\$ 27,127,946</u>

**Rate of Return** - For the year ended December 31, 2023, the annual money-weighted rate of return on Plan investments, net of Plan investment expenses, was 15.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**MUNICIPALITY OF NORRISTOWN**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

**Net Pension Liability of the Plan**

The components of the net pension liability of the Plan as of December 31, 2023 was as follows:

Total pension liability	\$ 56,760,011
Plan fiduciary net position	<u>(43,996,300)</u>
NET PENSION LIABILITY	<u>\$ 12,763,711</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>77.51%</u>

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of January 1, 2023 using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.50%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the 2010 Public Safety Mortality Table with generational improvement using Scale MP-2018.

The long-term expected rate of return on the plan investments was determined using a building-block method in which the 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates are arithmetic real rates of return for each major class included in the Plan's target asset allocation as of December 31, 2023 and are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.50%
International equity	7.10%
Fixed income	4.70%
Real estate	7.00%
Cash	2.70%

**MUNICIPALITY OF NORRISTOWN**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.50% as of December 31, 2023. The projection of cash flows used to determine the discount rate assumed that Plan participant contributions will be made at the current contribution rate and that the Municipality contributions will be made at rates and the participant rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determinate the total pension liability.

**Changes in the Net Pension Liability**

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) - (b)</u>
Balances at December 31, 2022	\$ 53,808,945	\$ 38,968,300	\$ 14,840,645
Changes for the year			
Service cost	1,018,513	-	1,018,513
Interest	3,984,317	-	3,984,317
Differences between expected and actual experience	1,354,687	-	1,354,687
Contributions			
Employer	-	2,312,099	(2,312,099)
Member	-	532,200	(532,200)
Net investment income (loss)	-	5,719,812	(5,719,812)
Benefit payments, including employee refunds	(3,406,451)	(3,406,451)	-
Administrative expense	-	(129,660)	129,660
Net changes	<u>2,951,066</u>	<u>5,028,000</u>	<u>(2,076,934)</u>
Balances at December 31, 2023	<u>\$ 56,760,011</u>	<u>\$ 43,996,300</u>	<u>\$ 12,763,711</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 7.50%, as well as the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate as of December 2023:

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Net pension liability	\$ <u>19,170,045</u>	\$ <u>12,763,711</u>	\$ <u>7,401,427</u>

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - For the year ended December 31, 2023, the Municipality recognized pension expense of \$2,442,194 for the Police Pension Plan. At December 31, 2023, the Municipality reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,303,879	\$ 579,736
Changes in assumptions	1,490,424	-
Net difference between projected and actual earnings on pension plan investments	<u>3,143,835</u>	<u>-</u>
	<u>\$ 5,938,138</u>	<u>\$ 579,736</u>

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

<u>Year Ending December 31,</u>	
2024	\$ 1,440,970
2025	2,020,179
2026	2,215,320
2027	(318,067)
2028	-
Thereafter	<u>-</u>
	<u>\$ 5,358,402</u>

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

**Paid Firefighters' Pension Plan**

**Summary of Significant Accounting Policies**

Financial information of the Municipality's Paid Firefighters' Pension Plan (the "Plan") is presented on the accrual basis of accounting. Contribution due and not paid prior to year-end are recorded as contributions receivable. Benefit payments to participants are recorded upon distribution.

Investment is United States Government Agency obligations, certificates of deposit, the balanced mutual fund, equity mutual fund, international equity mutual funds, the money market fund, exchange traded funds, and common stock and the bank deposit program are carried at fair value which generally represents quoted market prices or the net asset value of mutual funds as of the last business day of the year as provided by the investment manager/broker. The investment in the mortgage-backed security is carried at estimated fair value as provided by the investment broker as of the last business day of the year.

**Plan Description**

The Paid Firefighters' Pension Plan is a single employer, defined benefit pension plan established pursuant to the Agreement and Declaration of Trust of the Norristown Paid Firefighters' Pension Fund. The Plan is a trust created for the exclusive benefit of the participants and their beneficiaries, and, as such, is exempt from federal income taxes under Internal Revenue Code Section 401(a).

The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Paid Firefighters' Pension Plan. That report can be obtained by writing to Lawrence C. Musgrove Associates, Inc., PO Box 1769, Salem, VA 24153.

**Plan Membership**

At December 31, 2023, the Plan membership consisted of the following:

Current active members	22
Retirees and beneficiaries currently receiving benefits	18
	<hr/>
	40
	<hr/> <hr/>

Effective March 5, 2016, the Plan offers a three-year deferred retirement plan option (DROP) to all Fire Fighters who reach at least 53 and complete at least 25 years of service.

Effective March 5, 2016, a Fire Fighter may purchase up to two additional Years of Service for time served in the United States Armed Forces before becoming a Fire Fighter. The buyback amount is equal to 5% of the Fire Fighters current base salary for each year of military buyback purchase.

**MUNICIPALITY OF NORRISTOWN**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

**Benefits Provided** - The Plan provides for normal, early, deferred vested and disability pension benefits and for death benefits. All benefits vest after 12 years of credited service. Each participant retiring at his normal retirement date (age 50 and 25 years of service) shall be entitled to receive a monthly pension as of their normal retirement date equal to, or the actuarial equivalent of, his accrued benefit in the normal form. Normal form of benefits under this Plan is 100% Joint and Survivor Annuity for married Fire Fighters and a Single Life Annuity with a 120 monthly payout guarantee for single Fire Fighters. Normal retirement age is age 50 with at least 25 years of service. Early retirement is age 45 with at least 10 years of service.

A pre-retirement death benefit, not in the line of duty, based on a 100% Joint and Survivor Annuity after ten years of service is provided by the Plan.

To be eligible for a disability benefit, participants must be permanently and totally disabled. For severe service connected disability, the benefit is equal to 100% of applicable compensation at the date of disability. For moderate service connected disability, the benefit is equal to 50% of applicable compensation at the date of disability. For non-service connected disability, the benefit is equal to 30% of applicable compensation at the date of disability provided that the participant has completed ten (10) years of service.

Benefits are funded through participant and employer contributions, the latter of which includes pension allocations under the Commonwealth of Pennsylvania Act 205 (Act 205). Each active participant contributes 8.0% of their applicable compensation.

**Contributions** - Pennsylvania Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of minimum municipal obligation ("MMO") to each employee pension fund of the Municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated contributions. The annual required contribution for the MMO to the Pension Trust Fund in 2023, was \$756,463, which was funded entirely by the Municipality through state aid and municipal contributions. Municipal contributions were \$414,454 of the required MMO in 2023. Employee contributions in 2023, totaled \$233,690. State aid and employee participant contributions in 2023 amounted to 11.6% and 7.9%, respectively, of the \$2,943,764 annual covered payroll.

The Municipality of Norristown provides management services to the Fund at no cost. The value of these services is not readily determinable and therefore, are not charged to the Plan. Investment manager, custodial trustee and actuarial services, are charged to the Plan and funded through investment earnings.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

**Investment Policy** - The Plan's policy in regard to the allocation investments assets is established and any be amended by the Board of Trustees. The assets purchased within the portfolio may include money-market fund, open-end mutual funds, individual securities, U.S. Treasury and U.S. Government Agency obligations, Certificates of Deposit, and corporate bonds. All issues shall be evaluated by the portfolio's investment advisors and shall be selected on the basis of proven operating records, sound financial conditions, good marketability and reasonable valuations. Volatility of the portfolio will be judged as a whole and not as separate components. Diversifications will be used to minimize volatility. The following was the Plan's allocation policy as of December 31, 2023:

Asset Class	Target Allocation
Domestic equity	62.5%
Fixed income/cash equivalents	37.5%
	<u>100%</u>

Investments of the Pension Trust Fund are stated at fair value. The fair value is the quoted market price. The plan's fair value of investments as of December 31, 2023, was \$15,822,618.

**Concentrations** - The municipal pension plans maintain a diversity of assets to absorb market risk and to meet pension plan obligations. The following investments in pension plan assets represent more than 5% of the plans assets as of December 31, 2023:

<b>MUTUAL FUNDS</b>	
MFS Total Return Fund-A	\$ 5,982,265
MFS Value Fund-A	1,467,204
	<u>7,449,469</u>
 <b>EXCHANGE TRADED FUNDS</b>	
SPDR S+P 500 ETF Tr	<u>1,173,900</u>
	<u>\$ 8,623,369</u>

**Rate of Return** - For the year ended December 31, 2023, the weighted average rate of return on Plan investments, net of Plan investment expenses was 10.80%. The weighted average rate of return expresses investment performance, net of investment expense. The calculation of these returns was based on the portfolio allocation at the end of the year beginning of the year to calculate an estimate annual average return.

**MUNICIPALITY OF NORRISTOWN**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

**Net Pension Liability of the Plan**

Total pension liability	\$ 17,934,269
Plan fiduciary net position-defined benefit	<u>(15,938,718)</u>
NET PENSION LIABILITY	<u>\$ 1,995,551</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>88.87%</u>

**Actuarial Assumptions** - The total pension liability was determined by actuarial valuation as of January 1, 2023, using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	3%
Salary increases	4.50%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the Public 2010 Safety Mortality Table with MP-2018.

The Plan's target return is the Plan's actuarial assumption of 7.25% as of December 31, 2023. The Plan's goal is to achieve a target return over a ten year period. The target return shall be revised to equal any revised actuarial assumption. Actual Plan returns will vary from year to year. Past performance is no guarantee of future performance.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.25%
Fixed income/cash equivalents	7.25%

**Discount Rate** - The discount rate used to measure the total pension liability was 7.25% as of December 31, 2023. The projection of cash flows used to determine the discount rate assumed the Plan participant contributions will be made at the current contribution rates equal to the difference between actuarially determined contribution rates and the participant rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

***Changes in the Net Pension Liability***

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2022	\$ 16,204,998	\$ 14,658,871	\$ 1,546,127
Changes for the year			
Service cost	407,917	-	407,917
Interest	1,202,124	-	1,202,124
Differences between expected and actual experience	805,752	-	805,752
Changes of assumptions	482,655	-	482,655
Contributions			
Employer	-	756,463	(756,463)
Member	-	233,690	(233,690)
Net investment income (loss)	-	1,555,314	(1,555,314)
Benefit payments, including employee refunds	(1,169,177)	(1,169,177)	-
Administrative expense	-	(96,443)	96,443
Net changes	<u>1,729,271</u>	<u>1,279,847</u>	<u>449,424</u>
Balances at December 31, 2023	<u>\$ 17,934,269</u>	<u>\$ 15,938,718</u>	<u>\$ 1,995,551</u>

***Sensitivity of 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 7.25%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate as of December 31, 2023:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability	<u>\$ 4,168,232</u>	<u>\$ 1,995,551</u>	<u>\$ 188,197</u>

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - For the year ended December 31, 2023, the Municipality recognized pension expense of \$469,292 for the Paid Firefighters' Pension Plan. At December 31, 2023, the Municipality reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 708,085	\$ 728,846
Changes in assumptions	758,706	-
Net difference between projected and actual earnings on pension plan investments	<u>750,063</u>	<u>-</u>
	<u>\$ 2,216,854</u>	<u>\$ 728,846</u>

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

<u>Year Ending December 31,</u>	
2024	\$ 253,269
2025	276,399
2026	488,151
2027	17,185
2028	122,484
Thereafter	<u>330,520</u>
	<u>\$ 1,488,008</u>

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

**Non-Uniformed Pension Plan**

**Summary of Significant Accounting Policies**

**Method Used to Value Investments** - Investments are reported at fair value. The Plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures for aggregate PMRS investments are included in PMRS's separately issued Annual Comprehensive Financial Report (ACFR).

**Plan Description**

**Plan Administration** - The Non-Uniformed Pension Plan is a single employer, defined benefit pension plan. The Plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system. PMRS issues a separate Annual Comprehensive Financial Report (ACFR). A copy of the ACFR can be obtained by writing to the Chief, Accounting Division of Commonwealth of Pennsylvania, Pennsylvania Municipal Retirement System, P.O. Box 1165, Harrisburg, Pennsylvania 17108-1165 or by calling (800) 622-7968.

**Plan Membership** - At December 31, 2023, the Plan membership consisted of the following:

Current active members	43
Retirees and beneficiaries currently receiving benefits	22
Members vested, entitled to benefits, but not receiving them	16
	<hr/>
	81
	<hr/>

**Benefits Provided** - The Plan was established by the Municipality to provide pension benefits for all its full-time non-uniformed employees. All benefits vest after 7 years of credited service. Each participant retiring at his normal retirement date shall be entitled to receive a monthly benefit as of his normal retirement date equal to, or the actuarial equivalent of, his accrued benefit in the normal form. To be eligible for disability benefit, participants must be permanently and totally disabled. For service-related disability, the benefit is equal to 50% of applicable compensation at the date of disability.

**Contributions** - Members contribute at a rate of 4.5% of compensation. The Municipality's Contribution is determined based on actuarial valuations. Significant actuarial assumptions include (1) a rate of return on investments of present and future assets of 5.25% per annum, (2) projected salary increases of 4.5% per year compounded annually, and (3) members are assumed to retire within a range of years between 61 and 75. No contributions were required for the current year.

**Investments**

**Investment Policy** - The policy of the PMRS system (the "System") in regard to investment income allocation on invested assets is established and may be amended by the PMRS board. Plan assets are managed on a total return basis with an emphasis on both capital and appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of PMRS.

**MUNICIPALITY OF NORRISTOWN**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>
Private equity	12.0%
Private credit	4.0%
Real estate	7.0%
U.S. equity	31.0%
Int'l developed markets equity	14.0%
Emerging markets equity	5.0%
Fixed income	22.0%
Inflation protected (TIPS)	3.0%
Cash	2.0%
	<u>100%</u>

**Rate of Return** - For the year ended December 31, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was (12.83%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension (Asset) Liability of the Municipality**

Total pension liability	\$ 7,144,909
Plan fiduciary net position-defined benefit	<u>10,085,219</u>
NET PENSION LIABILITY(ASSET)	<u>\$ (2,940,310)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>-141.15%</u>

**Actuarial Assumptions** - The pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in this measurement:

Inflation	2.80%
Salary increases	Age related scale with merit and inflation component
Investment rate of return	5.25%

Pre-retirement mortality rates for was RP 2000 projected for 15 years with Scale AA; and for females, RP 2000 projected for 15 years with Scale AA, set back five years.

The PMRS System's long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return are developed for each major asset class, for the portfolio as a whole and at different levels of probability or confidence.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

Asset Class	Long-Term Expected Real Rate of Return
Domestic equities (large-capitalized firms)	5.00%
Domestic equities (small-capitalized firms)	5.70%
International equities (international developed markets)	5.10%
International equities (emerging markets)	5.51%
Global equities	4.53%
Real estate	4.92%
Timber	4.00%
Fixed income - Core	2.10%
Fixed income - Opportunistic	5.50%
Cash	-0.30%

**Discount Rate** - While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate. The PMRS Board establishes the Regular Interest Rate on the basis of expected stable and consistent earning on investments to be applied to account of the individual participating municipalities and includes the accounts of plan participants, municipalities and plan retirees each year. The Board considers the following five quantitative factors in establishing the Regular Interest Rate:

- 1) Retiree Plan liability as a percentage of the total Plan liability,
- 2) Active Plan participant liability as a percentage of the total Plan liability,
- 3) Smoothed Pension Benefit Guarantee Corporation (PBGC) annuity rates,
- 4) PMRS System Long-Term Expected Rate of Return, and
- 5) PMRS administrative expenses

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

***Changes in the Net Position (Asset) Liability***

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability (Asset) <u>(a) - (b)</u>
Balances at December 31, 2021	\$ 6,756,198	\$ 11,851,175	\$ (5,094,977)
Changes for the year			
Service cost	271,012	-	271,012
Interest	360,577	-	360,577
Differences between expected and actual experience	75,891	-	75,891
PMRS assessment	-	220	(220)
Member	-	109,015	(109,015)
PMRS investment income	-	507,475	(507,475)
Fair value investment income	-	(2,035,163)	2,035,163
Benefit payments, including employee refunds	(318,769)	(318,769)	-
PMRS administrative expense	-	(1,920)	1,920
Additional administrative expense	-	(26,814)	26,814
Net changes	<u>388,711</u>	<u>(1,765,956)</u>	<u>2,154,667</u>
Balances at December 31, 2022	<u>\$ 7,144,909</u>	<u>\$ 10,085,219</u>	<u>\$ (2,940,310)</u>

***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*** - The following presents the net pension (asset) of the Municipality, calculated using the discount rate of 5.25%, as well as what the Municipality's net pension (asset) would be if there were calculated using a discount rate that is one percentage point lower (4.25%) and one percentage point higher (6.25%) than the current rate:

	1% Decrease <u>(4.25%)</u>	Current Discount Rate (5.25%)	1% Increase <u>(6.25%)</u>
Net pension liability (asset)	\$ <u>(1,964,376)</u>	\$ <u>(2,940,310)</u>	\$ <u>(3,745,279)</u>

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE F - EMPLOYEES' RETIREMENT PLANS (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - For the year ended December 31, 2023, the Municipality recognized pension expense of \$65,940 for the Non-Uniformed Employees' Pension Plan. At December 31, 2023, the Municipality reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 63,242	\$ 295,835
Changes in assumptions	67,155	-
Net difference between projected and actual earnings on pension plan investments	<u>680,625</u>	<u>-</u>
	<u>\$ 811,022</u>	<u>\$ 295,835</u>

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

<u>Year Ending December 31,</u>	
2023	\$ (204,315)
2024	89,144
2025	198,030
2026	419,682
2027	12,646
Thereafter	<u>-</u>
	<u>\$ 515,187</u>

**Component Unit - Norristown Municipal Waste Authority**

The Authority offers its employees a defined contribution plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Additionally, participants with an employee contribution rate under 5% receive a credit of \$1.75 per hour worked. Participants with contribution rates 5% and over receive a credit of \$2.25 per hour worked. Employer contributions to the plan amounted to \$47,754 in 2023.

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**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE G - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended December 31, 2023:

	<u>Maturity Date</u>
<b>GOVERNMENTAL ACTIVITIES</b>	
General obligation bonds and notes	
PA Transportation Loan	2027
2017 Series AAA	2034
2019 Series A	2030
2019 Series B	2030
2020 Series B	2027
2020 Series C	2046
2023 Series	2052
TOTAL GENERAL OBLIGATION BONDS AND NOTES	
Deferred amounts	
Issuance premiums	
Revenue bonds and notes	
HUD 108 Series 2015A	2030
TOTAL BONDS AND NOTES PAYABLE	
Leases	
Financing purchase obligations	
Compensated absences	
Total OPEB liability	
Net pension liability	
TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES	
<b>COMPONENT UNIT - NORRISTOWN MUNICIPAL WASTE AUTHORITY</b>	
Sewer revenue bonds and notes	
Series 2013A	2023
Series 2013B	2025
Series 2013C	2033
Sewer revenue notes	2025
TOTAL BONDS PAYABLE AND NOTES PAYABLE	
Leases	
Compensated absences	
TOTAL COMPONENT UNIT LONG-TERM LIABILITIES	

Payments on the bonds and loans payable pertaining to the Municipality's governmental activities are made by the General Fund and Capital Projects Fund. Payments of lease liabilities, compensated absences, net pension obligations and net other postemployment benefit obligations pertaining to the Municipality's governmental activities are also made by the General Fund.

Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due Within One Year
\$ 1,831,213	\$ -	\$ (352,764)	\$ 1,478,449	\$ 359,378
5,030,000	-	(345,000)	4,685,000	355,000
430,697	-	(50,491)	380,206	51,708
277,303	-	(32,509)	244,794	33,292
6,210,000	-	(480,000)	5,730,000	505,000
1,860,000	-	(70,000)	1,790,000	70,000
<u>17,710,000</u>	<u>-</u>	<u>(400,000)</u>	<u>17,310,000</u>	<u>300,000</u>
33,349,213	-	(1,730,764)	31,618,449	1,674,378
<u>997,117</u>	<u>-</u>	<u>(56,100)</u>	<u>941,017</u>	<u>56,100</u>
<u>3,100,000</u>	<u>-</u>	<u>(380,000)</u>	<u>2,720,000</u>	<u>380,000</u>
37,446,330	-	(2,166,864)	35,279,466	2,110,478
99,701	-	(11,553)	88,148	9,521
1,676,417	1,700,007	(303,733)	3,072,691	526,565
1,752,800	1,221,448	(644,174)	2,330,074	-
4,219,429	344,535	-	4,563,964	-
<u>16,386,772</u>	<u>-</u>	<u>(1,627,510)</u>	<u>14,759,262</u>	<u>-</u>
<u>\$ 61,581,449</u>	<u>\$ 3,265,990</u>	<u>\$ (4,753,834)</u>	<u>\$ 60,093,605</u>	<u>\$ 2,646,564</u>
\$ 904,042	\$ -	\$ (904,042)	\$ -	\$ -
1,526,691	-	(529,248)	997,443	535,286
6,503,700	-	(48,000)	6,455,700	48,000
<u>9,091,087</u>	<u>-</u>	<u>(571,985)</u>	<u>8,519,102</u>	<u>590,983</u>
18,025,520	-	(2,053,275)	15,972,245	1,174,269
127,648	-	(42,538)	85,110	42,522
<u>22,544</u>	<u>2,501</u>	<u>-</u>	<u>25,045</u>	<u>-</u>
<u>\$ 18,175,712</u>	<u>\$ 2,501</u>	<u>\$ (2,095,813)</u>	<u>\$ 16,082,400</u>	<u>\$ 1,216,791</u>

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE G - LONG-TERM LIABILITIES (Continued)**

**Long-Term Debt**

An analysis of debt service requirements to maturity on long-term debt follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 2,054,378	\$ 1,303,234	\$ 3,357,612
2025	2,117,116	1,234,883	3,351,999
2026	2,175,981	1,162,884	3,338,865
2027	1,978,974	1,087,601	3,066,575
2028	1,656,000	1,019,500	2,675,500
2029-2033	7,691,000	4,129,818	11,820,818
2034-2038	5,350,000	2,819,140	8,169,140
2039-2043	3,515,000	2,020,028	5,535,028
2044-2048	4,075,000	1,271,467	5,346,467
2049-2052	3,725,000	391,664	4,116,664
	<u>\$ 34,338,449</u>	<u>\$ 16,440,219</u>	<u>\$ 50,778,668</u>

The following is a summary of long-term debt outstanding:

General Obligation Bonds Series AAA of 2017, in the amount of \$8,130,000 were issued to fund capital projects, to currently refund the outstanding General Obligation Bond Series 2004 and pay the costs of issuing the bond. Interest rates range from 1.382% to 4.227%. Principal payments are due annually and interest payments are due semiannually through November 1, 2034. The outstanding principal balance at December 31, 2023, amounted to \$4,685,000.

A Promissory Note, 2017 Series, in the amount of \$3,500,000 was issued to fund, among other things, ADA curb ramps, and milling and overlay of streets located within the Municipality. Principal and interest payments are due annually at 1.875% through December 1, 2027. The outstanding principal balance at December 31, 2023, amounted to \$1,478,449.

The U.S. Department of Housing and Urban Development (HUD) issued a loan to the Redevelopment Authority of Montgomery County in the amount of \$5,000,000 under the Section 108 Program to be passed through as a loan to Johnson & Markley Redevelopment, L.P. for redevelopment of property located in Norristown. Under the terms of the financing agreement, the Municipality of Norristown guaranteed the payment of principal and interest on the HUD Section 108 loan with its Community Development Block Grant Funds. Johnson and Markley Redevelopment, L.P. has since defaulted on its obligations. As part of the Municipality's guarantee, HUD has the right to deduct the 108 payments from the annual CDBG entitlement of Norristown for the remaining term of the loan. Payments began in 2018 and will continue through 2030. Interest is paid semi-annually on February 1 and August 1 at a variable rate of interest. The outstanding principal balance at December 31, 2023 was \$2,720,000. See Note L.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE G - LONG-TERM LIABILITIES (Continued)**

A General Obligation Note, Series of 2019, was issued to fund capital projects in the amount of \$950,000. Principal and interest payments are due annually through December 30, 2030. The issue bears interest at annual rates of 1.72%. The notes outstanding balance at December 31, 2023, amounted to \$625,000.

In June 2020, the Municipality issued a General Obligation Note, Series of 2020 B was issued to currently refund the General Obligation Notes Series A of 2017, and to pay the costs and expenses related to the issuance of the bonds in the amount of \$7,375,000. Principal and interest payments are due annually through December 30, 2027. The issue bears interest at annual rates of 3.00% to 4.00%. The outstanding principal balance at December 31, 2023, amounted to \$5,730,000.

In June 2020, the Municipality issued a General Obligation Note, Series of 2020 C was issued to currently refund the Promissory Note, 2015 Series and to pay the costs and expenses related to the issuance of the bonds in the amount of \$2,045,000. Principal and interest payments are due annually through December 30, 2046. The issue bears interest at annual rates ranging from 1.76% to 3.97%. The notes outstanding balance at December 31, 2023, amounted to \$1,790,000.

In December 2022, the Municipality issued a General Obligation Bond, Series 2022, which was issued to currently refund the Promissory Note, 2020 Series A and to pay for construction costs associated with the Municipal Building in the amount of \$17,710,000. Principal and interest payments are due annually through December 2052. The issue bears interest at annual rates ranging from 3.25% to 5.50%. The bond outstanding principal balance at December 31, 2023, amounted to \$17,710,000. Of the issuance amount, \$12,675,000 was used to currently refund the \$12,500,000 in outstanding 2020 Series A general obligation bonds. The net proceeds of \$12,584,677 (including a \$263,267 premium and after payment of \$353,590 in underwriting fees and issuance costs) was deposited with the escrow agent to provide funds for the current refunding debt service. The refunding increased total debt service payments by \$9,345,992 and resulted in an economic loss of \$355,394. The notes outstanding balance at December 31, 2023, amounted to \$17,310,000.

**Financing Purchase Obligations**

The Municipality has entered into financing purchase agreements for financing the acquisition of certain equipment. The annual payments for principal and interest due for the remainder of the agreements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 526,565	\$ 107,427	\$ 633,992
2025	528,763	88,626	617,389
2026	546,891	70,497	617,388
2027	565,663	51,725	617,388
2028	475,216	32,288	507,504
2029-2030	429,593	20,565	450,158
	<u>\$ 3,072,691</u>	<u>\$ 371,128</u>	<u>\$ 3,443,819</u>

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE G - LONG-TERM LIABILITIES (Continued)**

**Component Unit - Norristown Municipal Waste Authority**

In May of 2020, the Authority issued Sewer Revenue Note, Series 2020 for \$10,000,000, which will be used for the acquisition, construction, and improvements of facility. The Notes bearing interest at 2.7% with interest only payments until June of 2021 and the principle and interest payment of \$67,802 and a final balloon payment in 2025.

In 2013 the Authority issued sewer obligation notes which were used for the acquisition, construction, and improvements of facility. Sewer Revenue Note 2013C was issued for \$440,000. In 2014 the Authority drew the remaining \$6,460,000 which was required to be taken per the loan agreement. This was issued at a fixed rate of 2.87% through 2023, and then were adjusted as per the agreement. The Authority selected a floating rate for the remainder of the term of the note with a ceiling of 6% as per the agreement. At December 31, 2023 the interest rate was 5.919%. Interest and principal payments on all loans are calculated based upon a 20-year amortization schedule.

Aggregate maturities required on long-term debt at December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 1,174,269	\$ 450,142	\$ 1,624,411
2025	8,604,069	349,901	8,953,970
2026	724,050	168,290	892,340
2027	745,106	147,234	892,340
2028	766,774	125,566	892,340
2029-2032	<u>3,957,977</u>	<u>280,638</u>	<u>4,238,615</u>
	<u>\$ 15,972,245</u>	<u>\$ 1,521,771</u>	<u>\$ 17,494,016</u>

**Compensated Absences**

Full-time employees earn vacation time. Carryover of vacation time after year-end is subject to contract limits. In addition, employees also accrue sick leave benefits subject to contract limits. Certain unused sick time is purchased annually from employees subject to contract limits.

GAAP requires accrual of sick and vacation pay that meets certain specific conditions. The Municipality has determined that such conditions apply to accumulated sick and vacation pay. To the extent sick pay liabilities are to be liquidated with available resources (annual sick buy back shortly after year-end), they are accounted for as fund liabilities in the fund financial statements; the total obligation for both sick and vacation pay is accounted for as a liability in the government-wide financial statements. Total compensated absence liabilities presented on the statement of net position amounted to \$2,330,074 as of December 31, 2023.

**MUNICIPALITY OF NORRISTOWN**  
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**NOTE H - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances consist of the following at December 31, 2023:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Liquid Fuels Fund	\$ 15,722
General Fund	Community Development	666,907
General Fund	Capital Projects Fund	300,392
General Fund	Other Governmental Funds	30,930
General Fund	Stormwater Authority	30,197
		<u>\$ 1,044,148</u>

Interfund balances result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers at December 31, 2023 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 962,149	\$ 18,635
Capital Projects Fund	18,031	941,964
Community Development Fund	2,185	19,581
Other Governmental Funds	-	2,185
	<u>\$ 982,365</u>	<u>\$ 982,365</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE I - RISK MANAGEMENT**

The Municipality maintains an insurance policy for workers' compensation insurance. Insurance premiums are developed based on employee job descriptions, rate factors and payroll costs for the year. The policy has an audit performed each year, and the Municipality may be required to pay any additional premium as a result of the audit, or the Municipality may be entitled to a refund as a result of the audit. For the year ended December 31, 2023, the Municipality paid net insurance premiums of \$548,958.

The Municipality is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; natural disaster; injuries to people on municipal property; and civil right violation claims. Management and legal representation is not aware of any claims that are material in nature and that would exceed insured limits as of December 31, 2023. Covered settled claims arising during the last four years of insurance coverage did not exceed liability coverage.

**NOTE J - CONTINGENCIES**

In the normal course of business, there may be various claims and suits pending against the Municipality and its elected officials. Management and its counsel are of the opinion that these matters will not have a material adverse effect on the Municipality's financial position at December 31, 2023.

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

**Plan Description**

**Plan Administration** - The Municipality sponsors a single-employer postemployment benefit plan that covers health and life insurance for eligible retirees of the Municipality's police and firefighters. These benefits were encompassed within each of the respective union contracts. All plan benefits are dictated in the contracts. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 and the Plan does not issue a stand-alone report.

**MUNICIPALITY OF NORRISTOWN**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE K - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Benefits Provided**

Police Eligibility Requirements

For officers who retired before January 1, 1993, the retiree shall have the option of the Municipality paying \$120/month to a health carrier designated by the officer until the officer reaches age sixty-five (65) at which time all payments shall cease. For officers who retire on or after January 1, 1993, the retiree shall have the option of the Municipality paying \$300/month to a health care carrier designated by the officer until the officer reaches age sixty-five (65) at which time all payments shall cease. Effective January 1, 1999, the Municipality's contribution will be increased from \$300/month to \$400/month for officers who retire on or after that date. Effective January 1, 2003, the Municipality's contribution will be increased from \$400/month to \$500/month for officers who retire on or after that date.

Such coverage will be available only if the retiree does not have coverage elsewhere or if his/her spouse does not have coverage for the retiree. If this option is chosen, the retiree must take coverage for the hospitalization, medical- surgical and major medical while other coverage will be optional to the extent it is permitted by the insurance carrier(s). In the alternative, such payments can be applied by the retiree for life insurance coverage. Officers who retired before January 1, 1999, may purchase up to \$35,000 of coverage. Officers who retire on or after January 1, 1999, can purchase coverage up to an amount of one hundred (100%) percent of the officer's base salary at the time immediately preceding retirement.

In addition, the Municipality shall provide and pay for a \$5,000 whole life insurance policy to each retiring officer.

Fire Fighter's Eligibility Requirements

For fire fighters who retired before January 1, 1993, the retiree shall have the option of the Municipality paying \$120/month to a health carrier designated by the officer until the fire fighter reaches age sixty-five (65) at which time all payments shall cease. For fire fighters who retire on or after January 1, 1993, the retiree shall have the option of the Municipality paying \$300/month to a health care carrier designated by the fire fighter until the fire fighter reaches age sixty-five (65) at which time all payments shall cease. Effective January 1, 2004, the Municipality's contribution will be increased from \$300/month to \$500/month for fire fighters who retire on or after that date.

Such coverage will be available only if the retiree does not have coverage elsewhere or if his/her spouse does not have coverage for the retiree. If this option is chosen, the retiree must take coverage for the hospitalization, medical- surgical and major medical while other coverage will be optional to the extent it is permitted by the insurance carrier(s). Effective January 1, 2000, the Municipality shall provide and pay for a \$10,000 whole life insurance policy to each retiring fire fighter.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

**Employees Covered by Benefit Terms** - At December 31, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	89
	<hr/>
	112
	<hr/> <hr/>

**Total OPEB Liability**

The Municipality’s total OPEB liability of \$4,563,964 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2022.

**Actuarial Assumptions and Other Inputs** - The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	4.0% annual increase
Discount rate	3.26%
Healthcare cost trend rates	7% in 2020, decrease by 0.5% per year to an ultimate rate of 5.0%

The discount rate changed from 3.72% to 3.26% and was based on the December 31, 2023 Bond Buyer Municipal Bond Index AA. Mortality rates were based on the RP-2014 at 2006 Healthy Annuitant Mortality Table with generational projection using Scale MP-17.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

**Changes in the Total OPEB Liability of the Municipality**

Changes of assumptions and other inputs reflect a discount rate of 3.26% in 2023.

	<u>Total OPEB Liability</u>
BALANCES AT DECEMBER 31, 2022	\$ 4,219,429
Changes for the year	
Service cost	178,550
Interest	160,962
Differences between expected and actual experience	147,091
Benefit payments	<u>(142,068)</u>
NET CHANGES	<u>344,535</u>
BALANCES AT DECEMBER 31, 2023	<u>\$ 4,563,964</u>

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*** - The following represents the total OPEB liability of the Municipality, as well as what the Municipality's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.26%) or 1-percentage point higher (4.26%) than the current discount rate:

	<u>1% Decrease (2.26%)</u>	<u>Current Discount Rate (3.26%)</u>	<u>1% Increase (4.26%)</u>
Total OPEB liability	\$ <u>4,981,698</u>	\$ <u>4,563,964</u>	\$ <u>4,190,069</u>

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*** - The following represents the total OPEB liability of the Municipality, as well as what the Municipality's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease (5.0%)</u>	<u>Current Healthcare Cost Trend Rate (6.0%)</u>	<u>1% Increase (7.0%)</u>
Total OPEB liability	\$ <u>4,107,855</u>	\$ <u>4,563,964</u>	\$ <u>5,097,009</u>

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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

***OPEB Expense and Deferred Outflows of Resource and Deferred Inflows of Resources Related to OPEB*** - For the year ended December 31, 2023, the Municipality recognized OPEB expense of \$364,932. At December 31, 2023, the Municipality 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>
Difference between expected and actual experience	\$ <u>612,444</u>	\$ <u>468,670</u>

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

<u>Year Ending December 31,</u>	
2024	\$ 25,420
2025	25,420
2026	25,420
2027	25,420
2028	25,420
Thereafter	<u>16,674</u>
	<u>\$ 143,774</u>

**NOTE L - LOAN GUARANTEE**

During 2011, the Municipality acted as the Unit of General Local Government for the Redevelopment Authority of Montgomery County to borrow \$5,000,000 from the U.S. Department of Housing and Urban Development (“HUD”) under the Section 108 Program. The Redevelopment Authority used the funds to provide a loan to a local developer (Johnson & Markley Redevelopment, L.P.) for the redevelopment of an existing commercial building. Interest payments on the loan are due February 1 and August 1 and principal payments are due annually, commencing August 1, 2018 through August 1, 2030. Under the terms of the financing agreement, the Municipality guarantees the payment of principal and interest on the loan with its Community Development Block Grant (“CDBG”) Funds should the Redevelopment Authority fail to make the required payments. During 2023, the Municipality made principal payments of \$380,000 and interest payments of \$106,220, ending the year with an outstanding balance of \$2,720,000.

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**NOTE M - COMBINING SCHEDULES OF FIDUCIARY FUNDS**

The following is a combining schedule of fiduciary net position for the Pension Trust Funds:

	Police Pension Fund	Paid Firefighters' Pension Plan	Total Pension Trust Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash	\$ 90,405	\$ 57,112	\$ 147,517
Receivables	6,926	14,820	21,746
Prepaid plan expenses and pension benefits	263,412	84,077	347,489
Investments			
Mutual Funds	18,071,539	8,173,875	26,245,414
Exchange traded funds	25,626,270	3,374,316	29,000,586
U.S. Government agency obligations	-	415,266	415,266
Certificates of deposit	-	2,483,618	2,483,618
Common and preferred stock	-	1,266,408	1,266,408
Other	-	109,135	109,135
TOTAL INVESTMENTS	<u>43,697,809</u>	<u>15,822,618</u>	<u>59,520,427</u>
TOTAL ASSETS	<u>44,058,552</u>	<u>15,978,627</u>	<u>60,037,179</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	<u>62,252</u>	<u>39,909</u>	<u>102,161</u>
<b>NET POSITION</b>			
Restricted for pensions	<u>\$ 43,996,300</u>	<u>\$ 15,938,718</u>	<u>\$ 59,935,018</u>

**MUNICIPALITY OF NORRISTOWN**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE M - COMBINING SCHEDULES OF FIDUCIARY FUNDS (Continued)**

The following is a combining schedule of changes in fiduciary net position for the Pension Trust Funds:

	Police Pension Fund	Paid Firefighters' Pension Plan	Total Pension Trust Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>			
Investment income			
Net appreciation (depreciation) in fair value of investments	\$ 4,741,196	\$ 963,649	\$ 5,704,845
Interest and dividends	1,125,490	651,979	1,777,469
Investment expenses and foreign taxes paid	(146,874)	(60,314)	(207,188)
<b>INVESTMENT         INCOME, net</b>	<u>5,719,812</u>	<u>1,555,314</u>	<u>7,275,126</u>
Contributions			
Commonwealth of Pennsylvania Act 205 pension allocation	951,874	342,009	1,293,883
Municipality contributions	1,360,225	414,454	1,774,679
Member contributions	532,200	233,690	765,890
<b>TOTAL         CONTRIBUTIONS</b>	<u>2,844,299</u>	<u>990,153</u>	<u>3,834,452</u>
<b>TOTAL ADDITIONS</b>	<u>8,564,111</u>	<u>2,545,467</u>	<u>11,109,578</u>
<b>DEDUCTIONS</b>			
Benefits and return of contributions	3,229,497	899,139	4,128,636
DROP benefits	165,419	209,488	374,907
Return of contributions	11,535	60,550	72,085
Administrative expenses	129,660	96,443	226,103
<b>TOTAL         DEDUCTIONS</b>	<u>3,536,111</u>	<u>1,265,620</u>	<u>4,801,731</u>
<b>CHANGE IN NET         POSITION</b>	5,028,000	1,279,847	6,307,847
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>38,968,300</u>	<u>14,658,871</u>	<u>53,627,171</u>
<b>NET POSITION         AT END OF         YEAR</b>	<u>\$ 43,996,300</u>	<u>\$ 15,938,718</u>	<u>\$ 59,935,018</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**MUNICIPALITY OF NORRISTOWN**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Property taxes	\$ 14,991,500	\$ 14,991,500	\$ 14,905,810	\$ (85,690)
Per capita taxes	48,000	48,000	57,484	9,484
Real estate transfer taxes	400,000	400,000	718,829	318,829
Earned income taxes	11,600,000	11,600,000	13,400,986	1,800,986
Local services taxes	555,000	555,000	614,571	59,571
Business privilege taxes	900,000	900,000	1,140,374	240,374
Amusement tax	100,000	100,000	138,866	38,866
TOTAL TAXES	<u>28,594,500</u>	<u>28,594,500</u>	<u>30,976,920</u>	<u>2,382,420</u>
Licenses and permits				
Housing	615,000	615,000	667,125	52,125
Cable television franchise fees	340,000	340,000	299,703	(40,297)
Street encroachments	300,000	300,000	168,840	(131,160)
Other	28,000	28,000	29,629	1,629
	<u>1,283,000</u>	<u>1,283,000</u>	<u>1,165,297</u>	<u>(117,703)</u>
Fines and forfeitures				
District court fines	200,000	200,000	120,963	(79,037)
Vehicle code violations	15,000	15,000	42,695	27,695
Parking related violations	536,500	536,500	534,402	(2,098)
Forfeitures	2,000	2,000	1,047	(953)
Other code violations	100,000	100,000	69,929	(30,071)
TOTAL FINES AND FORFEITURES	<u>853,500</u>	<u>853,500</u>	<u>769,036</u>	<u>(84,464)</u>
Intergovernmental revenues				
Federal community development	160,000	160,000	121,878	(38,122)
Federal ARPA revenues	941,964	941,964	-	(941,964)
Public utility realty tax	24,000	24,000	25,535	1,535
Alcoholic beverages tax	6,500	6,500	7,850	1,350
Foreign fire tax	125,000	125,000	416,529	291,529
State pension aid	1,201,800	1,201,800	1,295,591	93,791
Local government payments	18,500	18,500	18,500	-
Other grants				
Police	201,000	201,000	338,819	137,819
Fire	795,000	795,000	36,433	(758,567)
Recycling/Act 101	80,000	80,000	69,968	(10,032)
Public works	12,000	12,000	14,994	2,994
	<u>3,565,764</u>	<u>3,565,764</u>	<u>2,346,097</u>	<u>(1,219,667)</u>
Charges for services				
General government	396,460	396,460	441,672	45,212
Public safety	1,351,000	1,351,000	1,352,115	1,115
Highways and streets	20,000	20,000	20,000	-
Solid waste collection	4,130,000	4,130,000	3,916,512	(213,488)
Culture and recreation	68,000	68,000	70,055	2,055
Rents and royalties	28,500	28,500	25,362	(3,138)
TOTAL CHARGES FOR SERVICES	<u>5,993,960</u>	<u>5,993,960</u>	<u>5,825,716</u>	<u>(168,244)</u>
Other				
Investment earnings	75,000	75,000	529,122	454,122
Interest from leases	-	-	21,772	21,772
Miscellaneous	26,000	26,000	386,182	360,182
TOTAL OTHER	<u>101,000</u>	<u>101,000</u>	<u>937,076</u>	<u>836,076</u>
TOTAL REVENUES	<u>40,391,724</u>	<u>40,391,724</u>	<u>42,020,142</u>	<u>1,628,418</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	962,149	962,149
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 40,391,724</u>	<u>\$ 40,391,724</u>	<u>\$ 42,982,291</u>	<u>\$ 2,590,567</u>

See accompanying notes to the budgetary comparison schedules.

**MUNICIPALITY OF NORRISTOWN**  
**SCHEDULE OF FUNCTIONAL EXPENDITURES BY**  
**ACTIVITIES AND OTHER FINANCING USES**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
General government				
Municipal council	\$ 191,932	\$ 191,932	\$ 190,120	\$ 1,812
Administration	572,720	572,720	573,736	(1,016)
Finance	1,060,744	1,060,744	853,251	207,493
Tax collection	165,500	165,500	215,060	(49,560)
Legal	515,000	515,000	454,335	60,665
Human resources	317,379	317,379	302,005	15,374
IT	380,000	380,000	356,765	23,235
Vehicle maintenance	779,557	779,557	748,649	30,908
Buildings and plant	285,081	285,081	272,267	12,814
Insurance	1,430,000	1,430,000	1,499,506	(69,506)
Overhead	358,500	358,500	294,780	63,720
TOTAL GENERAL GOVERNMENT	<u>6,056,413</u>	<u>6,056,413</u>	<u>5,760,474</u>	<u>295,939</u>
Public safety				
Police	15,554,713	15,554,713	14,608,044	946,669
Fire	6,106,311	6,106,311	5,807,615	298,696
Planning and zoning	880,814	880,814	869,708	11,106
Business development	410,000	410,000	49,800	360,200
Code enforcement	1,631,397	1,631,397	1,331,353	300,044
TOTAL PUBLIC SAFETY	<u>24,583,235</u>	<u>24,583,235</u>	<u>22,666,520</u>	<u>1,916,715</u>
Sanitation	4,010,000	4,010,000	3,989,624	20,376
Highways and streets				
General	787,256	787,256	718,261	68,995
Street maintenance	1,124,243	1,124,243	674,818	449,425
Traffic signals and street signs	180,233	180,233	90,475	89,758
Street lighting	31,000	31,000	77,695	(46,695)
TOTAL HIGHWAYS AND STREETS	<u>2,122,732</u>	<u>2,122,732</u>	<u>1,561,249</u>	<u>561,483</u>
Culture and recreation				
Parks	278,269	278,269	220,491	57,778
Recreation	571,852	571,852	583,392	(11,540)
TOTAL CULTURE AND RECREATION	<u>850,121</u>	<u>850,121</u>	<u>803,883</u>	<u>46,238</u>
Community development	25,000	25,000	18,710	6,290
Debt service	2,744,223	2,744,223	2,871,431	(127,208)
TOTAL EXPENDITURES	<u>40,391,724</u>	<u>40,391,724</u>	<u>37,671,891</u>	<u>2,719,833</u>
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	18,635	(18,635)
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 40,391,724</u>	<u>\$ 40,391,724</u>	<u>\$ 37,690,526</u>	<u>\$ 2,701,198</u>

See accompanying notes to the budgetary comparison schedules.

**MUNICIPALITY OF NORRISTOWN**  
NOTES TO THE BUDGETARY COMPARISON SCHEDULES  
YEAR ENDED DECEMBER 31, 2023

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**NOTE A - BUDGETARY POLICY**

The Municipal Council annually adopts the budget for the General Fund of the Municipality. Management may not amend the budget without the approval of the governing body. Uncommitted appropriations lapse at year-end. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**NOTE B - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended December 31, 2023, expenditures exceeded appropriations in the following General Fund amounts:

General government - administration	\$	1,016
General government - tax collection		49,560
General government - insurance		69,506
Highways and streets - street lighting		46,695
Culture and recreation - recreation		11,540
Debt service		127,208
Transfers out		18,635

These excess expenditures were funded by reductions in other expenditures and additional revenue.

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# MUNICIPALITY OF NORRISTOWN

## 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	\$ 1,018,513	\$ 959,467	\$ 1,022,518	\$ 946,712
Interest	3,984,317	3,846,323	3,679,869	3,542,558
Differences between expected and actual experience	1,354,687	307,519	(1,250,777)	(109,625)
Changes of assumptions	-	-	3,369,109	-
Benefit payments	<u>(3,406,451)</u>	<u>(3,258,406)</u>	<u>(2,652,682)</u>	<u>(2,714,720)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	2,951,066	1,854,903	4,168,037	1,664,925
Total pension liability, beginning	<u>53,808,945</u>	<u>51,954,042</u>	<u>47,786,005</u>	<u>46,121,080</u>
<b>TOTAL PENSION LIABILITY, ENDING (a)</b>	<b><u>\$ 56,760,011</u></b>	<b><u>\$ 53,808,945</u></b>	<b><u>\$ 51,954,042</u></b>	<b><u>\$ 47,786,005</u></b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions				
Employer	\$ 2,312,099	\$ 2,293,243	\$ 2,809,733	\$ 2,711,571
Member	532,200	520,264	493,537	550,116
Net investment income (loss)	5,719,812	(7,946,576)	5,340,225	5,800,625
Benefit payments, including refunds of member contributions	(3,406,451)	(3,258,406)	(2,652,682)	(2,714,720)
Administrative expense	<u>(129,660)</u>	<u>(126,271)</u>	<u>(111,415)</u>	<u>(111,756)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	5,028,000	(8,517,746)	5,879,398	6,235,836
Plan fiduciary net position, beginning	<u>38,968,300</u>	<u>47,486,046</u>	<u>41,606,648</u>	<u>35,370,812</u>
<b>PLAN FIDUCIARY NET POSITION, ENDING (b)</b>	<b><u>\$ 43,996,300</u></b>	<b><u>\$ 38,968,300</u></b>	<b><u>\$ 47,486,046</u></b>	<b><u>\$ 41,606,648</u></b>
<b>NET PENSION LIABILITY (ASSET), ENDING (a)-(b)</b>	<b><u>\$ 12,763,711</u></b>	<b><u>\$ 14,840,645</u></b>	<b><u>\$ 4,467,996</u></b>	<b><u>\$ 6,179,357</u></b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b><u>77.51%</u></b>	<b><u>72.42%</u></b>	<b><u>91.40%</u></b>	<b><u>87.07%</u></b>
<b>COVERED PAYROLL</b>	<b><u>\$ 7,479,766</u></b>	<b><u>\$ 7,034,382</u></b>	<b><u>\$ 7,000,400</u></b>	<b><u>\$ 7,190,391</u></b>
<b>NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL</b>	<b><u>170.64%</u></b>	<b><u>210.97%</u></b>	<b><u>63.82%</u></b>	<b><u>85.94%</u></b>

For the year ended December 31, 2021, the Municipality lowered its assumption for salary increases from 4.75% to 4.5% and the investment rate of return/discount rate from 7.75% to 7.50%. For the year ended December 31, 2017, the Municipality lowered its assumption for salary increases from 5.0% to 4.75% and the investment rate of return/discount rate from 8.0% to 7.75%. For the year ended December 31, 2015, the Municipality lowered its assumption for salary increases from 5.25% to 5.0% and the investment rate of return/discount rate from 8.25% to 8.0%.

2019	2018	2017	2016	2015	2014
979,618 \$	899,623 \$	895,945 \$	874,495 \$	860,540 \$	742,377
3,385,342	3,246,813	3,049,663	3,136,765	2,946,663	2,837,181
333,302	56,203	123,388	(1,507,870)	48,139	280,388
-	-	901,586	-	831,674	-
<u>(2,558,802)</u>	<u>(2,431,517)</u>	<u>(2,429,255)</u>	<u>(2,338,562)</u>	<u>(2,310,845)</u>	<u>(2,447,676)</u>
2,139,460	1,771,122	2,541,327	164,828	2,376,171	1,412,270
<u>43,981,620</u>	<u>42,210,498</u>	<u>39,669,171</u>	<u>39,504,343</u>	<u>37,128,172</u>	<u>35,715,902</u>
<u>46,121,080 \$</u>	<u>43,981,620 \$</u>	<u>42,210,498 \$</u>	<u>39,669,171 \$</u>	<u>39,504,343 \$</u>	<u>37,128,172</u>
2,550,190 \$	2,566,022 \$	3,268,557 \$	2,373,206 \$	2,213,742 \$	1,580,660
551,467	526,764	551,619	516,887	479,263	428,217
5,849,951	(1,801,449)	4,011,362	1,373,062	64,102	1,142,207
(2,558,802)	(2,431,517)	(2,429,255)	(2,338,562)	(2,310,845)	(2,447,676)
<u>(123,043)</u>	<u>(80,496)</u>	<u>(75,468)</u>	<u>(72,796)</u>	<u>(74,274)</u>	<u>(75,771)</u>
6,269,763	(1,220,676)	5,326,815	1,851,797	371,988	627,637
<u>29,101,049</u>	<u>30,321,725</u>	<u>24,994,910</u>	<u>23,143,113</u>	<u>22,771,125</u>	<u>22,143,488</u>
<u>35,370,812 \$</u>	<u>29,101,049 \$</u>	<u>30,321,725 \$</u>	<u>24,994,910 \$</u>	<u>23,143,113 \$</u>	<u>22,771,125</u>
<u>10,750,268 \$</u>	<u>14,880,571 \$</u>	<u>11,888,773 \$</u>	<u>14,674,261 \$</u>	<u>16,361,230 \$</u>	<u>14,357,047</u>
<u>76.69%</u>	<u>66.17%</u>	<u>71.83%</u>	<u>63.01%</u>	<u>58.58%</u>	<u>61.33%</u>
<u>7,308,123 \$</u>	<u>6,974,654 \$</u>	<u>6,831,479 \$</u>	<u>6,681,750 \$</u>	<u>6,819,667 \$</u>	<u>6,494,921</u>
<u>147.10%</u>	<u>213.35%</u>	<u>174.03%</u>	<u>219.62%</u>	<u>239.91%</u>	<u>221.05%</u>

**MUNICIPALITY OF NORRISTOWN**  
**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	\$ 2,312,099	\$ 2,293,243	\$ 2,809,733	\$ 2,711,571
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>2,312,099</u>	<u>2,293,243</u>	<u>2,809,733</u>	<u>2,711,571</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 7,479,766</u>	<u>\$ 7,034,382</u>	<u>\$ 7,000,400</u>	<u>\$ 7,190,391</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>30.91%</u>	<u>32.60%</u>	<u>40.14%</u>	<u>37.71%</u>

**NOTES TO SCHEDULE**

Valuation date: January 1, 2023

Actuarially determined contribution rates are calculated by January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	5 years
Asset valuation method	Fair value
Inflation	4.5%
Salary increases	4.50% average, including inflation
Investment rate of return	7.5%, net of investment expense, including inflation
Retirement age	Age 50 with 25 years' service
COLA increases	3.0% for those eligible
Mortality	2010 Public Safety Mortality table using scale MP-2018

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	2,550,190	\$ 2,566,022	\$ 2,388,825	\$ 2,364,835	\$ 2,213,742	\$ 1,580,660
	<u>2,550,190</u>	<u>2,566,022</u>	<u>2,388,825</u>	<u>2,364,835</u>	<u>2,213,742</u>	<u>1,580,660</u>
\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>7,308,123</u>	<u>6,974,654</u>	<u>6,831,479</u>	<u>6,681,750</u>	<u>6,819,667</u>	<u>6,494,921</u>
	<u>34.90%</u>	<u>36.79%</u>	<u>34.97%</u>	<u>35.39%</u>	<u>32.46%</u>	<u>24.34%</u>

**MUNICIPALITY OF NORRISTOWN**  
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>15.17%</u>	<u>-16.98%</u>	<u>13.53%</u>	<u>17.12%</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>21.20%</u></u>	<u><u>-5.43%</u></u>	<u><u>16.66%</u></u>	<u><u>6.57%</u></u>	<u><u>0.67%</u></u>	<u><u>5.80%</u></u>

# MUNICIPALITY OF NORRISTOWN

## SCHEDULE OF CHANGES IN THE NET PAID FIREFIGHTERS' PENSION PLAN LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

	2023	2022	2021	2020
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 407,917	\$ 366,453	\$ 358,734	\$ 322,770
Interest	1,202,124	1,161,109	1,124,572	1,080,103
Differences between expected and actual experience	805,752	(542,453)	(280,972)	(141,822)
Changes of assumptions	482,655	476,015	-	-
Benefit payments	(1,169,177)	(742,250)	(703,533)	(704,668)
NET CHANGE IN TOTAL PENSION LIABILITY	1,729,271	718,874	498,801	556,383
Total pension liability, beginning	16,204,998	15,486,124	14,987,323	14,430,940
<b>TOTAL PENSION LIABILITY, ENDING (a)</b>	<b>\$ 17,934,269</b>	<b>\$ 16,204,998</b>	<b>\$ 15,486,124</b>	<b>\$ 14,987,323</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions				
Employer	\$ 756,463	\$ 766,115	\$ 769,751	\$ 775,678
Member	233,690	214,434	199,732	182,193
Net investment income (loss)	1,555,314	(1,379,559)	2,043,815	1,032,713
Benefit payments, including refunds of member contributions	(1,169,177)	(742,250)	(703,533)	(704,668)
Administrative expense	(96,443)	(92,745)	(81,865)	(75,207)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,279,847	(1,234,005)	2,227,900	1,210,709
Plan fiduciary net position, beginning	14,658,871	15,892,876	13,664,976	12,454,267
<b>PLAN FIDUCIARY NET POSITION, ENDING (b)</b>	<b>\$ 15,938,718</b>	<b>\$ 14,658,871</b>	<b>\$ 15,892,876</b>	<b>\$ 13,664,976</b>
<b>NET PENSION LIABILITY (ASSET), ENDING (a)-(b)</b>	<b>\$ 1,995,551</b>	<b>\$ 1,546,127</b>	<b>\$ (406,752)</b>	<b>\$ 1,322,347</b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>88.87%</b>	<b>90.46%</b>	<b>102.63%</b>	<b>91.18%</b>
<b>COVERED PAYROLL</b>	<b>\$ 2,943,764</b>	<b>\$ 2,681,815</b>	<b>\$ 2,500,568</b>	<b>\$ 2,283,486</b>
<b>NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL</b>	<b>67.79%</b>	<b>57.65%</b>	<b>-16.27%</b>	<b>57.91%</b>

For the year ended December 31, 2023, the Municipality lowered its assumption for the investment rate of return/discount rate from 7.50% to 7.25%. For the year ended December 31, 2020, the Municipality lowered its assumption for salary increases from 4.75% to 4.5% and the investment rate of return/discount rate from 7.75% to 7.50%. For the year ended December 31, 2017, the Municipality lowered its assumption for salary increases from 5.0% to 4.5% and the investment rate of return/discount rate from 8.0% to 7.5%. For the year ended December 31, 2015, the Municipality lowered its assumption for salary increases from 5.25% to 5.0% and the investment rate of return/discount rate from 8.25% to 8.0%.

	2019	2018	2017	2016	2015	2014
\$	316,031	\$ 281,284	\$ 312,686	\$ 296,524	\$ 285,130	\$ 262,056
	1,051,365	1,014,923	948,062	955,198	897,037	861,549
	(289,685)	(154,354)	(226,021)	59,813	(134,791)	(129,405)
	-	-	563,609	-	245,002	-
	<u>(697,867)</u>	<u>(683,560)</u>	<u>(667,347)</u>	<u>(586,354)</u>	<u>(567,145)</u>	<u>(492,695)</u>
	379,844	458,293	930,989	725,181	725,233	501,505
	<u>14,051,096</u>	<u>13,592,803</u>	<u>12,661,814</u>	<u>11,936,633</u>	<u>11,211,400</u>	<u>10,709,895</u>
\$	<u>14,430,940</u>	<u>14,051,096</u>	<u>13,592,803</u>	<u>12,661,814</u>	<u>11,936,633</u>	<u>11,211,400</u>
\$	751,479	\$ 735,994	\$ 901,381	\$ 710,112	\$ 709,534	\$ 447,259
	184,924	160,379	147,419	131,535	97,563	97,858
	1,879,330	(517,256)	1,022,069	731,319	(74,097)	569,939
	(697,867)	(683,234)	(667,347)	(586,354)	(567,145)	(492,695)
	<u>(52,460)</u>	<u>(44,505)</u>	<u>(45,672)</u>	<u>(45,151)</u>	<u>(44,605)</u>	<u>(44,883)</u>
	2,065,406	(348,622)	1,357,850	941,461	121,250	577,478
	<u>10,388,861</u>	<u>10,737,483</u>	<u>9,379,633</u>	<u>8,438,172</u>	<u>8,316,922</u>	<u>7,739,444</u>
\$	<u>12,454,267</u>	<u>10,388,861</u>	<u>10,737,483</u>	<u>9,379,633</u>	<u>8,438,172</u>	<u>8,316,922</u>
\$	<u>1,976,673</u>	<u>3,662,235</u>	<u>2,855,320</u>	<u>3,282,181</u>	<u>3,498,461</u>	<u>2,894,478</u>
	<u>86.30%</u>	<u>73.94%</u>	<u>78.99%</u>	<u>74.08%</u>	<u>70.69%</u>	<u>74.18%</u>
\$	<u>2,470,906</u>	<u>2,136,264</u>	<u>2,041,398</u>	<u>2,041,160</u>	<u>1,915,886</u>	<u>1,824,654</u>
	<u>80.00%</u>	<u>171.43%</u>	<u>139.87%</u>	<u>160.80%</u>	<u>182.60%</u>	<u>158.63%</u>

**MUNICIPALITY OF NORRISTOWN**  
**SCHEDULE OF PAID FIREFIGHTERS' PENSION PLAN**  
**CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 756,463	\$ 737,380	\$ 769,751	\$ 775,678
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>756,463</u>	<u>737,380</u>	<u>769,751</u>	<u>775,678</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 2,943,764</u>	<u>\$ 2,681,815</u>	<u>\$ 2,500,568</u>	<u>\$ 2,283,486</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>25.70%</u>	<u>27.50%</u>	<u>30.78%</u>	<u>33.97%</u>

**NOTES TO SCHEDULE**

Valuation date:

January 1, 2023

Actuarially determined contribution rates are calculated by January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	3 years
Asset valuation method	Fair value
Inflation	3%
Salary increases	4.5% average, including inflation 7.5%, net of investment expense, including inflation
Investment rate of return	Age 53 with 25 years' service
Retirement age	3.0% for those eligible
COLA increases	Public 2010 Safety Mortality Table with MP-2018
Mortality	

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 751,479	\$ 735,994	\$ 700,241	\$ 705,815	\$ 709,534	\$ 447,259
<u>751,479</u>	<u>735,994</u>	<u>700,241</u>	<u>705,815</u>	<u>709,534</u>	<u>447,259</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>2,470,906</u>	\$ <u>2,136,264</u>	\$ <u>2,041,398</u>	\$ <u>2,041,160</u>	\$ <u>1,915,886</u>	\$ <u>1,824,654</u>
<u>30.41%</u>	<u>34.45%</u>	<u>34.30%</u>	<u>34.58%</u>	<u>37.03%</u>	<u>24.51%</u>

**MUNICIPALITY OF NORRISTOWN**  
SCHEDULE OF PAID FIREFIGHTERS' 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>10.80%</u>	<u>-8.92%</u>	<u>15.32%</u>	<u>8.70%</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>18.80%</u></u>	<u><u>-4.84%</u></u>	<u><u>11.25%</u></u>	<u><u>8.92%</u></u>	<u><u>(0.84)%</u></u>	<u><u>7.68%</u></u>

# MUNICIPALITY OF NORRISTOWN

## SCHEDULE OF CHANGES IN THE NET NON-UNIFORMED EMPLOYEES' PENSION PLAN LIABILITY (ASSET) AND RELATED RATIOS LAST NINE FISCAL YEARS

	2022	2021	2020	2019
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 271,012	\$ 308,074	\$ 260,176	\$ 243,303
Interest	360,577	344,660	345,841	336,759
Changes of benefits	-	-	-	-
Changes for experience	-	-	-	-
Changes of assumptions	-	-	134,307	-
Differences between expected and actual experience	75,891	-	(487,177)	-
Transfers	-	-	-	-
Benefit payments	(318,769)	(309,373)	(335,694)	(509,027)
NET CHANGE IN TOTAL PENSION LIABILITY	388,711	343,361	(82,547)	71,035
Total pension liability, beginning	6,756,198	6,412,837	6,495,384	6,424,349
<b>TOTAL PENSION LIABILITY, ENDING (a)</b>	<b>\$ 7,144,909</b>	<b>\$ 6,756,198</b>	<b>\$ 6,412,837</b>	<b>\$ 6,495,384</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - employer, net	\$ -	\$ -	\$ -	\$ (1,420)
Contributions, PMRS assessment	220	140	160	1,620
Contributions, employee	109,015	125,470	119,332	112,691
Net investment income (loss)	(1,527,688)	1,305,935	1,033,222	1,673,872
Transfers	-	-	-	-
Benefit payments, including refunds of member contributions	(318,769)	(309,373)	(335,694)	(509,027)
Administrative expenses	(28,734)	(29,790)	(22,877)	(17,790)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(1,765,956)	1,092,382	794,143	1,259,946
Plan fiduciary net position, beginning	11,851,175	10,758,793	9,964,650	8,704,704
<b>PLAN FIDUCIARY NET POSITION, ENDING (b)</b>	<b>\$ 10,085,219</b>	<b>\$ 11,851,175</b>	<b>\$ 10,758,793</b>	<b>\$ 9,964,650</b>
<b>NET PENSION (ASSET) LIABILITY, ENDING (a)-(b)</b>	<b>\$ (2,940,310)</b>	<b>\$ (5,094,977)</b>	<b>\$ (4,345,956)</b>	<b>\$ (3,469,266)</b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>141.15%</b>	<b>175.41%</b>	<b>167.77%</b>	<b>153.41%</b>
<b>COVERED PAYROLL</b>	<b>\$ 2,346,999</b>	<b>\$ 2,645,567</b>	<b>\$ 2,545,715</b>	<b>\$ 2,387,064</b>
<b>NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL</b>	<b>-125.28%</b>	<b>-192.59%</b>	<b>-170.72%</b>	<b>-145.34%</b>

For the year ended December 31, 2019, the Municipality decreased its assumption for investment rate of return from 5.50% to 5.25%.

For the year ended December 31, 2016, the Municipality increased its assumption for investment rate of return from 5.25% to 5.50%.

For the year ended December 31, 2015, the assumption for salary increases changed from 4.10% to an age related scale with merit and inflation components.

Note: This schedule is intended to show information for the last ten fiscal years. All available information is presented. Additional information will be presented as it becomes available.

	2018	2017	2016	2015	2014
\$	237,968	\$ 222,190	\$ 192,887	\$ 204,394	\$ 229,958
	338,153	325,175	334,816	327,188	323,005
	94,801	-	-	-	-
	-	-	(293,882)	(7,169)	(101,109)
	-	-	176,100	(47,082)	-
	(313,485)	-	-	-	-
	(14,059)	-	-	-	-
	(257,764)	(357,609)	(307,842)	(360,036)	(326,484)
	85,614	189,756	102,079	117,295	125,370
	6,338,735	6,148,979	6,046,900	5,929,605	5,804,235
\$	<u>6,424,349</u>	<u>6,338,735</u>	<u>6,148,979</u>	<u>6,046,900</u>	<u>5,929,605</u>
\$	-	\$ -	\$ -	\$ -	\$ 3,083
	160	100	280	100	-
	109,486	101,607	94,682	90,131	97,864
	(769,161)	1,471,068	624,651	48,739	457,397
	(14,059)	-	-	-	-
	(257,764)	(357,609)	(307,842)	(360,036)	(326,484)
	(22,966)	(22,703)	(24,349)	(20,527)	(18,536)
	(954,304)	1,192,463	387,422	(241,593)	213,324
	9,659,008	8,466,545	8,079,123	8,320,716	8,107,392
\$	<u>8,704,704</u>	<u>9,659,008</u>	<u>8,466,545</u>	<u>8,079,123</u>	<u>8,320,716</u>
\$	<u>(2,280,355)</u>	<u>(3,320,273)</u>	<u>(2,317,566)</u>	<u>(2,032,223)</u>	<u>(2,391,111)</u>
	<u>135.50%</u>	<u>152.38%</u>	<u>137.69%</u>	<u>133.61%</u>	<u>140.32%</u>
\$	<u>2,366,441</u>	<u>2,220,965</u>	<u>2,088,440</u>	<u>1,987,299</u>	<u>2,245,112</u>
	<u>-96.36%</u>	<u>-149.50%</u>	<u>-110.97%</u>	<u>-102.26%</u>	<u>-106.50%</u>

**MUNICIPALITY OF NORRISTOWN**  
**SCHEDULE OF NON-UNIFORMED EMPLOYEES' PENSION PLAN**  
**CONTRIBUTIONS**  
**LAST NINE FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ -	\$ -	\$ -	\$ -
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>220</u>	<u>140</u>	<u>160</u>	<u>200</u>
CONTRIBUTION EXCESS	<u>\$ (220)</u>	<u>\$ (140)</u>	<u>\$ (160)</u>	<u>\$ (200)</u>
COVERED PAYROLL	<u>\$ 2,346,999</u>	<u>\$ 2,645,567</u>	<u>\$ 2,545,715</u>	<u>\$ 2,387,064</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>

**NOTES TO SCHEDULE**

Valuation date

January 1, 2021

Actuarially determined contribution rates are calculated by January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

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	Based upon municipal reserves
Inflation	2.80%
Salary increases	Age related scale with merit and inflation component
Investment rate of return	5.25%
Retirement age	Normal retirement age
Mortality	RP-2000 Mortality Table

Note: This schedule is intended to show information for the last ten fiscal years. All available information is presented. Additional information will be presented as it becomes available.

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<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>160</u>	<u>100</u>	<u>280</u>	<u>100</u>	<u>3,083</u>
\$ <u>(160)</u>	\$ <u>(100)</u>	\$ <u>(280)</u>	\$ <u>(100)</u>	\$ <u>(3,083)</u>
\$ <u>2,366,441</u>	\$ <u>2,220,965</u>	\$ <u>2,088,440</u>	\$ <u>1,987,299</u>	\$ <u>2,245,112</u>
<u>0.01%</u>	<u>0.00%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.14%</u>

**MUNICIPALITY OF NORRISTOWN**  
**SCHEDULE OF CHANGES IN THE MUNICIPALITY'S**  
**TOTAL OPEB PLAN LIABILITY AND RELATED RATIOS**  
**LAST SIX FISCAL YEARS**

	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY						
Service cost	\$ 178,550	\$ 162,150	\$ 161,928	\$ 143,898	\$ 114,663	\$ 130,306
Interest	160,962	93,989	94,450	106,609	137,434	120,403
Differences between expected and actual experience	147,091	(383,870)	(42,670)	430,898	396,868	(275,775)
Benefit payments	<u>(142,068)</u>	<u>(106,538)</u>	<u>(106,539)</u>	<u>(163,630)</u>	<u>(115,188)</u>	<u>(99,503)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	344,535	(234,269)	107,169	517,775	533,777	(124,569)
TOTAL OPEB LIABILITY, BEGINNING	<u>4,219,429</u>	<u>4,453,698</u>	<u>4,346,529</u>	<u>3,828,754</u>	<u>3,294,977</u>	<u>3,419,546</u>
TOTAL OPEB LIABILITY, ENDING (a)	<u>\$ 4,563,964</u>	<u>\$ 4,219,429</u>	<u>\$ 4,453,698</u>	<u>\$ 4,346,529</u>	<u>\$ 3,828,754</u>	<u>\$ 3,294,977</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 9,473,833</u>	<u>\$ 10,200,648</u>	<u>\$ 10,421,028</u>	<u>\$ 10,026,323</u>	<u>\$ 9,235,621</u>	<u>\$ 8,795,847</u>
NET OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>48.17%</u>	<u>41.36%</u>	<u>42.74%</u>	<u>43.35%</u>	<u>41.46%</u>	<u>37.46%</u>

**NOTES TO SCHEDULE**

Changes in assumptions: In 2021 the discount rate was changed from 2.12% to 2.06%. In 2022, the discount rate was changed from 2.06% to 3.72%. In 2023, the discount rate was changed from 3.72% to 3.26%.

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

There are no assets accumulated in a trust that meets the criteria of GASB codification requirement to pay related benefits for the OPEB plan.

## **SUPPLEMENTARY INFORMATION**

**MUNICIPALITY OF NORRISTOWN**  
DESCRIPTION OF NONMAJOR FUNDS  
OTHER GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2023

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*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes as follows:

- The *Police Grant Fund* is used to account for grants and contributions for public safety.
- The *Main & Cherry Parking Lot Fund* is used to account for transactions specific to the parking lot.

# MUNICIPALITY OF NORRISTOWN

## COMBINING BALANCE SHEET OTHER GOVERNMENTAL FUNDS DECEMBER 31, 2023

	Police Grant Fund	Main & Cherry Parking Lot Fund	Total Other Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 34,509	\$ -	\$ 34,509
Due from other funds	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 34,509</u>	<u>\$ -</u>	<u>\$ 34,509</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 25	\$ 25
Accrued liabilities	-	-	-
Unearned revenues	4,975	-	4,975
Due to other funds	30,930	-	30,930
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>35,905</u>	<u>25</u>	<u>35,930</u>
<b>FUND BALANCES</b>			
Restricted	-	-	-
Unassigned	(1,396)	(25)	(1,421)
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>(1,396)</u>	<u>(25)</u>	<u>(1,421)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 34,509</u>	<u>\$ -</u>	<u>\$ 34,509</u>

# MUNICIPALITY OF NORRISTOWN

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2023

	Police Grant Fund	Main & Cherry Parking Lot Fund	Total Other Governmental Funds
REVENUES			
Investment earnings	\$ 10	\$ -	\$ 10
EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(2,185)	(2,185)
NET CHANGE IN FUND BALANCES	10	(2,185)	(2,175)
FUND BALANCES AT BEGINNING OF YEAR	(1,406)	2,160	754
FUND BALANCES AT END OF YEAR	\$ (1,396)	\$ (25)	\$ (1,421)

## **STATISTICAL SECTION**

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## STATISTICAL SECTION

This part of the Municipality's Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the Municipality's overall financial health.

### **Contents**

#### ***Financial Trends***

These tables (1-5) contain trend information to help the reader understand how the Municipality's financial performance and well-being have changed over time.

#### ***Revenue Capacity***

These tables (6-11) contain information to help the reader assess the Municipality's most significant revenue sources.

#### ***Debt Capacity***

These tables (12-15) present information to help the reader assess the affordability of the Municipality's current levels of outstanding debt and its ability to issue additional debt in the future.

#### ***Demographic and Economic Information***

These tables (16-17) offer demographic and economic indicators to help the reader understand the environment within which the Municipality's financial activities take place.

#### ***Operational Information***

These tables (18-20) contain service and miscellaneous data to help the reader understand how the information in the Municipality's financial report relates to the service it provides and the activities it performs.

**Table 1.**

**MUNICIPALITY OF NORRISTOWN**  
**Financial Trend Information**  
**Net Assets by Component**  
 (Last Ten Fiscal Years)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Governmental activities:</b>										
Net Investment in Capital Assets	11,120,445	11,569,107	19,281,110	7,313,622	6,245,416	4,456,779	10,831	17,764,249	15,774,229	15,029,542
Restricted	9,332,641	9,782,051	7,375,613	2,419,291	2,923,816	9,886,153	12,723,608	1,089,028	890,504	649,810
Unrestricted	2,551,877	(4,547,667)	(15,772,530)	(3,191,889)	(5,931,034)	(12,582,046)	(7,149,965)	(15,343,568)	(15,597,472)	(1,883,795)
<b>Total governmental activities net position</b>	<b>23,004,963</b>	<b>16,803,491</b>	<b>10,884,193</b>	<b>6,541,024</b>	<b>3,238,198</b>	<b>1,760,886</b>	<b>5,584,474</b>	<b>3,509,709</b>	<b>1,067,261</b>	<b>13,795,557</b>
<b>Business-Type activities:</b>										
Net Investment in Capital Assets	546,111	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,575,919	4,386	-	-	-	-	-	-	-	-
<b>Total business-type activities net position</b>	<b>3,122,030</b>	<b>4,386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Component unit activities:</b>										
Net Investment in Capital Assets	18,548,471	15,351,173	16,386,569	14,575,223	12,281,731	10,362,993	8,818,874	7,160,264	6,455,330	5,577,229
Restricted	1,839,190	3,192,263	-	-	-	-	-	20,252	11,842	202,709
Unrestricted	3,312,980	3,149,875	3,196,484	2,895,354	3,474,435	3,586,362	3,122,067	2,859,419	2,591,741	1,710,733
<b>Total component unit activities net position</b>	<b>23,700,641</b>	<b>21,693,311</b>	<b>19,583,053</b>	<b>17,470,577</b>	<b>15,756,166</b>	<b>13,949,355</b>	<b>11,940,941</b>	<b>10,039,935</b>	<b>9,058,913</b>	<b>7,490,671</b>

**Source: Audited Financial Statements.**

Table 2.

**MUNICIPALITY OF NORRISTOWN**  
**Financial Trends Information**  
**Changes in Net Position**  
 (Last Ten Fiscal Years)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Expenses</b>										
<b>Governmental expenses:</b>										
General government	6,575,929	4,769,023	4,602,744	3,412,141	11,699,949	8,481,333	8,061,270	7,448,040	6,876,370	6,756,446
Public safety	22,993,189	23,345,956	19,509,366	19,413,605	15,634,820	16,548,598	15,565,713	15,309,348	15,109,483	14,254,440
Public works - highways and streets	3,295,859	3,526,760	3,777,360	3,824,172	2,870,130	3,662,167	2,637,673	2,546,737	2,659,326	2,452,907
Public works - stormwater system	-	1,401,667	-	-	-	-	-	-	-	-
Public works - sanitation	3,989,624	3,996,794	4,103,360	2,396,631	2,384,548	2,324,783	2,399,147	2,333,677	2,264,838	2,380,116
Culture, recreation & community development	2,356,402	1,874,076	2,604,805	1,099,234	1,226,904	1,808,131	1,502,252	1,710,291	1,084,140	1,194,616
Interest on long-term debt	1,202,748	1,244,613	898,375	1,334,960	473,288	526,427	559,142	881,131	1,117,991	1,219,971
Total governmental expenses	40,413,751	40,158,889	35,496,010	31,480,743	34,289,639	33,351,439	30,725,197	30,229,224	29,112,148	28,258,496
<b>Business-type expenses:</b>										
Norristown Stormwater Authority	973,656	574,208	-	-	-	-	-	-	-	-
<b>Component unit expenses</b>										
Norristown Waste Authority	4,575,696	4,041,786	4,107,593	4,047,253	4,274,606	4,179,002	4,097,098	4,585,138	4,464,179	4,391,636
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services	7,658,327	8,022,418	8,075,654	6,056,125	6,537,662	6,173,441	6,123,924	6,276,388	6,527,336	6,489,344
Operating grants and contributions	4,488,124	7,342,908	2,047,342	1,816,064	1,979,277	2,464,787	1,391,162	2,044,341	1,704,051	1,632,800
Capital grants and contributions	2,109,327	1,873,246	2,286,584	1,362,234	1,678,494	2,382,145	1,927,553	2,041,874	1,762,794	1,555,345
Total governmental activities program revenues	14,255,778	17,238,572	12,409,580	9,234,423	10,195,433	11,020,373	9,442,639	10,362,603	9,994,181	9,677,489
<b>Business-type activities:</b>										
Norristown Stormwater Authority	2,842,488	-	-	-	-	-	-	-	-	-
<b>Component unit activities:</b>										
Norristown Waste Authority	6,374,364	6,092,893	5,941,245	5,723,070	5,912,996	6,052,557	5,827,112	5,510,673	5,555,967	5,212,889
<b>Net Revenues (Expenses)</b>										
Governmental activities	(26,157,973)	(22,920,317)	(23,086,430)	(22,246,320)	(24,094,206)	(22,331,066)	(21,282,558)	(19,866,621)	(19,117,967)	(18,581,007)
Business-type activities	1,868,832	(574,208)	-	-	-	-	-	-	-	-
Component unit activities	1,798,668	2,051,107	1,833,652	1,675,817	1,638,390	1,873,555	1,730,014	925,535	1,091,788	821,253
<b>General Revenue</b>										
<b>Governmental Activities:</b>										
Taxes	31,006,741	28,378,514	26,990,606	24,505,415	25,218,330	24,613,234	23,114,490	22,194,426	21,208,884	20,918,837
Investment earnings	1,289,818	400,715	201,189	150,021	287,964	310,595	110,107	83,283	89,183	81,927
Lease interest	21,772	21,772	-	-	-	-	-	-	-	-
Miscellaneous	41,114	617,208	237,804	893,710	62,950	81,695	132,726	31,360	39,972	58,265
Total Governmental activities	32,359,445	29,418,209	27,429,599	25,549,146	25,569,244	25,005,524	23,357,323	22,309,069	21,338,039	21,059,029
Business-type activities	1,248,812	4,386	-	-	-	-	-	-	-	-
Component unit	208,662	79,990	278,824	38,594	168,421	134,859	170,992	55,487	476,454	198,417
<b>Transfers</b>										
Governmental Activities	-	(574,208)	-	-	-	-	-	-	-	-
Business-type activities	-	574,208	-	-	-	-	-	-	-	-
<b>Changes in net position</b>										
Governmental activities	6,201,472	5,919,298	4,343,169	3,302,826	1,475,038	2,674,458	2,074,765	2,442,448	2,220,072	2,478,022
Business-type activities	3,117,644	4,386	-	-	-	-	-	-	-	-
Component unit	2,007,330	2,131,097	2,112,476	1,714,411	1,806,811	2,008,414	1,901,006	981,022	1,568,242	1,019,670

Source: Audited Financial Statements

**Table 3.**

**MUNICIPALITY OF NORRISTOWN  
Financial Trends Information  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>General fund:</b>										
Nonspendable, prepaid items	6,748	4,350	4,350	4,350	4,350	4,350	4,350	56,781	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	1,202,298	1,202,298
Unassigned	19,624,362	14,334,995	10,425,893	8,525,879	9,124,730	9,570,060	9,219,608	10,005,692	9,316,121	9,272,112
<b>Total general func</b>	<b>19,631,110</b>	<b>14,339,345</b>	<b>10,430,243</b>	<b>8,530,229</b>	<b>9,129,080</b>	<b>9,574,410</b>	<b>9,223,958</b>	<b>10,062,473</b>	<b>10,518,419</b>	<b>10,474,410</b>
<b>All other governmental funds</b>										
Restricted	7,461,361	12,397,261	12,163,406	18,354,052	6,368,271	9,886,153	12,723,608	1,089,028	890,504	649,810
Community Development	(864,711)	(507,071)	(304,632)	(179,929)	(197,782)	(75,550)	(251,682)	(40,101)	18,503	1,079
Unassigned other government funds	(1,421)	(1,406)	(365,070)	(362,795)	(362,806)	(363,795)	(367,842)	(417,934)	(305,119)	(349,960)
<b>Total all other Governmental Funds</b>	<b>6,595,229</b>	<b>11,888,784</b>	<b>11,493,704</b>	<b>17,811,328</b>	<b>5,807,683</b>	<b>9,446,808</b>	<b>12,104,084</b>	<b>630,993</b>	<b>603,888</b>	<b>300,929</b>
<b>Total all governmental funds</b>	<b>26,226,339</b>	<b>26,228,129</b>	<b>21,923,947</b>	<b>26,341,557</b>	<b>14,936,763</b>	<b>19,021,218</b>	<b>21,328,042</b>	<b>10,693,466</b>	<b>11,122,307</b>	<b>10,775,339</b>

**Source: Audited Financial Statements.**

Table 4.

## MUNICIPALITY OF NORRISTOWN

## Financial Trend Information

## Change in Fund Balances of Governmental Funds

(Last Ten Fiscal Years)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Revenue:</b>										
Taxes	30,976,920	28,357,070	27,043,774	24,646,718	25,160,779	24,540,204	23,026,952	22,105,869	21,205,436	21,061,093
Fees, licenses and permits	1,165,297	1,385,986	1,493,292	1,191,046	1,166,682	1,114,133	1,180,414	1,012,326	1,134,813	1,018,725
Fines and forfeitures	769,036	800,400	912,870	783,223	948,082	701,578	814,813	1,153,907	1,123,194	1,362,944
Interest income & rent	1,311,590	418,101	201,189	150,021	287,964	310,594	110,107	83,283	89,183	81,927
Intergovernmental revenue	6,494,931	9,109,355	4,290,561	3,072,896	3,611,287	4,486,444	3,218,331	3,609,376	3,458,091	3,169,830
Charges for services	5,825,716	5,912,231	5,732,372	4,231,615	4,492,284	4,459,377	4,155,182	4,549,100	4,294,093	4,107,675
Other	394,424	648,907	253,184	1,321,569	413,509	309,879	126,548	66,560	14,926	77,180
<b>Total Revenue</b>	<b>46,937,914</b>	<b>46,632,050</b>	<b>39,927,242</b>	<b>35,397,088</b>	<b>36,080,587</b>	<b>35,922,209</b>	<b>32,632,347</b>	<b>32,580,421</b>	<b>31,319,736</b>	<b>30,879,374</b>
<b>Expenditures:</b>										
General Government	5,898,146	5,488,862	5,561,137	5,949,205	10,220,768	9,052,052	9,411,733	7,796,557	6,828,230	6,735,030
Public safety	22,666,520	21,755,891	21,564,101	21,563,822	17,231,236	16,031,005	15,657,196	15,276,923	14,907,368	13,629,549
Public works - highways and streets	1,778,375	1,995,618	2,134,628	2,201,095	1,775,354	1,815,973	1,552,922	1,747,276	1,709,179	1,555,129
Public Works - sanitation	3,989,624	3,996,794	4,103,360	2,396,631	2,384,548	2,324,783	2,400,195	2,387,512	2,264,838	2,380,116
Public Works - stormwater	-	1,401,667	-	-	-	-	-	-	-	-
Culture and recreation	803,883	697,726	608,417	593,529	559,738	508,067	747,758	494,097	255,061	311,899
Community development	1,055,500	388,650	504,248	415,546	176,956	1,022,106	207,028	421,174	546,238	689,217
Capital outlay	8,754,496	9,654,042	6,895,432	3,132,669	5,288,363	3,653,453	2,422,484	1,405,562	346,371	827,433
Debt service:										
Principal	2,346,520	1,673,271	1,635,898	8,871,103	3,342,351	3,353,719	3,444,562	3,291,284	3,109,605	3,029,780
Payments on capital leases	-	-	101,071	144,531	100,984	159,690	207,069	207,047	189,723	207,107
Interest and other charges	1,406,420	1,885,223	1,236,560	899,221	400,067	502,795	664,386	796,731	894,102	974,802
Debt issuance costs	-	-	-	19,885	-	-	151,301	-	-	-
<b>Total Expenditures</b>	<b>48,699,484</b>	<b>48,937,744</b>	<b>44,344,852</b>	<b>46,187,237</b>	<b>41,480,365</b>	<b>38,423,643</b>	<b>36,866,634</b>	<b>33,824,163</b>	<b>31,050,715</b>	<b>30,340,062</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>(1,761,570)</b>	<b>(2,305,694)</b>	<b>(4,417,610)</b>	<b>(10,790,149)</b>	<b>(5,399,778)</b>	<b>(2,501,434)</b>	<b>(4,234,287)</b>	<b>(1,243,742)</b>	<b>269,021</b>	<b>539,312</b>
<b>Other Financing Sources (Uses)</b>										
Lease proceeds	-	-	-	-	-	-	113,409	227,939	68,911	107,279
Proceeds from sale of capital assets	59,773	14,000	-	564	25,011	65,547	85,077	2,994	9,036	-
Proceeds from issuance of debt	1,700,007	6,627,762	-	21,920,001	1,288,040	-	13,500,000	583,968	-	-
Proceeds from refunding bonds	-	12,675,000	-	1,387,006	-	-	8,130,000	-	-	-
Payments to refunding escrow agent	-	(12,500,000)	-	(1,112,628)	-	-	(6,959,623)	-	-	-
Premiums on debt issuance	-	367,322	-	-	-	-	-	-	-	-
Interfund transfers in	982,365	2,960,000	-	-	202,699	3,824,618	4,157,282	4,151,175	4,016,643	4,000,595
Interfund transfers out	(982,365)	(3,534,208)	-	-	(202,699)	(3,824,618)	(4,157,282)	(4,151,175)	(4,016,643)	(4,000,595)
<b>Total other financing sources (uses)</b>	<b>1,759,780</b>	<b>6,609,876</b>	<b>-</b>	<b>22,194,943</b>	<b>1,313,051</b>	<b>65,547</b>	<b>14,868,863</b>	<b>814,901</b>	<b>77,947</b>	<b>107,279</b>
<b>Net Change in Fund Balance</b>	<b>(1,790)</b>	<b>4,304,182</b>	<b>(4,417,610)</b>	<b>11,404,794</b>	<b>(4,086,727)</b>	<b>(2,435,887)</b>	<b>10,634,576</b>	<b>(428,841)</b>	<b>346,968</b>	<b>646,591</b>
<b>Fund balance beginning of year</b>	<b>26,228,129</b>	<b>21,923,947</b>	<b>26,341,557</b>	<b>14,936,763</b>	<b>19,023,490</b>	<b>21,457,105</b>	<b>1,069,310</b>	<b>1,498,151</b>	<b>1,151,183</b>	<b>504,592</b>
<b>Fund balance end of year</b>	<b>26,226,339</b>	<b>26,228,129</b>	<b>21,923,947</b>	<b>26,341,557</b>	<b>14,936,763</b>	<b>19,021,218</b>	<b>11,703,886</b>	<b>1,069,310</b>	<b>1,498,151</b>	<b>1,151,183</b>
<b>Capital expenditures (included above)</b>	<b>8,754,496</b>	<b>9,654,042</b>	<b>5,705,936</b>	<b>2,783,330</b>	<b>5,389,347</b>	<b>3,813,143</b>	<b>2,629,553</b>	<b>1,612,609</b>	<b>536,094</b>	<b>1,034,540</b>
<b>Debt Service as % of non-capital expenditures</b>	<b>9.4%</b>	<b>9.1%</b>	<b>7.7%</b>	<b>22.8%</b>	<b>10.6%</b>	<b>11.6%</b>	<b>12.6%</b>	<b>13.3%</b>	<b>13.7%</b>	<b>14.4%</b>
<b>Debt Service as % of total expenditures</b>	<b>7.7%</b>	<b>7.3%</b>	<b>6.7%</b>	<b>21.5%</b>	<b>9.3%</b>	<b>10.5%</b>	<b>12.1%</b>	<b>12.7%</b>	<b>13.5%</b>	<b>13.9%</b>

Source: Audited Financial Statements.

**Table 5.**

**Municipality of Norristown  
Financial Trends Information  
Changes in Pension Plans Net Position  
(Last Ten Years)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Police Pension Plan</b>										
Total pension liability ending	56,760,011	53,808,945	51,954,042	47,786,005	46,121,080	43,981,620	42,210,498	39,669,171	39,504,343	37,128,172
Plan net position ending	43,996,300	38,968,300	47,486,046	41,606,648	35,370,812	29,101,049	30,321,725	24,994,910	23,143,113	22,771,125
Net pension liability ending	12,763,711	14,840,645	4,467,996	6,179,357	10,750,268	14,880,571	11,888,773	14,674,261	16,361,230	14,357,047
Plan net position as a percentage of total pension liability ending	77.51%	72.42%	91.40%	87.07%	76.69%	66.17%	71.83%	63.01%	58.58%	61.33%
<b>Paid Firefighters' Pension Plan</b>										
Total pension liability ending	17,934,269	16,204,998	15,486,124	14,987,323	14,430,940	14,051,096	13,592,803	12,661,814	11,936,633	11,211,400
Plan net position ending	15,938,718	14,658,871	15,892,876	13,664,976	12,454,267	10,388,518	10,737,483	9,379,633	8,438,172	8,316,922
Net pension liability(asset) ending	1,995,551	1,546,127	(406,752)	1,322,347	1,976,673	3,662,578	2,855,320	3,282,181	3,498,461	2,894,478
Plan net position as a percentage of total pension liability ending	88.87%	90.46%	102.63%	91.18%	86.30%	73.93%	78.99%	74.08%	70.69%	74.18%
<b>Non-Uniform Employees Pension Plan</b>										
Total pension liability ending	7,144,909	6,756,198	6,412,837	6,495,384	n/a	6,424,349	6,338,735	6,148,979	6,046,900	5,929,605
Plan net position ending	10,085,219	11,851,175	10,758,793	9,964,650		8,704,704	9,659,008	8,466,545	8,079,123	8,320,716
Net pension liability(asset) ending	(2,940,310)	(5,094,977)	(4,345,956)	(3,469,266)		(2,280,355)	(3,320,273)	(2,317,566)	(2,032,223)	(2,391,111)
Plan net position as a percentage of total pension liability ending	141.15%	175.41%	167.77%	153.41%		135.50%	152.38%	137.69%	133.61%	140.32%

Note: Future years will be added until 10 years are shown.

Source: Audited Financial Statements.

Table 6.

**MUNICIPALITY OF NORRISTOWN**  
**Revenue Capacity Information**  
**Local Tax Revenue by Source**  
 (Last Ten Fiscal Years)

Year	Real Estate Taxes	Real Estate Transfer Taxes	Earned Income Taxes	Local Services Taxes	Business Privilege Taxes	Total Local Tax Revenue	Total Revenue	% Local Tax Revenue
2023	14,905,809	718,830	13,400,986	614,571	1,140,374	30,780,570	43,150,227	71.3%
2022	14,059,471	1,092,250	11,435,863	563,124	946,687	28,097,395	46,632,050	60.3%
2021	14,362,579	910,302	10,205,638	543,105	661,199	26,682,823	39,927,242	66.8%
2020	12,599,928	398,014	9,901,278	542,934	511,208	23,953,362	35,397,088	67.7%
2019	12,536,576	500,419	10,762,155	450,000	851,971	25,101,121	36,080,587	69.6%
2018	12,700,037	849,791	9,486,955	540,475	956,257	24,533,515	35,922,209	68.3%
2017	11,261,652	371,900	9,671,845	711,461	1,072,668	23,089,526	32,632,347	70.8%
2016	11,052,131	341,040	9,083,963	554,279	1,107,188	22,138,601	32,580,421	68.0%
2015	11,093,484	502,819	8,129,005	534,149	912,301	21,171,758	31,319,736	67.6%
2014	10,773,093	291,859	8,297,202	523,276	993,976	20,879,406	30,879,374	67.6%

Source: DOF compilation of accounting system data.

**Table 7.**

**MUNICIPALITY OF NORRISTOWN**  
**Revenue Capacity Information**  
**Comparison of Market Values to Assessed Values**  
(Last Ten Fiscal Years)

	<b>Estimated</b>	<b>Common Level</b>	<b>Taxable</b>
<b>Year</b>	<b>Market Value</b>	<b>Ratio</b>	<b>Assessed Value</b>
2023	1,488,472,710	59.71%	888,726,788
2022	1,487,770,625	59.71%	888,323,832
2021	1,313,857,505	66.63%	875,363,462
2020	1,316,080,906	66.60%	876,472,174
2019	1,251,398,027	69.90%	874,729,844
2018	1,258,154,350	69.87%	879,072,444
2017	1,213,943,272	72.61%	881,444,210
2016	1,209,647,585	72.67%	879,050,900
2015	1,199,217,966	73.20%	877,827,551
2014	1,182,606,114	73.50%	869,215,494

**Source: State Tax Equalization Board.**

**Table 8.**

**MUNICIPALITY OF NORRISTOWN**  
**Revenue Capacity Information**  
**Direct and Overlapping Property Tax Rates**  
(Last ten years)

<b>Year</b>	<b>Norristown Municipality</b>	<b>Norristown Area School District</b>	<b>Montgomery County</b>	<b>Montgomery Community College</b>	<b>Total</b>	<b>Norristown as % of Total</b>
2023	17.000	39.204	4.237	0.390	60.831	27.95%
2022	16.000	39.204	3.93	0.390	59.524	26.88%
2021	16.000	39.204	3.623	0.390	59.517	26.88%
2020	15.000	39.20	3.549	0.390	58.139	25.81%
2019	14.700	37.952	3.459	0.390	56.501	26.02%
2018	14.700	36.919	3.459	0.390	55.468	26.50%
2017	12.700	35.879	3.459	0.390	52.428	24.22%
2016	12.700	34.389	3.459	0.000	50.548	25.12%
2015	12.700	33.179	3.152	0.000	49.031	25.90%
2014	12.700	32.572	3.152	0.000	48.424	26.23%

**Source: Montgomery County Controller's Office.**

Table 9.

**MUNICIPALITY OF NORRISTOWN**  
**Revenue Capacity Information**  
**Top Ten Property Taxpayers**  
 (2023 and 2014)

Taxpayer	Type of Business	2023 Assessment			2014 Assessment		
		Assessed Valuation	Rank	% of Total Assessed Valuation	Assessed Valuation	Rank	% of Total Assessed Valuation
PP Montgomery Mills Investors LLC		\$ 20,531,770	1	2.31%	\$ 15,413,920	1	1.78%
SHDC DeKalb Investors LP		12,727,990	2	1.43%			
BT Curren Terrace LP		11,924,850	3	1.34%	11,924,850	2	1.37%
Marshall Wood Property LLC		9,278,100	4	1.04%	9,278,100	3	1.07%
Norristown Center A LP		7,817,260	5	0.88%	5,659,660	7	0.65%
CSW Luxor I LP		6,583,460	6	0.74%			
Tiger Norristown LP		5,537,500	7	0.62%	5,030,923	10	0.58%
Lighthouse Sandy Hill, LLC		4,962,800	8	0.56%	5,353,920	8	0.62%
Markley Property LLC		4,683,290	9	0.53%			
LG-OHI Norristown LP		3,783,640	10	0.43%			
		\$ 87,830,660		9.87%			
Norris Hill Apts					7,692,180	4	0.89%
Johnson & Markley Redevelopment LP					6,525,310	5	0.75%
JAR Investments					6,036,540	6	0.70%
Montgomery County Intermediate Unit					5,236,100	9	0.60%
					\$ 78,151,503		8.40%

Source: County Assessor's Office.

**Table 10.**

**NORRISTOWN MUNICIPALITY**  
**Revenue Capacity Information**  
**Property Tax Levies and Collection Rates**  
 (Last Ten Years)

<b>Calendar Year</b>	<b>Tax Rate</b>	<b>Current Year Tax Levy</b>	<b>Collection on Current Year Tax Levy</b>	<b>Percent of Current Year Levy Collected</b>	<b>Delinquent Collections in Current Year</b>	<b>Total Tax Collections</b>	<b>Percent of Total Collections</b>
2023	17.00	15,124,073	13,875,583	91.75%	841,252	14,716,835	97.31%
2022	16.00	14,228,047	13,183,032	92.66%	669,940	13,852,972	97.36%
2021	16.00	14,146,117	13,031,250	92.12%	995,798	14,027,048	99.16%
2020	15.00	13,175,826	12,403,389	94.14%	769,921	13,173,310	99.98%
2019	14.70	13,149,691	11,940,294	90.80%	596,282	12,536,576	95.34%
2018	14.70	12,949,973	12,552,258	96.93%	147,779	12,700,037	98.07%
2017	12.70	11,218,677	10,891,601	97.08%	282,513	11,174,114	99.60%
2016	12.70	11,209,791	10,245,142	91.39%	818,538	11,063,680	98.70%
2015	12.70	11,171,918	10,205,799	91.35%	909,798	11,115,597	99.50%
2014	12.70	11,011,052	10,057,636	91.34%	934,538	10,992,174	99.83%

Source: DOF compilation & calculation.

**Table 11.**

**NORRISTOWN MUNICIPALITY**  
**Revenue Capacity Information**  
**Assessed Value by Class of Property**  
 (Last Ten Years)

<b>Year</b>	<b>Apartments</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Exempt</b>	<b>Total Assessed Value</b>	<b>Total Taxable Value</b>	<b>% Exempt</b>
2023	85,691,898	603,502,445	176,922,249	23,496,695	244,492,505	1,134,105,792	889,613,287	21.56%
2022	87,131,438	602,910,302	176,170,729	23,002,405	148,942,555	1,038,157,429	889,214,874	14.35%
2021	81,784,468	602,932,280	176,212,959	23,164,405	148,537,035	1,032,631,147	884,094,112	14.38%
2020	81,185,000	603,006,830	170,629,059	23,528,615	152,738,375	1,031,087,879	878,349,504	14.81%
2019	81,185,000	601,703,890	170,189,669	23,528,615	151,888,975	1,028,496,149	876,607,174	14.77%
2018	81,030,350	602,812,850	173,553,039	23,554,335	160,399,415	1,041,349,989	880,950,574	15.40%
2017	80,886,800	603,596,010	175,340,085	23,554,335	150,028,275	1,033,405,505	883,377,230	14.52%
2016	78,633,490	606,038,060	174,018,385	23,916,545	147,514,275	1,030,120,755	882,606,480	14.32%
2015	78,773,860	603,647,470	175,120,206	23,960,295	179,235,885	1,060,737,716	881,501,831	16.90%
2014	78,773,860	606,621,960	161,717,899	23,848,535	192,415,385	1,063,377,639	870,962,254	18.09%

**Source: Montgomery County Assessor's Office.**

**Table 12.**

**MUNICIPALITY OF NORRISTOWN**

**Debt Capacity Information<sup>1/</sup>**

**Computation of Legal Debt Margin**

(Year ending December 31, 2023)

**Borrowing Base Revenue**

	2023	46,805,727
	2022	46,632,050
	2021	39,927,242
<b>Total Revenue</b>		<u>\$ 133,365,019</u>

**Debt Limit for General Obligation Debt:**

Average borrowing base revenue for past three years	44,455,006
Multiplier (debt limit percent)	250.0%
<b>Net non-electoral Debt Limit</b>	<u>\$ 111,137,516</u>
Less: non-electoral debt	37,482,960
<b>Remaining non-electoral debt borrowing capacity</b>	<u>\$ 73,654,556</u>

**Debt Limit for General Obligation bonds and lease rental debt:**

Average borrowing base revenue for past three years	\$44,455,006
Multiplier (debt limit percent)	350%
<b>Net Non-electoral debt and net lease rental debt limit</b>	<u>155,592,522</u>
Less: Non-electoral debt	37,482,960
Less: Lease liabilities	17,930
<b>Remaining non-electoral and lease rental debt capacity</b>	<u>118,091,632</u>

**Source: DOF analysis of data.**

<sup>1/</sup> Calculated pursuant to state law. Includes only general obligation debt, finance purchase obligations, and lease liabilities; does not include HUD 108 loan guarantee (\$2,720,000) noted on page 83.

**Table 13.**

**MUNICIPALITY OF NORRISTOWN**

**Debt Capacity Information<sup>1/</sup>**

**Debt Capacity Ratios**

(Last Ten Years)

<b>Year</b>	<b>3-Year Revenue Base</b>	<b>Debt Limit (at 250%)</b>	<b>General Obligation Debt Outstanding</b>	<b>General Obligation Debt Capacity Remaining</b>	<b>% Debt Capacity Utilized</b>
2023	44,455,006	111,137,515	37,482,960	73,654,555	33.7%
2022	40,665,875	101,664,688	35,025,630	66,639,058	34.5%
2021	37,209,628	93,024,069	34,058,487	58,965,582	36.6%
2020	34,777,996	86,944,990	30,937,914	56,007,076	35.6%
2019	35,140,590	87,851,475	18,945,136	68,906,339	21.6%
2018	33,711,659	84,279,148	26,502,767	57,776,381	31.4%
2017	30,742,971	76,857,428	25,940,631	50,916,797	33.8%
2016	30,155,599	75,388,998	14,389,400	60,999,598	19.1%
2015	29,316,504	73,291,260	17,013,215	56,278,045	23.2%
2014	29,252,985	73,132,463	19,965,786	53,166,677	27.3%

**Source: DOF analysis of data.**

**Table 14.**

**MUNICIPALITY OF NORRISTOWN**  
**Debt Capacity Information**  
**Direct and Overlapping General Obligation Debt**  
 (At December 31, 2023)

Jurisdiction	Total Outstanding Debt	Percent Applicable to Municipality	Amount Applicable to Municipality
<b>Direct general obligation and capital lease debt:</b>			
Municipality of Norristown	<u>37,482,960</u>	100.00%	<u>37,482,960</u>
<b>Overlapping general obligation debt:</b>			
Norristown Area School District	75,396,670	32.00%	24,126,934
Montgomery County ( 2022 data)	<u>677,260,028</u>	1.43%	<u>9,684,818</u>
<b>Total Overlapping Debt</b>	<u>752,656,698</u>		<u>33,811,752</u>
<b>Total direct and overlapping general obligation debt</b>	<u><u>790,139,658</u></u>		<u><u>71,294,712</u></u>

Note: Calculated based on percentage of attributable assessed valuation.

Source: DOF analysis of data.

**Table 15.**

**Municipality of Norristown  
Debt Capacity Information<sup>1/</sup>  
Debt to Assessed Value and Population**

<b>Year</b>	<b>General Obligation Debt</b>	<b>Assessed Value</b>	<b>Debt to Assessed Value</b>	<b>Population</b>	<b>Per Capita Debt</b>
2023	37,482,960	888,726,788	4.22%	35,769	1,048
2022	35,025,630	888,323,832	3.94%	35,795	979
2021	33,060,945	875,363,462	3.78%	35,829	923
2020	30,937,914	876,472,174	3.53%	35,748	865
2019	18,945,136	874,729,844	2.17%	34,341	552
2018	26,502,767	880,988,644	3.01%	34,556	767
2017	25,940,631	881,444,210	2.94%	34,510	752
2016	14,389,400	879,050,900	1.64%	34,533	417
2015	17,013,215	877,827,551	1.94%	34,513	493
2014	19,965,786	869,215,494	2.30%	34,606	577

**Source: DOF calculation.**

**Table 16.**

**Municipality of Norristown  
Demographic and Economic Information  
Top 10 Employers  
(2023 & 2014)**

Employer	2023			2014		
	Employees	Rank	Percent of total Norristown employment	Employees	Rank	Percent of total Norristown employment
County of Montgomery	1,972	1	14.2%	1585	1	14.3%
Commonwealth of Pennsylvania	1,456	2	10.5%	1251	2	11.3%
Montgomery County Intermediate Unit	871	3	6.3%	308	5	2.8%
Norristown Area School District	296	4	2.1%	310	4	2.8%
Albert Einstein Medical Center	238	5	1.7%	230	6	2.1%
USM Inc	232	6	1.7%	379	3	3.4%
Municipality of Norristown	225	7	1.6%	191	9	1.7%
Strategic Alliance Staffing	210	8	1.5%			
Development Enterp Corp.	203	9	1.5%			
Quest Diagnostics Incorporated	190	10	1.4%			
Performance Personnel of Florida				225	7	2.0%
Careerstaff Unlimited LLC				214	8	1.9%
Central Behavioral Health				157	10	1.4%
<b>Total top ten</b>	<b>5,893</b>		<b>42.4%</b>	<b>4,850</b>		<b>43.9%</b>
<b>Total employment in Norristown</b>	<b>13,911</b>			<b>11,055</b>		

Note: Based on total employees reported on 4th qtr. local services tax (LST) returns.

Source: H. A. Berkheimer, Inc.

**Table 17.**

**MUNICIPALITY OF NORRISTOWN**  
**Demographic and Economic Information**  
**Comparative Demographic & Economic Statistics**  
 (July 1, 2023)

	<b>Montgomery County</b>	<b>Municipality of Norristown</b>	<b>Township of Upper Merion</b>	<b>Township of Plymouth</b>	<b>Township of West Norriton</b>	<b>Township of East Norriton</b>
<b>1</b> Population July 1, 2023 (estimates)	868,742	35,769	35,688	18,424	16,235	14,017
<b>2</b> Population % change 2020-2023	1.4	-0.1	6.2	1.0	0.5	0.0
<b>3</b> Land Area (square miles-2020)	483.0	3.5	17.0	8.4	5.9	6.1
<b>4</b> Population per square mile (2020)	1,774	10,170	1,980	2,173	2,751	2,315
<b>5</b> Percent White (not Hispanic)	72.6	28.8	67	76.1	72.2	75.2
<b>6</b> Percent Black	10.5	32.8	7.9	6.6	12.1	10.7
<b>7</b> Percent Hispanic	6.8	27.4	3.4	5.7	8	4.1
<b>8</b> Percent Asian	8.7	2.6	18.3	7.4	5.4	6.5
<b>9</b> Percent home ownership	71.7	38.9	57.3	68.3	66.5	71.7
<b>10</b> Median value of owner-occupied	\$382,300	\$188,100	\$400,100	\$421,600	\$254,800	\$323,700
<b>11</b> Median gross rent	\$1,514	\$1,264	\$1,865	\$1,597	\$1,566	\$1,642
<b>12</b> Number of households	329,680	12,918	14,716	7,573	8,121	6,168
<b>13</b> Persons per household	2.53	2.69	2.28	2.37	1.97	2.2
<b>14</b> Percent non-English speaking	14.1	26.9	20.9	12.9	14.6	12.5
<b>15</b> Percent bachelor's degree or higher	51.4	32.2	63.4	50.1	43.5	43.9
<b>16</b> Percent under 65 w/o health insurance	4.7	13.2	3.6	3.4	9.1	4.9
<b>17</b> Total 2017 retail sales (x1000)	\$18,263,601	\$239,189	\$1,927,203	\$1,519,021	\$205,366	\$235,996
<b>18</b> Retail sales per capita (2017)	\$22,150	\$6,942	\$63,579	\$86,396	\$13,112	\$16,829
<b>19</b> Taxable assessed valuation (x1000)	\$60,843,488	\$888,727	\$4,100,848	\$1,709,569	\$986,594	\$971,168
<b>20</b> Per capita taxable valuation	\$70,036	\$24,846	\$114,908	\$92,790	\$60,770	\$69,285
<b>21</b> Median household income (2018-2022)	\$107,441	\$59,068	\$112,638	\$104,656	\$85,863	\$98,611
<b>22</b> Per capita income (2021)	\$57,945	\$26,938	\$61,684	\$53,986	\$55,749	\$51,060
<b>23</b> Poverty rate	6.6%	18.4%	4.4%	4.2%	8.9%	6.0%

**Source: U.S Census QuickFacts & Pa. DCED data.**

**Table 18.**

**Municipality of Norristown  
Operational Information  
Municipal Employees by Department  
(2014-2023)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Full Time</b>										
Administration	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	4.00	4.00
Finance	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Police	86.00	77.00	84.00	84.00	82.00	82.00	82.00	80.00	82.00	80.00
Fire	29.00	23.00	23.00	23.00	21.00	21.00	18.00	19.00	20.00	20.00
Code Enforcement	12.00	12.00	11.00	11.00	11.00	10.00	10.00	10.00	10.00	12.00
Planning & Development	6.00	6.00	6.00	6.00	5.00	4.00	4.00	5.00	5.00	5.00
Public Works	24.00	24.00	23.00	23.00	23.00	24.00	23.00	22.00	21.00	21.00
Parks & Recreation	3.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	2.00	2.00
<b>Total</b>	<b>174.00</b>	<b>157.00</b>	<b>162.00</b>	<b>162.00</b>	<b>157.00</b>	<b>156.00</b>	<b>151.00</b>	<b>150.00</b>	<b>151.00</b>	<b>151.00</b>
<b>Part Time</b>										
Crossing Guides	18.00	18.00	20.00	19.00	20.00	21.00	20.00	20.00	19.00	20.00
Other Part time & Seasonal	18.00	21.00	22.00	6.00	6.00	5.00	5.00	0.00	4.00	3.00
<b>Total</b>	<b>36.00</b>	<b>39.00</b>	<b>42.00</b>	<b>25.00</b>	<b>26.00</b>	<b>26.00</b>	<b>25.00</b>	<b>20.00</b>	<b>23.00</b>	<b>23.00</b>

**Source: Human Resources Manager.**

**Table 19.**

**Municipality of Norristown  
Operating Information  
Operating Indicators by Function/Program  
(2014-2023)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Real estate tax certifications	1,254	1,593	2,133	1,591	1,434	1,281	1,182	781	907	714
Real estate tax parcels	10,337	9,894	9,894	9,902	9,910	10,283	10,306	10,306	10,223	10,208
Vendor payments processed	4,910	4,765	4,303	4,217	3,766	4,043	4,085	4,088	3,700	3,863
Payroll checks & advices issued	5,605	5,560	5,404	5,419	5,345	5,256	5,184	5,103	5,051	
Police calls for service	42,526	41,241	40,903	32,694	43,375	41,590	44,485	45,116	50,083	
Major crimes (Part I)	801	834	706	718	746	690	754	793	932	1,177
Directed patrols	8,801	6,985	10,912	11,829	18,209	17,764	13,732	2,273	9,702	2,863
Parking violations	30,574	34,288	43,653	33,492	41,439	26,601	32,490	35,042	37,690	37,387
Fire calls for service	1,343	1,377	1,330	1,272	1,222	1,211	1,161	1,207	1,235	1,164
Fire average response time	4:20	4:08	4:06	04:15	04:10	04:00	04:20	04:15	04:04	03:58
Civilian fire fatalities	0	0	0	0	0	1	0	5	1	0
Firefighter reported injuries	3	7	8	7	2	12	16	5	14	10
Commercial fire inspections	446	907	537	273	643	583	400	636	991	804
Smoke detector installations	327	286	120	109	287	334	429	595	277	270
Fire training events	1,439	685	519	572	604	537	459	499	479	418
Fire public outreach/education	284	244	182	106	245	246	60	194	43	46
Fire protection permits	36	32	18	9	52	66	21	32	67	27
Building permits	677	477	481	233	496	633	486	402	282	388
Mechanical permits	277	195	275	149	299	345	271	228	196	222
Electrical permits	369	280	322	177	365	360	307	297	249	242
Plumbing permits	253	191	218	116	242	279	233	180	175	160
Miles of streets resurfaced	-	-	-	0.70	1.10	1.20	1.40	-	-	0.63

**Source: DOF compilation.**

**Table 20.**

**Municipality of Norristown  
Operating Information  
Capital Asset Statistics by Function/Program  
(2014-2023)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	50	48	39	38	38	38	39	40	40	40
Fire stations	3	4	4	4	4	4	4	4	4	4
Fire vehicles	26	25	25	25	24	22	21	20	21	20
Fire hydrants	359	359	343	343	343	343	343	343	343	343
Miles of municipal streets	58.0	58.0	58.0	50.8	51.9	50.8	50.8	50.8	50.8	50.8
Number of intersections with traffic	53	53	53	53	53	53	53	53	53	53
Number of street lights	2,073	2,056	2,056	2,006	1,947	2,006	2,006	2,006	2,006	2,006
Number of parks/open spaces	15	15	15	15	12	12	12	12	12	12
Number of acres of park land	94.7	94.7	94.7	94.7	94.7	94.7	94.7	94.7	94.7	94.7
Number of community centers	1	1	1	1	1	1	-	-	-	-
Miles of storm sewers	34.5	34.0	34.0	33.0	31.9	31.9	31.9	31.9	31.9	31.9
Number of municipal parking lots	12	12	12	12	12	12	12	12	12	12
Number of metered parking spaces	389	405	420	389	423	423	423	423	423	423

**Source: DOF compilation.**

***Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards***

To the Honorable Municipal Council  
Municipality of Norristown  
Norristown, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Municipality of Norristown as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Municipality of Norristown's basic financial statements, and have issued our report thereon September 25, 2024. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, Norristown Municipal Waste Authority and the Police and Firefighters' Pension Plans, as described in our report on the Municipality of Norristown's financial statements. The financial statements of the Norristown Municipal Waste Authority, the Norristown Stormwater Authority and the Police and Firefighters' Pension Plans were not audited in accordance with *Government Auditing Standards*.

***Internal Control Over Financial Reporting***

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

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

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

To the Honorable Municipal Council  
Municipality of Norristown  
Norristown, Pennsylvania

***Compliance and Other Matters***

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

***Purpose of this Report***

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



New Castle, Delaware  
September 25, 2024