TOWAMENCIN TOWNSHIP

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended December 31, 2023

Maillie®
ACCOUNTANTS • ADVISORS

INTRODUCTORY SECTION

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FINANCIAL SECTION

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Independent Auditors' Report

To the Board of Supervisors
Towamencin Township
Lansdale, 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Towamencin Township, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Towamencin Township's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Towamencin Township, 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.

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. We are required to be independent of Towamencin Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note S to the financial statements, prior period balances have been adjusted to correct a misstatement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Towamencin Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Towamencin Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Towamencin Township's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on page 7 through 17, budgetary comparison information on pages 71 and 72, pension plan information on pages 73 through 78 and postemployment benefits other than pension information on page 79 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.

To the Board of Supervisors
Towamencin Township
Lansdale, Pennsylvania

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Towamencin Township's basic financial statements. The Combining Balance Sheets, Combining Schedule of Revenues, Expenditures and changes in fund balances for the governmental funds, the Combining Statement of Fiduciary Net Position, Combining Statement of Changes in Fiduciary Net Position, and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 2024 on our consideration of Towamencin Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Towamencin Township's internal control over financial reporting and compliance.

Maillie LLP

New Castle, Delaware
June 10, 2024

Our discussion and analysis of Towamencin Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the Township's financial statements which begin with the statement of net position.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the calendar year by $41,399,480 (net position).
- As of December 31, 2023, the Township's governmental funds reported combined ending balances of $5,092,574.
- The Township reduced outstanding debt with principal payments of $2,408,000, including the Towamencin Municipal Authority principal payment of $455,000.
- As of December 31, 2023, the Township's proprietary funds reported combined ending balances of $4,797,126 for sewer related operations. Sewer rental fees remained at $450 in 2023.
- The Township continued to offer the Homestead and Farmstead exclusions and the real estate tax rate increased to 5.689 mills in 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis ("MD&A") is designed to focus on the current year's activities and subsequent changes in the Township's financial position and also includes currently known facts that may have a significant impact on the Township's financial position now and in the foreseeable future. The required elements of the general purpose external financial report as:

- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information

The Township's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements - The government-wide financial statements provide a broad overview of Towamencin Township's finances, in a manner similar to a private-sector business. Please note that the Towamencin Township Infrastructure Authority, although considered a major fund of the Township, is discussed in detail in a separate audit. The Statement of Net Position presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent calendar year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future calendar periods (e.g., uncollected taxes). Both of the government-wide financial statements distinguish functions of the Township that are principally 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***: Most of the Township's basic services are reported in this category. Taxes and intergovernmental revenues generally support these services. Services provided include general government, public safety, highway and streets, and culture and recreation.

- ***Business-Type Activities***: The Township charges fees to customers to help it cover all or most of the cost of certain services it provides. The Township provides sewer services.

Fund Financial Statements - The fund financial statements provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Township uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, statements for non-major funds begin on page 80. All of the funds of the Township can be divided into three categories: governmental, proprietary and fiduciary.

- ***Governmental Funds***: Most of the Township's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are provided to reconcile between the Governmental Funds Balance Sheet and the Statement of Net Position and between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities. These funds are reported using modified accrual accounting, which primarily measures cash and other financial assets usable in the short-term.

- ***Proprietary Funds***: When the Township charges for the services it provides, these services are generally reported in proprietary funds. Proprietary funds (enterprise) utilize the accrual basis of accounting; the same method used by private sector businesses. Enterprise fund report activities that provide supplies and services to the general public, such as sewer services.

- ***Fiduciary Funds***: The Township acts as a fiduciary to account for resources held for the benefit of parties outside the government. The Township has two pension funds--Police and Non-Uniform. In addition, the Township maintains escrow accounts for land developments. These funds are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent assets available to the Township to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 29 of this report.

Other Information

This information includes combining financial statements for non-major governmental funds. The funds are added together by fund type and presented in single columns in the basic financial statements, but are not reported individually, as is done with major funds, on the governmental fund financial statements. This section also contains the Township's required supplementary pension information.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

The statement of net position and the statement of activities report information about the Township as a whole and about its activities in a way that helps answer the question, "How did the Township do financially during 2023?". These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's net position and changes in them during the year. This change in net position is important because it informs the reader whether the financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors could include changes in the Township's property tax base and the condition of Township's assets.

In the Statement of Net Position and the Statement of Activities, the Township is divided into two kinds of activities:

- **Governmental Activities** - Most of the Township's basic services are reported here, including general government, public safety, streets and highway, and culture and recreation. Real estate taxes, earned income taxes, permits, fees and charges for services finance most of these activities.

- **Business-Type Activities** - The Township charges a fee to cover the cost of the sanitary sewer system in the Township.

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Township's governmental and business-type activities. Assets and deferred outflows exceeded liabilities and deferred inflows by $41,399,480 at the close of 2023 after a prior period adjustment as discussed in Note S. This is an increase of $3,145,026 from the previous year.

Table 1
Condensed Statement of Net Position
December 31, 2023 and 2022

	2023		2022			
	Governmental Activities	Business-Type Activities	Governmental Activities Restated	Business-Type Activities	2023 Totals	2022 Totals
ASSETS						
Cash and investments	$ 6,648,392	$ 4,423,785	$ 6,186,151	$ 5,091,108	$ 11,072,177	$ 11,277,259
Other assets	785,770	1,247,384	980,368	780,323	2,033,154	1,760,691
Capital assets	44,975,822	648,797	45,203,579	669,393	45,624,619	45,872,972
TOTAL ASSETS	52,409,984	6,319,966	52,370,098	6,540,824	58,729,950	58,910,922
DEFERRED OUTFLOWS OF RESOURCES	2,175,460	-	3,641,723	-	2,175,460	3,641,723
LIABILITIES						
Other liabilities	2,157,126	82,840	2,813,369	233,384	2,239,966	3,046,753
Long-term liabilities	12,768,921	1,440,000	17,774,625	1,575,000	14,208,921	19,349,625
TOTAL LIABILITIES	14,926,047	1,522,840	20,587,994	1,808,384	16,448,887	22,396,378
DEFERRED INFLOWS OF RESOURCES	3,057,043	-	1,901,813	-	3,057,043	1,901,813
NET POSITION						
Net investment in capital assets	35,736,822	648,797	34,142,582	669,393	36,385,619	34,811,975
Restricted net pension asset	149,106	-	-	-	149,106	-
Restricted	1,507,113	-	1,634,554	-	1,507,113	1,634,554
Unrestricted	(790,687)	4,148,329	(2,255,122)	4,063,047	3,357,642	1,807,925
TOTAL NET POSITION	$ 36,602,354	$ 4,797,126	$ 33,522,014	$ 4,732,440	$ 41,399,480	$ 38,254,454

The largest portion of the Township's net position, $36,385,619 is reflected in its investment in capital assets (land, buildings, and equipment) less any related debt, which is still outstanding. The Township uses these assets to provide services to residents; consequently, these assets are not available for future spending, and the resources needed to repay this debt must be provided from other sources. Cash and investments in the amount of $11,072,177 represent 19% of the Township's total assets.

Table 2
Condensed Statement of Changes in Net Position
Years Ended December 31, 2023 and 2022

	2023		2022			
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	2023 Totals	2022 Totals
REVENUES						
Program revenues						
Charges for services	$ 912,462	$ 5,809,606	$ 737,044	$ 5,481,779	$ 6,722,068	$ 6,218,823
Operating grants and contributions	2,508,306	182,209	1,571,083	155,170	2,690,515	1,726,253
Capital grants and contributions	252,324	-	1,013,363	-	252,324	1,013,363
General revenues						
Taxes	10,148,291	-	9,186,423	-	10,148,291	9,186,423
Cable TV franchise tax	314,921	-	329,107	-	314,921	329,107
Investment earnings	347,420	234,588	46,323	67,771	582,008	114,094
Other	42,399	-	19,788	-	42,399	19,788
TOTAL REVENUES	14,526,123	6,226,403	12,903,131	5,704,720	20,752,526	18,607,851
EXPENSES						
General government	3,183,645	-	3,845,431	-	3,183,645	3,845,431
Public safety	5,339,582	-	6,010,903	-	5,339,582	6,010,903
Public works, highway and streets	3,065,317	-	3,226,880	-	3,065,317	3,226,880
Culture and recreation, parks	1,042,537	-	883,265	-	1,042,537	883,265
Interest	159,107	-	189,856	-	159,107	189,856
Sewer operations	-	4,817,312	-	4,443,505	4,817,312	4,443,505
TOTAL EXPENSES	12,790,188	4,817,312	14,156,335	4,443,505	17,607,500	18,599,840
TRANSFERS, net	1,344,405	(1,344,405)	1,283,403	(1,283,403)	-	-
CHANGE IN NET POSITION	$ 3,080,340	$ 64,686	$ 30,199	$ (22,188)	$ 3,145,026	$ 8,011

Governmental Activities

As indicated by the governmental program expenses, public safety programs and highways/streets services account for approximately 42% and 24%, respectively, of the total expenditures of the Township's governmental activities. General administration and parks and recreation account for approximately 33% combined. Long-term debt interest accounts for 1% of the total expenses.

Real estate taxes, earned income tax and other general revenues not restricted or applicable to specific programs provide the major revenue sources for governmental activities. Real estate taxes and real estate transfer taxes provide approximately 49% and 7% of total revenues, respectively. The earned income tax and the local services tax provide 44% of the total revenues. The Township relies on these taxes to furnish the quality of life to citizens and businesses to which the Board of Supervisors has always been committed. Below are the last six years of Real Estate, Real Estate Transfer, Earned Income and Local Service tax receipts:

	2023	2022	2021	2020	2019	2018
Real estate tax	$ 4,933,308	$ 3,974,330	$ 4,031,234	$ 3,336,214	$ 3,319,340	$ 3,345,821
Transfer tax	682,056	674,960	932,015	403,887	497,868	343,946
Earned income tax	4,140,274	4,140,098	3,836,288	3,761,089	3,538,471	3,290,800
Local service tax	374,909	398,918	388,193	376,261	351,895	337,217

Business-Type Activities

The sewage treatment plant and collection system is operated by the Towamencin Municipal Authority (TMA), a component unit of the Township. Treatment plant operations are financed by operating service charges paid by Towamencin Township. The Authority's debt service requirements are also guaranteed by the Township.

Residential properties in the Township pay sewer rent in the amount of $450 per year. Commercial properties are billed twice a year, in arrears, based on water usage. A connection/tapping fee assessed in accordance with recent state law modifications is charged when a property ties into the system.

During 2023, the Township received tapping fees for 0 residential and 15 commercial EDUs. The total amount received was $15,210.

Financial Analysis of the Township's Funds

The Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of December 31, 2023, the Township's governmental funds reported combined ending balances of $5,092,574, an increase of $756,545 as compared to the prior year.

The **General Fund** is the chief operating fund of Towamencin Township. As of December 31, 2023, the total fund balance of the General Fund was $1,580,532, $1,414,942 of which is unassigned, $120,300 is assigned to the balance of the township's ongoing comprehensive plan update project, and $45,290 is for nonspendable prepaid expenses. The General Fund balance itself decreased $33,675 in 2023. The majority of this decrease was the result of higher than anticipated inter-fund transfers, including year-end transfers of surplus to township reserve funds. Key factors attributing to 2023 results overall are as follows:

- Total General Fund Revenues exceeded budget by $255,045.
- Total General Fund Expenditures fell short of budget by $268,819.

The **Traffic Impact Fund** was created in 1992 subsequent to the enactment of Act 209 of 1991. The impact fee is calculated upon (1) estimated peak afternoon trips generated by future development and (2) Township roadway improvements required to meet the increased demand of traffic. The Roadway Sufficiency Analysis, amended in 1996, resulted in the current per trip fee of $2,198. These impact fees can be used to fund engineering, right-of-way acquisition and construction of traffic improvements in the Act 209 area.

The **Debt Service Fund** provides payment for all principal and interest on Township general obligation bonds and notes, and capital lease payments. In addition, a transfer is made to the Towamencin Township Infrastructure Authority equal to its annual debt service. A real estate tax (.807 mils) is assessed for this purpose.

As of December 31, 2023, the fund balance of the Debt Service Fund was $164,436. This is the amount available for future debt service payments.

The **General Capital Fund** provides funding for major capital expenditures of the Township. Revenue is provided from an annual transfer from the General Fund, the sale of fixed assets, and various grants. In 2023, intergovernmental revenues were $927,473 and the sale of assets generated $5,000. Some expenditures in this fund included ARPA-funded stormwater infrastructure improvements along Kriebel Road, Orchard Lane and Valley View Way; engineering and design work for the 2024 Weikel Road sidewalk and stormwater improvement project; and Police and Public Works vehicle purchases.

The **Park Capital Fund** provides funding for major capital expenditures of the Township. Revenue is provided from interfund transfers, grants, impact fees, and from the sale of fixed assets. Monies spent in this fund in 2023 were used to complete two phases of the Kriebel Road Trail, Bustard Park restroom facility upgrades, and park bench replacements.

Capital Assets and Debt Administration

Capital Assets - The Township's investment in capital assets for its governmental and business-type activities as of December 31, totals $44,975,822 and $648,797, respectively (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, machinery and equipment, automobiles and trucks, sanitary sewer, and infrastructure improvements. Infrastructure includes roads, bridges, and traffic signals. The business-type activities are the sanitary sewer lines, pumping stations and equipment.

	Governmental Activities	Business-Type Activities
Land	$ 4,959,269	$ -
Sewer system and plant	-	823,864
Construction in progress	229,066	-
Vehicles	2,574,710	-
Land improvements	10,906,090	-
Buildings and improvements	9,710,514	-
Machinery and equipment	4,313,235	36,372
Infrastructure	60,799,227	-
Accumulated depreciation	(48,516,289)	(211,439)
TOTAL	$ 44,975,822	$ 648,797

This year's major additions included:

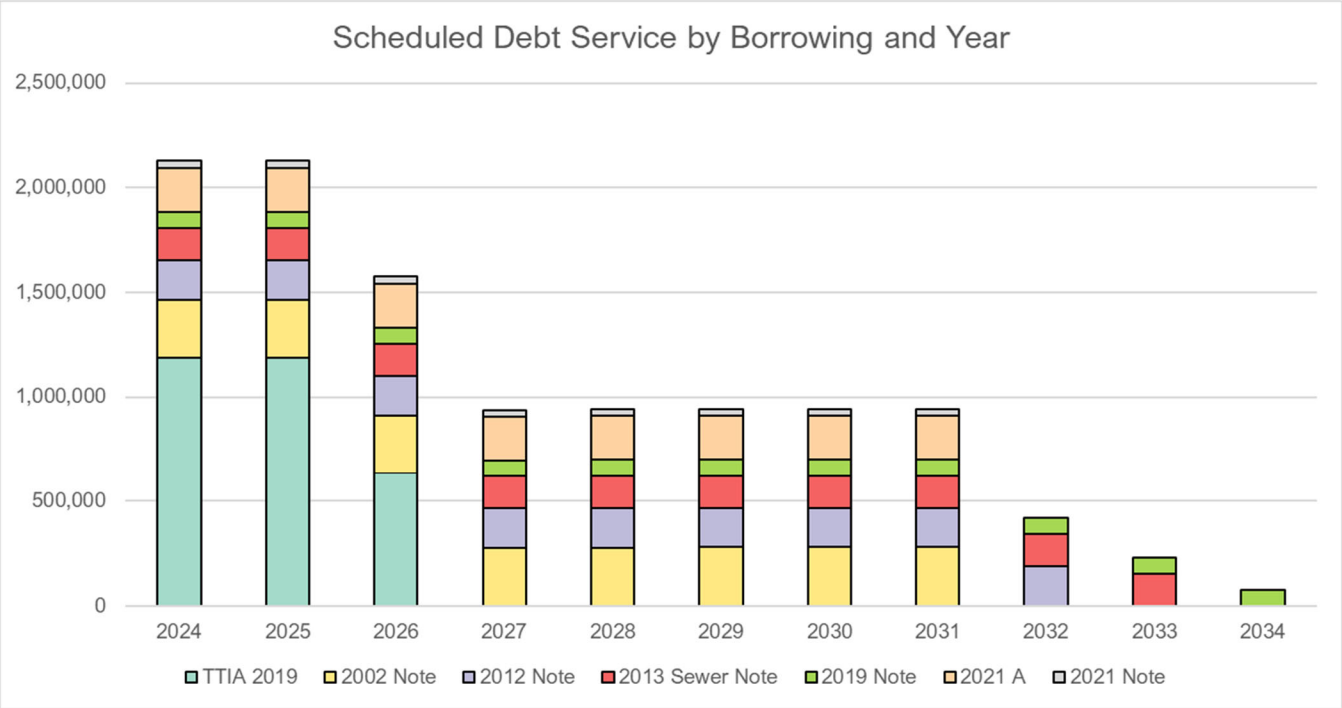
GOVERNMENTAL ACTIVITIES

Storm Sewers 2023 (Kriebel Rd, Orchard Lane and Valley View Way)	843,500
Kriebel Connector Trail (Phase 1)	1,280,483
Kriebel Connector Trail (Phase 2)	264,031
Municipal Complex Access Controls, Fire and Burglar Alarm Upgrades	89,505

Additional information about the Township's capital assets can be found in Note E on pages 43 and 44 of this report.

Long-Term Debt - At year-end the Township had $9,239,000 in outstanding bonds and notes compared to $11,057,000 last year for governmental activities. The principal that is due within one year for governmental activities is $1,848,000.

The Chart below outlines the payment structure of the outstanding bonds and notes for the Township including interest.



Additional information about the Township's long-term debt can be found in Note G on pages 45 through 50 of this report.

Economic Factors

Towamencin Township is comprised of 9.7 square miles in the middle of Montgomery County, approximately 30 miles northwest of Philadelphia. Towamencin has an estimated population of 18,009 and 7,486 households. Municipalities immediately adjacent to Towamencin Township include the Townships of Hatfield, Lower Salford, Upper Gwynedd, Worcester, Franconia, Skippack, and the Borough of Lansdale.

The top five major employers in the Township are:

1. North Penn School District
2. SKF USA, Inc.
3. Almac Clinical Technologies
4. Greene Tweed & Co Inc.
5. Accupac Inc.

The assessed valuations of the three largest real estate taxpayers are:

1.	Towamencin Apt. Joint Venture Jacobs Woods Apartments	$26,381,000
2.	Lansdale Fee Owner LLC Ave Lansdale Apartments	$20,700,000
3.	Hatfield Mennonite Home Dock Woods Community, Inc. Dock Terrace Nursing Home	$13,666,300

NEXT YEAR'S BUDGET

The elected officials of Towamencin Township consider many factors when establishing budget appropriations, tax rates and fee schedules. The 2024 real estate tax rate will remain at 5.689 mills and the homestead and farmstead exemptions will be maintained at $50,000. Therefore, the median household with a 157,000 real estate tax assessment will pay $609 in real estate taxes. Approximately 4,300 homeowners in the Township participate in the homestead exemption program.

The sewer rental fee will increase from $450 to $590 per EDU in 2024 to cover increasing sewer plant operating costs and to begin raising funds for the township's eight-year, $39 million sewer capital improvement plan. Property owners with on-lot sewer systems will continue to be charged annually to cover the costs of rolling inspections required by the Commonwealth of Pennsylvania. This $30 fee will continue through 2024.

On the expense side, the Township plans to focus efforts on the repairs needed to the Skippack Creek Interceptor (SCI). The 2024 Sewer Capital Fund budget appropriates monies for grant-funded Phase 1 SCI replacements and design work for SCI Phase 2. Phase 1 will replace approximately 670 linear feet of 15" and 18" cast iron pipe in the SCI. SCI Phases 2, 3, and 4 cover 7,400 linear feet of sanitary pipes and are collectively anticipated to cost $3.7 million over the next several years.

Governmental capital projects funded through Liquid Fuels Fund and General Capital Fund appropriations include $1,035,000 for the Weikel Road widening, stormwater, and sidewalk improvements project which is partially funded by a Montco 2040 grant and the township's remaining American Recue Plan Act (ARPA) proceeds. Projects also appropriated in these funds include Municipal Complex roof replacements and HVAC improvements; annual roadway paving and ADA-compliant ramp projects; Sidewalk Connectivity Plan design work along the Bustard Rd/Sumneytown Pike corridor; and design costs for upcoming stormwater projects (Central Drive, Skippack Creek MS-4 Pollution Reduction Plan). Park Capital Fund appropriations are headlined by the $500,000 Grist Mill Park project which is partially funded by a $250,000 Community Conservation Partnership Program grant.

Despite budgeting challenges created by present-day economic conditions, the Township strives to provide the same high level of services to its residents as in past years.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the funds it receives and disburses. Requests for additional copies of this report, questions concerning any of the information in this report and requests for additional financial information should be addressed to Adam Szumski, Finance Director, Towamencin Township, 1090 Troxel Road, Lansdale, PA 19446 or by telephone at 215-368-7602.

General information relating to Towamencin Township, Pennsylvania can be found at the Township's website www.towamencin.org

Adam Szumski
Finance Director

TOWAMENCIN TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Towamencin Municipal Authority
ASSETS				
Cash and cash equivalents	$ 5,938,111	$ 4,123,785	$ 10,061,896	$ 923,315
Investments	710,281	300,000	1,010,281	-
Accounts receivable	107,240	1,165,367	1,272,607	148,183
Taxes receivable	191,394	-	191,394	-
Grants receivable	264,166	-	264,166	-
Due from component unit	-	75,870	75,870	(75,870)
Prepaid expenses	73,864	6,147	80,011	3,142
Net pension asset	149,106	-	149,106	-
Capital assets				
Land	4,959,269	-	4,959,269	-
Construction in progress	229,066	-	229,066	-
Land improvements	10,906,090	-	10,906,090	-
Buildings and improvements	9,710,514	-	9,710,514	-
Machinery and equipment	4,313,235	36,372	4,349,607	-
Vehicles	2,574,710	-	2,574,710	-
Infrastructure	60,799,227	-	60,799,227	-
Sewer system and plant	-	823,864	823,864	60,230,169
Accumulated depreciation	(48,516,289)	(211,439)	(48,727,728)	(39,996,470)
TOTAL ASSETS	52,409,984	6,319,966	58,729,950	21,232,469
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources, pension activity	1,605,523	-	1,605,523	-
Deferred outflows of resources, OPEB activity	569,937	-	569,937	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,175,460	-	2,175,460	-
LIABILITIES				
Accounts payable and accrued expenses	486,431	82,840	569,271	355,639
Payroll and withholding taxes payable	103,256	-	103,256	-
Unearned revenues	1,565,039	-	1,565,039	-
Escrow deposits	-	-	-	8,516
Accrued interest	2,400	-	2,400	-
Long-term liabilities				
Portion due or payable within one year				
Bonds and note payable	1,848,000	136,000	1,984,000	464,000
Portion due or payable after one year				
Bonds and note payable	7,391,000	1,304,000	8,695,000	5,799,000
Compensated absences	31,725	-	31,725	-
Total OPEB liability	3,498,196	-	3,498,196	-
TOTAL LIABILITIES	14,926,047	1,522,840	16,448,887	6,627,155
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources, pension activity	1,357,662	-	1,357,662	-
Deferred inflows of resources, OPEB activity	1,699,381	-	1,699,381	-
TOTAL DEFERRED INFLOWS OF RESOURCES	3,057,043	-	3,057,043	-
NET POSITION				
Net investment in capital assets	35,736,822	648,797	36,385,619	13,970,699
Restricted net pension asset	149,106	-	149,106	-
Restricted	1,507,113	-	1,507,113	268,429
Unrestricted	(790,687)	4,148,329	3,357,642	366,186
TOTAL NET POSITION	$ 36,602,354	$ 4,797,126	$ 41,399,480	$ 14,605,314

See accompanying notes to the basic financial statements.

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TOWAMENCIN TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General government	$ 3,183,645	$ 93,985	$ 1,383,445	$ -
Public safety	5,339,582	460,051	139,514	-
Parks and recreation	1,042,537	216,712	475,999	252,324
Highways	3,065,317	141,714	509,348	-
Interest on long-term debt	159,107	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	12,790,188	912,462	2,508,306	252,324
BUSINESS-TYPE ACTIVITIES				
Sewer Fund	4,438,363	5,809,606	166,999	-
Sewer Capital Fund	378,949	-	15,210	-
TOTAL BUSINESS-TYPE ACTIVITIES	4,817,312	5,809,606	182,209	-
TOTAL PRIMARY GOVERNMENT	$ 17,607,500	$ 6,722,068	$ 2,690,515	$ 252,324
COMPONENT UNIT				
Towamencin Municipal Authority	$ 5,807,746	$ 4,976,055	$ -	$ -
GENERAL REVENUES				
Taxes				
Real estate taxes, net				
Local services tax				
Real estate transfer tax				
Earned income tax				
Cable franchise fees				
Earnings on investments				
Gain on sale of capital assets				
Miscellaneous				
TRANSFERS, net				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR, RESTATED*				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Totals	Towamencin Municipal Authority
$ (1,706,215)	$ -	$ (1,706,215)	$ -
(4,740,017)	-	(4,740,017)	-
(97,502)	-	(97,502)	-
(2,414,255)	-	(2,414,255)	-
(159,107)	-	(159,107)	-
(9,117,096)	-	(9,117,096)	-
-	1,538,242	1,538,242	-
-	(363,739)	(363,739)	-
-	1,174,503	1,174,503	-
(9,117,096)	1,174,503	(7,942,593)	-
-	-	-	(831,691)
4,950,282	-	4,950,282	-
374,909	-	374,909	-
682,056	-	682,056	-
4,141,044	-	4,141,044	-
314,921	-	314,921	-
347,420	234,588	582,008	1,960
5,000	-	5,000	-
37,399	-	37,399	-
1,344,405	(1,344,405)	-	-
12,197,436	(1,109,817)	11,087,619	1,960
3,080,340	64,686	3,145,026	(829,731)
33,522,014 *	4,732,440	38,254,454	15,435,045
$ 36,602,354	$ 4,797,126	$ 41,399,480	$ 14,605,314

TOWAMENCIN TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Traffic Impact Fund	Debt Service Fund
ASSETS			
Cash and cash equivalents	$ 1,357,973	$ 104,314	$ 164,352
Investments	206,854	-	-
Accounts receivable	116,737	-	-
Taxes receivable, net	181,865	-	5,672
Prepaid expenses	45,290	-	-
TOTAL ASSETS	$ 1,908,719	$ 104,314	$ 170,024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	$ 299,818	$ -	$ -
Unearned revenue	-	-	-
TOTAL LIABILITIES	299,818	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	28,369	-	5,588
FUND BALANCES			
Nonspendable, prepaid expenses	45,290	-	-
Restricted			
Highway and street projects	-	-	-
Street lights	-	-	-
Parks and recreation	-	-	-
Capital projects	-	-	-
Debt service	-	-	164,436
Committed			
Public art	-	-	-
Traffic improvements	-	104,314	-
Assigned			
Comprehensive plan	120,300	-	-
Capital projects	-	-	-
Community pool	-	-	-
Unassigned	1,414,942	-	-
TOTAL FUND BALANCES	1,580,532	104,314	164,436
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,908,719	$ 104,314	$ 170,024

See accompanying notes to the basic financial statements.

General Capital Fund	Fischer's Park	Park Capital	Nonmajor Governmental Funds	Total Governmental Funds
$ 2,370,370	$ 359,584	$ 330,052	$ 1,251,466	$ 5,938,111
-	503,427	-	-	710,281
53,940	7,863	192,025	841	371,406
-	-	-	3,857	191,394
-	-	-	28,574	73,864
$ 2,424,310	$ 870,874	$ 522,077	$ 1,284,738	$ 7,285,056
$ 198,581	$ 9,052	$ 13,192	$ 69,044	$ 589,687
1,565,039	-	-	-	1,565,039
1,763,620	9,052	13,192	69,044	2,154,726
-	-	-	3,799	37,756
-	-	-	28,574	73,864
-	-	-	458,660	458,660
-	-	-	4,507	4,507
-	-	-	17,688	17,688
-	861,822	-	-	861,822
-	-	-	-	164,436
-	-	-	154,613	154,613
-	-	-	-	104,314
-	-	-	-	120,300
660,690	-	508,885	553,752	1,723,327
-	-	-	9,298	9,298
-	-	-	(15,197)	1,399,745
660,690	861,822	508,885	1,211,895	5,092,574
$ 2,424,310	$ 870,874	$ 522,077	$ 1,284,738	$ 7,285,056

TOWAMENCIN TOWNSHIP

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

TOTAL GOVERNMENTAL FUNDS BALANCES	$ 5,092,574
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements but are reported in the governmental activities of the statement of net position. Those assets consist of:	
Land	4,959,269
Construction in progress	229,066
Land improvements, net of accumulated depreciation of $3,390,262	7,515,828
Buildings and improvements, net of accumulated depreciation of $3,989,102	5,721,412
Machinery and equipment, net of accumulated depreciation of $3,226,943	1,086,292
Vehicles, net of accumulated depreciation of $1,918,349	656,361
Infrastructure, net of accumulated depreciation of $35,991,633	24,807,594
	44,975,822
Deferred inflows and outflows of resources related to pension activities are not financial resources and, therefore, are not reported in the Governmental Funds.	247,861
Deferred inflows and outflows of resources related to OPEB activities are not financial resources and, therefore, are not reported in the Governmental Funds.	(1,129,444)
Some of the Township's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	37,756
Pension assets resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds.	149,106
Long-term assets and liabilities applicable to the Township's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in Governmental Funds but rather is recognized as an expenditure when due. All assets and liabilities--both current and long-term--are reported in the statement of net position. Balances at December 31, 2023, are:	
Accrued interest on bonds	(2,400)
Bonds and note payable	(9,239,000)
Compensated absences	(31,725)
Total OPEB liability	(3,498,196)
	(12,771,321)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 36,602,354

See accompanying notes to the basic financial statements.

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TOWAMENCIN TOWNSHIP

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

	General Fund	Traffic Impact Fund
REVENUES		
Real estate taxes, net	$ 3,744,423	$ -
Earned income taxes	4,140,274	-
Local services tax	374,909	-
Real estate transfer tax	682,056	-
Intergovernmental revenues	445,653	-
Licenses and permits	696,679	-
Fines and forfeits	41,383	-
Charges for services	76,500	-
Departmental earnings	-	131,854
Investment income and rents	162,794	4,566
Miscellaneous	56,883	-
TOTAL REVENUES	10,421,554	136,420
EXPENDITURES		
General government	2,110,921	-
Public safety	5,501,417	-
Parks and recreation	10,020	-
Highways	1,206,409	-
Debt service		
Principal retirement	-	-
Interest paid	-	-
Capital outlay	-	-
TOTAL EXPENDITURES	8,828,767	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,592,787	136,420
OTHER FINANCING SOURCES (USES)		
Operating transfers out	(2,849,151)	(112,076)
Operating transfers in	1,222,689	-
Proceeds from sale of fixed assets	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,626,462)	(112,076)
NET CHANGE IN FUND BALANCES	(33,675)	24,344
FUND BALANCES AT BEGINNING OF YEAR, RESTATED*	1,614,207	79,970
FUND BALANCES AT END OF YEAR	$ 1,580,532	$ 104,314

See accompanying notes to the basic financial statements.

Debt Service Fund	General Capital Fund	Fischer's Park	Park Capital	Nonmajor Governmental Funds	Total Governmental Funds
$ 700,239	$ -	$ -	$ -	$ 488,646	$ 4,933,308
-	-	-	-	-	4,140,274
-	-	-	-	-	374,909
-	-	-	-	-	682,056
-	927,473	-	442,324	680,862	2,496,312
-	-	-	-	-	696,679
-	-	-	-	-	41,383
-	-	-	-	-	76,500
-	-	-	136,370	35,277	303,501
13,449	81,387	45,093	14,473	59,258	381,020
-	9,860	253,999	-	56,695	377,437
713,688	1,018,720	299,092	593,167	1,320,738	14,503,379
-	-	-	-	-	2,110,921
-	-	-	-	428,121	5,929,538
-	-	283,645	609,222	1,390,840	2,293,727
-	-	-	-	-	1,206,409
1,824,497	-	-	-	-	1,824,497
157,098	-	-	-	-	157,098
-	1,574,049	-	-	-	1,574,049
1,981,595	1,574,049	283,645	609,222	1,818,961	15,096,239
(1,267,907)	(555,329)	15,447	(16,055)	(498,223)	(592,860)
-	(172,356)	(54,284)	(125,000)	(250,000)	(3,562,867)
1,293,432	1,072,000	-	125,000	1,194,151	4,907,272
-	5,000	-	-	-	5,000
1,293,432	904,644	(54,284)	-	944,151	1,349,405
25,525	349,315	(38,837)	(16,055)	445,928	756,545
138,911	311,375	900,659	524,940	765,967	4,336,029
$ 164,436	$ 660,690	$ 861,822	$ 508,885	$ 1,211,895	$ 5,092,574

TOWAMENCIN TOWNSHIP

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	756,545
Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation ($2,117,736) exceeds capital outlays ($1,889,979) in the current period.		(227,757)
Revenues in the statement of activities that do not provide current resources are not recorded as revenues in the funds.		17,744
The issuance of long-term debt (e.g., bonds, note, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayments		1,821,997
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due rather than as it accrues. This adjustment combines the net changes of these balances.		
Compensated absences		(14,781)
OPEB expense		52,706
Pension expense		673,395
Accrued interest on bonds		491
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	3,080,340

See accompanying notes to the basic financial statements.

TOWAMENCIN TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Sewer Fund	Sewer Capital Fund	Total Proprietary Funds
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 2,285,065	$ 1,838,720	$ 4,123,785
Investments	300,000	-	300,000
Accounts receivable, net of allowance for uncollectible accounts of $50,000	1,165,367	-	1,165,367
Due from other governments	75,870	-	75,870
Prepaid expenses	6,147	-	6,147
TOTAL CURRENT ASSETS	3,832,449	1,838,720	5,671,169
CAPITAL ASSETS			
Capital assets	36,372	823,864	860,236
Accumulated depreciation	(36,372)	(175,067)	(211,439)
TOTAL CAPITAL ASSETS	-	648,797	648,797
TOTAL ASSETS	$ 3,832,449	$ 2,487,517	$ 6,319,966
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	$ 71,187	$ 11,653	$ 82,840
Current portion of note payable	136,000	-	136,000
TOTAL CURRENT LIABILITIES	207,187	11,653	218,840
NONCURRENT LIABILITIES			
Long-term note payable	1,304,000	-	1,304,000
TOTAL LIABILITIES	1,511,187	11,653	1,522,840
NET POSITION			
Net investment in capital assets	-	648,797	648,797
Unrestricted	2,321,262	1,827,067	4,148,329
TOTAL NET POSITION	2,321,262	2,475,864	4,797,126
TOTAL LIABILITIES AND NET POSITION	$ 3,832,449	$ 2,487,517	$ 6,319,966

See accompanying notes to the basic financial statements.

TOWAMENCIN TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Sewer Fund	Sewer Capital Fund	Total Proprietary Funds
OPERATING REVENUES			
Sewer rents	$ 5,809,606	$ -	$ 5,809,606
Connection fees	-	15,210	15,210
Operating grants and contributions	166,999	-	166,999
TOTAL OPERATING REVENUES	5,976,605	15,210	5,991,815
OPERATING EXPENSES			
Sewage disposal	4,125,780	357,268	4,483,048
Administration	295,036	1,085	296,121
TOTAL OPERATING EXPENSES	4,420,816	358,353	4,779,169
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	1,555,789	(343,143)	1,212,646
DEPRECIATION	-	20,596	20,596
OPERATING INCOME (LOSS)	1,555,789	(363,739)	1,192,050
NONOPERATING REVENUES (EXPENSES)			
Investment income	144,239	90,349	234,588
Interest expense	(17,547)	-	(17,547)
TOTAL NONOPERATING REVENUES (EXPENSES)	126,692	90,349	217,041
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(1,168,405)	(176,000)	(1,344,405)
CHANGE IN NET POSITION	514,076	(449,390)	64,686
NET POSITION AT BEGINNING OF YEAR	1,807,186	2,925,254	4,732,440
NET POSITION AT END OF YEAR	$ 2,321,262	$ 2,475,864	$ 4,797,126

See accompanying notes to the basic financial statements.

TOWAMENCIN TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Sewer Fund	Sewer Capital Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 5,585,452	$ 15,210	$ 5,600,662
Payments to suppliers and others	(4,606,187)	(399,434)	(5,005,621)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	979,265	(384,224)	595,041
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to)/from other funds	(1,168,405)	(176,000)	(1,344,405)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on note payable	(135,000)	-	(135,000)
Interest paid on note payable	(17,547)	-	(17,547)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(152,547)	-	(152,547)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	144,239	90,349	234,588
NET DECREASE IN CASH AND CASH EQUIVALENTS	(497,448)	(469,875)	(967,323)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,782,513	2,308,595	5,091,108
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 2,285,065	$ 1,838,720	$ 4,123,785
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 1,555,789	$ (363,739)	$ 1,192,050
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	20,596	20,596
Revenue reduced for uncollectible accounts	25,000	-	25,000
Change in assets and liabilities			
Accounts receivable	(416,153)	-	(416,153)
Due from other government	(198,605)	-	(198,605)
Prepaid expenses	(38)	-	(38)
Accounts payable and accrued expenses	13,272	(41,081)	(27,809)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 979,265	$ (384,224)	$ 595,041

See accompanying notes to the basic financial statements.

TOWAMENCIN TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Pension Trust Funds	Custodial Funds	Total Fiduciary Funds
ASSETS			
Cash and cash equivalents	$ 919,562	$ 2,196,205	$ 3,115,767
Investments			
Government securities	1,402,157	-	1,402,157
Corporate bonds	736,374	-	736,374
Equity mutual funds	2,034,227	-	2,034,227
Common stocks	17,628,214	-	17,628,214
Prepaid expenses	96,299	-	96,299
TOTAL ASSETS	$ 22,816,833	$ 2,196,205	$ 25,013,038
LIABILITIES			
Accounts payable and accrued expenses	$ -	$ 62,231	$ 62,231
NET POSITION			
Restricted for pensions	22,816,833	-	22,816,833
Restricted for developers	-	2,133,974	2,133,974
TOTAL NET POSITION	22,816,833	2,133,974	24,950,807
TOTAL LIABILITIES AND NET POSITION	$ 22,816,833	$ 2,196,205	$ 25,013,038

See accompanying notes to the basic financial statements.

TOWAMENCIN TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Pension Trust Funds	Custodial Funds	Total Fiduciary Funds
ADDITIONS			
Contributions	$ 1,024,118	$ -	$ 1,024,118
Investment gain			
Realized gains	536,019	-	536,019
Unrealized gain(loss)	1,798,391	-	1,798,391
Interest and dividends	557,749	-	557,749
Investment expense	(155,130)	-	(155,130)
Total investment income	2,737,029	-	2,737,029
Payments from developers	-	436,801	436,801
TOTAL ADDITIONS	3,761,147	436,801	4,197,948
DEDUCTIONS			
Benefit payments to retired plan participants	1,173,579	-	1,173,579
Administrative	19,498	-	19,498
Payments to developers	-	378,804	378,804
TOTAL DEDUCTIONS	1,193,077	378,804	1,571,881
CHANGE IN NET POSITION	2,568,070	57,997	2,626,067
NET POSITION AT BEGINNING OF YEAR	20,248,763	2,075,977	22,324,740
NET POSITION AT END OF YEAR	$ 22,816,833	$ 2,133,974	$ 24,950,807

See accompanying notes to the basic financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Scope of Reporting Entity

Towamencin Township (the "Township") was created in 1728 and operates under the Second Class Township Code as prescribed by the Commonwealth of Pennsylvania. The Township's major services include safety, health and welfare, fire protection, parks and recreation and general administration.

For financial reporting purposes, Towamencin Township's primary government includes all departments and agencies, bureaus, boards, commissions and certain authorities that make up the Township's legal entity. The Township's reporting entity also is comprised of its component units, which are legally separate organizations for which the Township's elected officials are financially accountable.

Financial accountability is defined in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34.* The Township 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 Township. The Township also may be financially accountable if an organization is fiscally dependent on the Township 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 Township and the Township 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.

Blended Component Units

Some component units, despite being legally separate from the primary government (Township), are intertwined with the primary government and are reported as part of the primary government. Towamencin Township has two blended component units.

The Towamencin Authority (“TTA”) is considered a component unit of the Township. The Towamencin Authority is a public corporation incorporated on March 3, 1998 by Towamencin Township under the authority of the Municipal Authorities Act of 1945. The Towamencin Authority is organized for the purpose of undertaking certain projects, associated with land owned or leased by Towamencin Township, which have been specified from time to time by resolution or ordinance of the Township's governing body. The Township provides, at a nominal charge, office space and personnel for use by the Towamencin Authority.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Township Supervisors and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.

- The Non-Uniformed Employees' Pension Plan is a single employer defined benefit pension plan that provides pensions for all non-uniformed employees of the Township. 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 Township Supervisors and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.

Discretely Presented Component Unit

In conformity with GAAP, the Towamencin Municipal Authority has been included in the reporting entity as a discretely presented component unit in a separate column in the financial statements to emphasize that it is legally separate from the Township. The Authority owns and operates the sewage treatment plant located on Kriebel Road and owns the sewer system in Towamencin Township, which is leased back to the Township for operation and maintenance. 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.

Complete financial statements for the individual component units may be obtained at the Township's administrative offices.

Government-Wide and Fund Financial Statements

Government-Wide

The statement of net position and the statement of activities display information about the Township as a whole. These statements distinguish between activities that are governmental and those that are considered business-type. These statements excluded fiduciary activities such as pension and custodial funds.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements. Therefore, governmental fund financial statements included reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

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

Internal activity is limited to interfund transfers, which are eliminated to avoid "doubling up" revenues and expenses. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislations. The net position restricted for other purposes result from the sewer capital projects fund and the restrictions on their net position use.

Fund Financial Statements

Fund Financial Statements report detailed information about the Township. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. The major governmental funds are each presented in a single column on the governmental fund financial statements. Fiduciary fund financial statements are presented by fund type. All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Major governmental funds of the Township include the general fund, the traffic impact fund, the Infrastructure Authority fund, the debt service fund, and Fischer's Park Fund. All other governmental funds are grouped together and presented in a separate column as nonmajor governmental funds. They include the highway aid fund, parks and recreation fund, fire fund, street light fund, park capital fund, public arts fund, pool fund, general capital fund, and Towamencin Authority fund.

The Township reports the following major governmental funds:

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The *Traffic Impact Fund* is a capital projects fund maintained to account for the accumulation of resources for acquisition of fixed assets.

- The *Debt Service Fund* accounts for proceeds of special revenue sources that are restricted to the repayment of debt.

- The *Fischer's Park Fund* accounts for proceeds of special revenue sources that are restricted to capital projects and operating expenses.

- The *General Capital and Park Capital Funds* provide funding for major capital expenditures of the Township.

The Township reports the following proprietary funds:

- The *Sewer Fund* is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Sewer Fund accounts for the Township's sewer system. The *Sewer Capital Fund* accounts for accumulation of resources to pay for capital improvements for the sewer operations.

- The Township, specifically its Sewer Fund, leases the sewage collection system, located within its geographic boundaries, from the Towamencin Municipal Authority (TMA). The Sewer Fund operates the sewer system and charges the owners of each property connected to the sewer system rents which shall be sufficient to pay (1) TMA service charges and operating expenses under the service agreement and (2) Sewer Fund operating expenses. TMA has agreed, pursuant to the service agreement, to treat and dispose of the sewage received from the sewage collection system.

Additionally, the government reports the following fiduciary fund types:

- The *Pension Trust Funds* account for the activities of the Police and Non-Uniformed Pension plans, which accumulate resources for pension benefit payments to qualified employees.

- The *Custodial Fund* accounts for monies held by the Township on a purely custodial basis.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property and earned income tax revenue to be available if collected within 30 days of the end of the fiscal period. Revenues for state and federally funded projects are recognized at the time all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Township must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis.

Revenue Recognition

Property tax and earned income tax receivables collected after 30 days from year end, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property and earned income tax receivables are recorded and deferred until they become available.

Other revenues, including certain other charges for services and miscellaneous revenues are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition

The Measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Further, as provided in GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements," certain governmental fund liabilities and expenditures, such as for compensated absences, are recognized to the extent the liabilities mature (come due for payment) each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resource focus concern determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The Township's only proprietary funds are enterprise funds. These funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise funds are sewer fees. Operating expenses for the Township's enterprise funds include sewer disposal, supplies and administration costs. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Fund Balance

Deposits and Investments

The Township'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.

With the exception of Pension Trust Funds, statutes authorize the Township to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository under PA Act 72. Under Act No. 72, enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the various banks are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit. These may be bonds of the United States, any state of the United States, or bonds of any political subdivision of Pennsylvania or the general state authority or their authorities created by the General Assembly of the Commonwealth of Pennsylvania or insured with the Federal Deposit Insurance Corporation. The market value of such bonds pledged must equal 120% of the funds deposited. The security pledged by the various depositories utilized during the year and at December 31, 2023, was in excess of the minimum requirements just described.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township 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.

The law provides that the government's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the government to be prudent. Investments for the Township, as well as for its component units, are reported at fair value. The Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion on interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectible accounts, where appropriate. Since the Township has the ability to lien properties for unpaid sewer charges, no formal process is undertaken to determine an allowance for uncollectible accounts. However, in order to be fiscally prudent, the Township has established a $50,000 allowance for uncollectible sewer accounts. At December 31, 2023, all tax receivables were deemed to be fully collectible. There is no tax receivable allowance due to the materiality of the outstanding receivables and the ability of the Township to lien property for unpaid taxes.

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through June 30; and a 10% penalty after July 1. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

For 2023, tax was levied on the assessed value of real estate at a total of 5.689 mills.

Other taxes levied in 2023 were real estate transfer taxes, earned income tax, and local service tax.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

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

	Years
Land improvements	5-50
Building and improvement	5-50
Machinery and equipment	5-10
Vehicles	5-10
Infrastructure	20-100

Compensated Absences

It is the Township's policy to permit certain employees to accumulate earned but unused vacation and comp time. The accumulation is subject to terms discussed in the collective bargaining agreements. Vacation and compensatory time is accrued when earned.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. If bond premiums or discounts exist, they are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of any applicable bond premium or discount. Issuance costs are expensed as incurred.

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. Any premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund Balance

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, 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 of 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 entity, not restricted for any project or other purpose.

Governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance - includes amounts that can only be used for the specific purposes determined by a formal action of the Township's highest level of decision making authority, the Board of Supervisors. Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance - includes amounts intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The governing body, the Board of Supervisors, has by resolution authorized the Township Manager or Finance Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned Fund Balance - this residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two item that qualifies for reporting in this category. The deferred outflows relate to pension and OPEB activity.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has three items that qualify for reporting in this category. The deferred inflows relates to pension activity, OPEB activity and unavailable revenues.

Use of Estimates in the Preparation of Financial Statements

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

Component Unit - Towamencin Municipal Authority

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses when incurred.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a Proprietary Fund's obligations. The principal operating revenues of the Authority are sewer service and tapping fees. Operating expenses include cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments with original maturities of three months or less are considered cash equivalents.

Property, Plant and Equipment

The Authority defines property, plant and equipment as assets with an initial individual or project cost equal to or greater than $2,000 that have an estimated useful life in excess of one year.

Property, plant and equipment are stated at cost. A provision for the depreciation of fixed assets has been recorded effective in the year 1975.

The Authority is depreciating plant assets over a period of 20 to 40 years and equipment over periods of five to ten years.

Expenditures for maintenance, repairs and minor replacements are expensed as incurred.

Use of Estimates

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

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a modified accrual basis of accounting for all Township funds, which is consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

The Board of Township Supervisors each year, at least 30 days prior to adoption of the annual budget, begins preparation of a proposed budget for all funds for the fiscal year, which commences on the first day of January of each year, and by resolution appropriates, out of the revenues available for the year, the specific sums required as shown by the budget as finally adopted. The total appropriation shall not exceed the revenues estimated as available for the fiscal year.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Upon preparation of proposed budget, the Supervisors give public notice by advertisement in at least one newspaper of general circulation in the Township that the proposed budget will be available for public inspection. After the budget has been available for public inspection for 20 days, the Supervisors adopt the budget not later than the 31st day of December.

The Supervisors may at any time by resolution make supplemental appropriations for any lawful purposes from any funds on hand or estimated to be received within the fiscal year and not otherwise appropriated, including the proceeds of any borrowing authorized by law.

Budgeted amounts are reported as originally adopted. Unexpended budget amounts lapse at the end of the year. The Supervisors may take specific action to reserve or designate fund equity.

During the month of January, following any municipal election, the Supervisors may amend the budget and levy and tax rate to conform to its amended budget. Any amended budget must be adopted by the Township Supervisors on or before the 15th day of February.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

NOTE C - DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's policy is to require their banking institution to provide a letter stating that they follow the Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis. At December 31, 2023, the carrying amount of the Township's deposits was $13,177,663 and the bank balance was $13,225,165. Of the bank balance, $500,000 was covered by federal depository insurance, $6,233,777 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the Township's name, and $6,491,388 is held in state investment pools, which are uncollateralized and uninsured.

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations.

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

		Investment Maturities			
Investment Type	Amortized Cost	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years
GOVERNMENTAL FUNDS					
State investment pools	$ 710,281	$ -	$ 710,281	$ -	$ -
PROPRIETARY FUNDS					
State investment pools	$ 300,000	$ -	$ 300,000	$ -	$ -
FIDUCIARY FUNDS					
Government securities	$ -	$ 1,402,157	$ 7,057	$ 159,299	$ 1,235,801
Corporate bonds	-	736,374	7,799	123,061	605,514
Equity mutual funds	-	2,034,226	-	-	-
Common stocks	-	17,628,215	-	-	-
TOTAL FIDUCIARY FUNDS	$ -	$ 21,800,972	$ 14,856	$ 282,360	$ 1,841,315

Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Township adopted an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Note A. The government has a formal investment policy for credit risk. A portion of the Township's cash and cash equivalents 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 investments included in these statements will not be assigned a credit risk category. The Township's cash and cash equivalents held in PLGIT as of December 31, 2023 was $6,491,388. 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. The Township's investments in state investment pools are held in the PLGIT/Term Program, which requires a 60-day minimum investment and limits withdrawals to maturity. These investments are valued at amortized cost in accordance with GASB Statement No. 79.

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

Fair Value Measurement - The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. At December 31, 2023, the Township had $19,662,441 of Level 1 investments in equity mutual funds and common stock; and $2,138,531 of Level 2 investments in government securities and corporate bonds.

Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. There were no investments greater than 5% in any one single issuer that would be considered a concentration of credit risk for the government.

Component Unit - Towamencin Municipal Authority

Cash and cash equivalents consist of bank deposits, money market funds and certificates of deposit. All Authority deposits are entirely insured (FDIC) or collateralized under a pooled asset program to secure public deposits, as required under Commonwealth of Pennsylvania law. As of December 31, 2023, $693,795 of the Authority's bank balance of $954,268 was exposed to custodial credit risk. $260,473 was insured and $693,795 was uninsured and collateralized with securities held by pledging bank's trust departments not in the Authority's name.

Cash and cash equivalents are summarized as follows:

	Bank Balances	Carrying Amount
CURRENT ASSETS		
Operating	$ 684,042	$ 654,886
RESTRICTED		
Capital improvements	270,226	268,429
	$ 954,268	$ 923,315

Other

The Authority has received contributed capital which is restricted to the purposes for which the funds were contributed. Towamencin Township has contributed funds for the cost of constructing and maintaining a pump station located within its geographic boundaries. Also, developers and others within the Towamencin Township have paid tapping fees to the Authority. The unspent portion of these contributions and accrued interest thereon are reflected as restricted assets on the Authority's statements of net position.

NOTE D - RECEIVABLES

Receivables as of year-end for the government's individual major funds, nonmajor funds, and fiduciary funds in the aggregate are as follows:

	General Fund	Park Capital	Debt Service Fund	Fischer's Park Fund
Accounts receivable	$ 116,737	$ 192,025	$ -	$ 7,863
Taxes receivable	181,865	-	5,672	-
Sewer rent	-	-	-	-
	$ 298,602	$ 192,025	$ 5,672	$ 7,863

NOTE E - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2023, was as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	$ 4,959,269	$ -	$ -	$ 4,959,269
Construction in process	1,296,433	1,608,693	(2,676,060)	229,066
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	6,255,702	1,608,693	(2,676,060)	5,188,335
Capital assets being depreciated				
Land improvements	9,356,284	1,549,806	-	10,906,090
Infrastructure	59,955,727	843,500	-	60,799,227
Buildings and improvements	9,602,759	107,755	-	9,710,514
Machinery and equipment	4,586,618	53,208	(326,591)	4,313,235
Vehicles	2,213,886	403,077	(42,253)	2,574,710
TOTAL CAPITAL ASSETS BEING DEPRECIATED	85,715,274	2,957,346	(368,844)	88,303,776
Accumulated depreciation				
Land improvements	(3,141,199)	(249,063)	-	(3,390,262)
Infrastructure	(34,802,055)	(1,189,578)	-	(35,991,633)
Buildings and improvements	(3,761,386)	(227,716)	-	(3,989,102)
Machinery and equipment	(3,275,503)	(278,031)	326,591	(3,226,943)
Vehicles	(1,787,254)	(173,348)	42,253	(1,918,349)
TOTAL ACCUMULATED DEPRECIATION	(46,767,397)	(2,117,736)	368,844	(48,516,289)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	38,947,877	839,610	-	39,787,487
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	$ 45,203,579	$ 2,448,303	$ (2,676,060)	$ 44,975,822

General Capital Fund	Nonmajor Governmental Funds	Sewer Fund	Totals
$ 53,940	$ 841	$ -	$ 371,406
-	3,857	-	191,394
-	-	1,165,367	1,165,367
$ 53,940	$ 4,698	$ 1,165,367	$ 1,728,167

NOTE E - CAPITAL ASSETS (Continued)

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Sewer system and plant	$ 823,864	$ -	$ -	$ 823,864
Machinery and equipment	36,372	-	-	36,372
TOTAL CAPITAL ASSETS BEING DEPRECIATED	860,236	-	-	860,236
Accumulated depreciation				
Sewer system and plant	(154,471)	(20,596)	-	(175,067)
Machinery and equipment	(36,372)	-	-	(36,372)
TOTAL ACCUMULATED DEPRECIATION	(190,843)	(20,596)	-	(211,439)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	669,393	(20,596)	-	648,797
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	$ 669,393	$ (20,596)	$ -	$ 648,797

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

GOVERNMENTAL ACTIVITIES	
General government	$ 233,155
Public safety	103,349
Parks and recreation	200,066
Highways	1,581,166
	$ 2,117,736

Component Unit - Towamencin Municipal Authority

Property, plant and equipment consist of the following:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Capital assets not being depreciated				
Construction in progress	$ 358,755	$ 73,791	$ (20,706)	$ 411,840
Capital assets being depreciated				
Sewer plant and additions	55,431,587	29,786	-	55,461,373
Sewer system				
Pump station and interceptor	2,851,484	4,336	-	2,855,820
Other maintenance equipment	1,412,109	18,870	-	1,430,979
Office equipment	70,157	-	-	70,157
TOTAL CAPITAL ASSETS BEING DEPRECIATED	59,765,337	52,992	-	59,818,329
Accumulated depreciation	(38,663,087)	(1,333,383)	-	(39,996,470)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	21,102,250	(1,280,391)	-	19,821,859
TOTAL CAPITAL ASSETS, net	$ 21,461,005	$ (1,206,600)	$ (20,706)	$ 20,233,699

NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

	Transfers	
	In	Out
GENERAL FUND	$ 1,222,689	$ 2,849,151
TRAFFIC IMPACT FUND	-	112,076
DEBT SERVICE FUND	1,293,432	-
GENERAL CAPITAL FUND	1,072,000	172,356
FISCHER'S PARK FUND	-	54,284
PARK CAPITAL FUND	125,000	125,000
SPECIAL REVENUE FUNDS		
Fire Protection Fund	220,000	-
Parks and Recreation Fund	265,000	250,000
Pool Fund	125,000	-
Highway aid	33,839	-
TOTAL SPECIAL REVENUE FUNDS	643,839	250,000
CAPITAL PROJECT FUNDS		
General Fund Reserve	100,312	-
Capital Reserve Fund	450,000	-
TOTAL CAPITAL PROJECT FUNDS	550,312	-
ENTERPRISE FUNDS		
Sewer Fund	-	1,168,405
Sewer Capital Fund	-	176,000
TOTAL ENTERPRISE FUNDS	-	1,344,405
	$ 4,907,272	$ 4,907,272

NOTE G - LONG-TERM DEBT

General Obligation Notes and Bonds

The government issues general obligation notes and bonds to provide funds for the acquisition, construction, and improvement of facilities and the purchase of equipment and open space. General obligation notes and bonds have been issued for the governmental activities only. Sewer Revenue Notes were issued for Wastewater System capital projects. The original amount of notes and bonds issued was $28,212,000.

NOTE G - LONG-TERM DEBT (Continued)

General obligation notes and bonds are direct obligations and pledge the full faith and credit of the government. These notes and bonds are generally issued as 20-30 year serial notes and bonds with varying amounts of principal maturing each year. General obligation notes and bonds and guaranteed sewer notes currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	1.2% - 2.5%	$ 9,239,000
Business-type activities	1.0% - 4.0%	1,440,000
		$ 10,679,000

Interest Rate Management: The Township has notes outstanding with Delaware Valley Regional Finance Authority (DVRFA) as described below. The DVRFA has issued bonds to provide funds for these loans and has entered into interest rate swap agreements with Bank of America (BANA) and Citibank. The objective is to reduce the costs to participants in the DVRFA Loan Program and to enhance the ability of participants to manage their interest rate risks. The interest rate swaps serve as hedges against swings in the cash flows that would be required to repay outstanding debt.

The significant terms of the interest rate swap were as follows:

Description	Date of Issue	Maturity Date	Principal Outstanding	Type of Note	Rate in Effect at Year-End	Market Value
GO Note	2002	2031	$ 2,119,000	Fixed	1.1360%	$ 75,746
GO Note	2012	2032	1,546,000	Fixed	1.9680%	55,263
GO Note	2019	2034	768,000	Fixed	2.4480%	27,453
GO Note	2019	2026	2,948,000	Fixed	1.7430%	105,379
GO Note	2021 A	2031	1,616,000	Fixed	1.0430%	57,766
GO Note	2021 B	2031	242,000	Fixed	1.0520%	8,651
Guaranteed Sewer Notes	2013	2033	1,440,000	Fixed	1.1570%	51,474

Interest Rate Risk: The Township has the option under the loan agreements to pay a variable rate of interest or a fixed rate. If the Township elects the variable rate, the interest rate, based upon the Securities Industry and Financial Markets Association Municipal Swap Index (the "Municipal Swap Index"), adjusts weekly with a maximum interest rate of 15%. If the Township elects a fixed rate, the rate, with terms and conditions selected by the Township, would be set based upon the fixed rate swap market at that time with a new confirm executed by DVRFA under the DVRFA Swap Agreement. The Township has the option to convert all or a portion of the variable rate notes to a fixed rate at any time to mitigate the exposure to changes in interest rates.

NOTE G - LONG-TERM DEBT (Continued)

Basis Risk: The Township does not have a basis risk.

Credit Risk: The Township is exposed to credit risk on the swaps only when their fair values are negative or liabilities. At December 31, 2023, the swap had a positive fair value and the maximum amount of loss due to credit risk is zero. The long term unsecured, senior debt ratings of DVRFA are currently A2 and A+ by Moody's and Standards & Poor's, respectively.

Termination Risk: The Township is obligated to pay any Termination Payment associated with the portion of the DVRFA Swap Agreement allocable to the applicable note. A Termination Payment may be incurred due to the termination of all or a portion of the DVRFA Swap Agreement with the mutual consent of DVRFA, BANA, Citibank, and the Township. These termination payments could be triggered in the event of (i) a payment default by the Township under the Loan Agreement, (ii) a payment default by DVRFA, BANA, or Citibank under the DVRFA Swap Agreement, (iii) the occurrence of events that may precipitate a payment default by DVRFA, BANA, or Citibank or (iv) the downgrading of the long term, unsecured, senior debt ratings of BANA, Citibank, or DVRFA. In all instances of termination, except a payment default on a note converted to a fixed rate, DVRFA would seek to replace the DVRFA Swap Agreement with a new interest rate swap agreement with similar terms and conditions. The amount of the Termination Payment is determined by the market value of the DVRFA Swap Agreement; therefore, the cost or income of the replacement swap should offset the cost or income from the Termination Payment.

DVRFA may not be able to secure the replacement interest rate swap if the swap market is not functioning normally or if DVRFA does not have access to the swap market. If DVRFA was obligated to make a payment and sufficient funds were not available, DVRFA could access each borrower its allocable share of the termination payment. The estimated Termination Payment (i.e., the market value) for the DVRFA Swap Agreement allocable to the Township debt as of December 31, 2023, is shown in the table on the previous page.

In the event of a Termination Payment, DVRFA would assess the net loss, if any, to the Township. Any net gain on the Termination Payment allocable to variable rate Notes would be retained by DVRFA.

Rollover Risk: This is the risk that the derivative does not last as long as the associated debt is outstanding. There is rollover risk on the interest rate swaps only to the extent that the swaps may be terminated prior to the maturity of the debt, as described above. Absent a termination event, the swap is scheduled to mature at the same time as the related debt.

Market Access Risk: The Township does not have this risk.

Debt service for general obligation bonds is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities. Any liabilities for compensated absences, net pension liabilities, and total OPEB liabilities are generally liquidated by the general fund.

NOTE G - LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of December 31, 2023, are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Totals
2024	$ 1,848,000	$ 130,731	$ 1,978,731
2025	1,878,000	100,600	1,978,600
2026	1,349,000	80,128	1,429,128
2027	728,000	62,623	790,623
2028	739,000	52,303	791,303
2029-2033	2,619,000	106,255	2,725,255
2034-2038	78,000	1,909	79,909
	$ 9,239,000	$ 534,549	$ 9,773,549

Year Ending December 31,	Business-Type Activities		
	Principal	Interest	Totals
2024	$ 136,000	$ 16,661	$ 152,661
2025	138,000	15,087	153,087
2026	140,000	13,491	153,491
2027	141,000	11,871	152,871
2028	143,000	10,239	153,239
2029-2033	742,000	25,952	767,952
	$ 1,440,000	$ 93,301	$ 1,533,301

NOTE G - LONG-TERM DEBT (Continued)

Component Unit - Towamencin Municipal Authority

On May 13, 2015, the Authority issued Guaranteed Revenue Note, Series of 2015, in the maximum aggregate principal amount of $9,300,000. On July 26, 2019, The Authority currently refunded the Series of 2015 Note by the issuance of the Guaranteed Sewer Revenue Notes, 2019 series in the aggregate par amount of $8,026,000.

The issue is to (1) refinance the current refunding of the 2015 Notes and (2) pay the costs of issuance and fund the 2019 Project which will benefit and contribute to the health and general welfare of the Township's residents.

As a continued part of this agreement, Towamencin Township entered into a Guaranty Agreement for the timely payment of the principal and interest due on this note. Principal payments are due annually ranging from $427,000 to $584,000 through May 2035 at an interest rate of 2.098%.

	Component Unit - Towamencin Municipal Authority		
Year	Principal	Interest	Totals
2024	464,000	125,719	589,719
2025	474,000	115,862	589,862
2026	484,000	105,795	589,795
2027	494,000	95,518	589,518
2028-2032	2,631,000	315,670	2,946,670
2033-2035	1,716,000	51,505	1,767,505
	$ 6,263,000	$ 810,069	$ 7,073,069

NOTE G - LONG-TERM DEBT (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Retirements	Balance December 31, 2023	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Notes,					
Series of 2002	$ 2,370,000	$ -	$ (251,000)	$ 2,119,000	$ 254,000
Series of 2012	1,702,000	-	(156,000)	1,546,000	159,000
Series of 2019	828,000	-	(60,000)	768,000	62,000
Series of 2019 (TTIA)	4,077,000	-	(1,129,000)	2,948,000	1,149,000
Series of 2021 A	1,809,000	-	(193,000)	1,616,000	195,000
Series of 2021 B	271,000	-	(29,000)	242,000	29,000
TOTAL GENERAL OBLIGATION NOTES	11,057,000	-	(1,818,000)	9,239,000	1,848,000
Finance purchase obligation	3,997	-	(3,997)	-	-
Compensated absences	16,944	14,781	-	31,725	-
Total OPEB liability	3,942,923	-	(444,727)	3,498,196	-
TOTAL LONG-TERM LIABILITIES	$ 15,020,864	$ 14,781	$ (2,266,724)	$ 12,768,921	$ 1,848,000
BUSINESS-TYPE ACTIVITIES					
Note payable	$ 1,575,000	$ -	$ (135,000)	$ 1,440,000	$ 136,000
COMPONENT UNIT - TOWAMENCIN MUNICIPAL AUTHORITY					
Note payable	$ 6,718,000	$ -	$ (455,000)	$ 6,263,000	$ 464,000

NOTE H - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance. The Township participates in a public entity risk pool (Delaware Valley Insurance Trust - DVIT) operated as a common risk management and insurance program for municipalities. All members of the pool are collectively assuming a portion of each loss. During coverage year 2023 the Trust retained the first $1,000,000 of each loss for the following liability lines of coverage: General, Public Officials, Automobile and Law Enforcement. The Trust purchased reinsurance for losses in excess of the $1,000,000 retention up to the trust coverage limits of $11,000,000. The $10,000,000 layer of excess coverage is provided by Government Entities Mutual (GEM).

NOTE H - RISK MANAGEMENT (Continued)

DVIT also serves as group purchaser of boiler and machinery and crime and public officials' policies for its members. The calculation of premium contributions, loss assessments and any redistribution or surplus is predicated on each participant's individual loss history. An experience modification factor is applied to annual membership contributions. The insurance expense for the year ended December 31, 2023 was $202,178. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2023 there were no additional assessments due or anticipated. Instead the pool declared a dividend of which Towamencin Township's share was $6,257.

The Township is also a member of the Delaware Valley Workers' Compensation Trust (DVWCT), a risk retention pool. The insurance expense for the year ended December 31, 2023 was $105,509. The Trust declared a dividend in 2023. Towamencin Township's share of the dividend distribution was $14,938. At December 31, 2023, there were no additional assessments due or anticipated. Instead, an audit of the reported 2023 payroll will be performed during the first quarter of 2024.

The Township is also a member of the Delaware Valley Health Insurance Trust, a risk retention pool, which provides both medical and dental coverage. The insurance expense for the year ended December 31, 2023 was $935,294 for both medical and dental.

NOTE I - CONTINGENT LIABILITIES

In the normal course of business, there are various relatively minor claims and suits pending against the Township, none of which materially affect the financial position of the Township.

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

Summary of Significant Accounting Policies

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

Plan Description

Plan Administration - The Township administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. The plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. The plan does not issue separate, stand-alone financial statements.

The Towamencin Township Board of Supervisors has established a formal Pension Board for the management of plan assets. The Board has a total of four members comprised of an active employee representative of the plan and two Supervisors appointed by the Board of Supervisors. The members of the Pension Board serve as Trustees of the Pension Plans. The Township Manager is appointed as the chief administrative officer. The Pension Board meets with the investment consultant quarterly.

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

Inactive plan members or beneficiaries currently receiving benefits	21
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	21
	44

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

Benefits Provided - The Police Pension Plan provides retirement benefits, as well as death and disability benefits, to full-time police employees who receive an honorable discharge or to their beneficiaries under Pennsylvania Act 600. All benefits vest after 12 years of credited service. Employees who retire at or after age 50 and with 25 years of credited service are entitled to a monthly retirement benefit, payable for life, in an amount equal to 50 percent of their average monthly pay received during the last 36 months of employment (base pay plus longevity if hired on or after January 1, 2016), plus a service increment of $100 per month upon completion of 26 years of service, $200 if 27 years, $300 if 28 years, $400 if 29 years, and $500 if 30 years are completed. If a police employee leaves covered employment after completing 12 years of total service, for reason other than being terminated for conviction of a felony or crime, that employee will retain a non-forfeitable right to a percentage of his/her accrued benefit, based on years of service. Such pension or retirement benefits shall be paid on the date the employee reaches retirement age. A member is eligible for early retirement after completion of 20 years of service. The early retirement benefit is equal to the actuarial equivalent of the benefit accrued at early retirement. If an active member is disabled in the line of duty, he is eligible for disability pay, equal to 50% of the member's monthly salary at time of disability, offset by Social Security Disability Benefit.

If a member dies in service, a benefit will be paid per Acts 51 and 101 by the Commonwealth of Pennsylvania to the surviving spouse. Covered employees are required by statute to contribute 5% of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Contributions - Officers who are members in the plan are required to contribute 5% of applicable wages to the plan. Interest is credited to each member's account each year at 7% per year. Contributions are determined on an annual basis. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution. Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (“MMO”), which is based on the plan’s actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The Commonwealth provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

In 2023, the MMO obligation for the Police Pension Plan was $698,300. Contributions of $698,300 were made by the Township.

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

DROP - Effective October 14, 2015, members who have attained age 53 and completed 25 years of service may elect to participate in the DROP. A later DROP entry is not permitted. The DROP period may not exceed 12 months. No employees were in the plan as of December 31, 2023.

Investments

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Pension Board. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the Board's adopted asset allocation policy as of December 31, 2023:

Asset Class	Target Allocation
Domestic equity	62%
International equity	13%
Fixed income	20%
Cash	5%
	100%

Rate of Return - For the year ended December 31, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 13.66%. 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 Township

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

Total pension liability	$ 17,870,941
Plan fiduciary net position	(17,901,851)
NET PENSION LIABILITY (ASSET)	$ (30,910)
Plan fiduciary net position as a percentage of the total pension liability	100.17%

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

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

Inflation	3%
Salary increases	4.5% annual increase
Investment rate of return	7.0%

Mortality rates were based on the PubS-2010 mortality table.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2023 (see the plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.50%-7.50%
International equity	4.50%-6.50%
Fixed income	1.00%-3.00%
Cash	0.00%-1.00%

Discount Rate - The discount rate is based on the long-term expected rate of return on plan investments that expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100% funded status.

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

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a)-(b)
BALANCES AT DECEMBER 31, 2022	$ 17,993,953	$ 15,878,283	$ 2,115,670
Changes for the year			
Service cost	436,243	-	436,243
Interest	1,199,992	-	1,199,992
Changes for Experience	(815,652)	-	(815,652)
Contributions			
State	-	268,083	(268,083)
Employer	-	430,217	(430,217)
Member	-	137,339	(137,339)
Net investment income(loss)	-	2,139,424	(2,139,424)
Benefit payments	(943,595)	(943,595)	-
Administrative expense	-	(7,900)	7,900
NET CHANGES	(123,012)	2,023,568	(2,146,580)
BALANCES AT DECEMBER 31, 2023	$ 17,870,941	$ 17,901,851	$ (30,910)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.0%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability (asset)	$ 2,225,442	$ (30,910)	$ (1,904,117)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2023, the Township recognized pension expense of $248,091 for the Police Pension Plan. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 912,013
Change of assumptions	389,126	-
Net difference between projected and actual earnings on pension plan investments	831,192	-
TOTAL	$ 1,220,318	$ 912,013

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

Year Ending December 31,	
2024	$ 90,601
2025	243,932
2026	597,776
2027	(318,135)
2028	(101,957)
Thereafter	(203,912)
	$ 308,305

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN)

Summary of Significant Accounting Policies

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

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

Plan Description

Plan Administration - The Township administers the Non-Uniformed Employees' Pension Plan--a single employer defined benefit plan that covers all full-time non-uniformed employees of the Township who have met the eligibility requirements. An employee joins the plan on the first day of the month following employment. Prior to December 31, 1994, participation occurred on the first day of the year following employment. Prior to January 1, 1985, participation is assumed to start on the date of employment. Employees hired after August 1, 2014 are not eligible to participate in the plan. Beginning in August of 2014, the Township offered a Money Purchase Plan for Non-Uniformed employees hired on or after August 1, 2014. The plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. The plan does not issue separate, stand-alone financial statements.

The Towamencin Township Board of Supervisors has established a formal Pension Board for the management of plan assets. The Board has a total of four members comprised of an active employee representative of the plan and two Supervisors appointed by the Board of Supervisors. The members of the Pension Board serve as Trustees of the Pension Plans. The Township Manager is appointed as the chief administrative officer. The Pension Board meets with the investment consultant quarterly.

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

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	9
	33

Benefits Provided - The Non-Uniform Employees' Pension Plan provides retirement benefits to full-time non-uniformed employees of the Township or to their beneficiaries. All benefits vest after 10 years of credited service. Employees who retire at or after age 65 and with 10 years of credited service are entitled to a monthly retirement benefit, payable for life, in an amount equal to two percent of their average compensation received during the last 36 months of employment multiplied by total years of service, not to exceed 25 years. Employees with 15 years of credited service may retire at or after age 60 and receive a reduced benefit. If an employee leaves covered employment after completing five years of total service, for reasons other than retirement or death, the participant will retain a non-forfeitable right to a percentage of his/her accrued benefit, based on years of service.

The benefit provisions of the Township's Non-Uniformed Employees' Pension Plan are established by Township ordinances.

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

Contributions - Contributions are determined on an annual basis. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution. Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The Commonwealth provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

In 2023, the MMO obligation for the Non-Uniformed Employees' Pension Plan was $181,777. Contributions of $181,777 were made by the Township. Non-Uniformed employees were not required to contribute to the Plan in 2023.

Investments

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Supervisors. The policy is to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the Board's adopted asset allocation policy as of December 31, 2023:

Asset Class	Target Allocation
Domestic equity	62%
International equity	13%
Fixed income	20%
Cash	5%
	100%

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

Rate of Return - For the year ended December 31, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 13.68%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Township

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

Total pension liability	$ 4,613,931
Plan fiduciary net position	(4,732,127)
NET PENSION LIABILITY (ASSET)	$ (118,196)
Plan fiduciary net position as a percentage of the total pension liability	102.56%

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

Inflation	3%
Salary increases	4.5% annual increase
Investment rate of return	7.0%

Mortality rates were based on the PubG-2010 mortality table.

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2023 (see the plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	5.50%-7.50%
International equity	4.50%-6.50%
Fixed income	1.00%-3.00%
Cash	0.00%-1.00%

Discount Rate - The discount rate is based on the long-term expected rate of return on plan investments that is expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability to ultimately achieve a 100% funded status.

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a)-(b)
BALANCES AT DECEMBER 31, 2022	$ 4,858,808	$ 4,220,717	$ 638,091
Changes for the year			
Service cost	66,280	-	66,280
Interest	309,380	-	309,380
Contributions			
State	-	116,558	(116,558)
Employer	-	65,219	(65,219)
Changes for experience	(390,212)	-	(390,212)
Net investment income	-	566,758	(566,758)
Benefit payments	(230,325)	(230,325)	-
Administrative expense	-	(6,800)	6,800
NET CHANGES	(244,877)	511,410	(756,287)
BALANCES AT DECEMBER 31, 2023	$ 4,613,931	$ 4,732,127	$ (118,196)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.0%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability (asset)	$ 426,600	$ (118,196)	$ (581,203)

NOTE K - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED EMPLOYEES' PENSION PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2023, the Township recognized pension income of $41,409 for the Non-Uniformed Employees' Pension Plan. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,215	$ 445,649
Change of assumptions	166,622	-
Net difference between projected and actual earnings on pension plan investments	216,368	-
TOTAL	$ 385,205	$ 445,649

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

Year Ending December 31,	
2024	$ (25,003)
2025	(28,730)
2026	47,938
2027	(54,649)
	$ (60,444)

NOTE L - NON-UNIFORMED EMPLOYEES' MONEY PURCHASE PLAN

The Non-Uniformed Employees' Money Purchase Plan provides retirement benefits to full time non-uniformed employees of the Township who were hired on or after August 1, 2014. Benefits vest on a percentage basis according to years of service beginning after 3 years and are fully vested after 7 years of service. The Township contributes on behalf of each participant 3.5% of earnings for the plan year. A member is eligible for normal retirement after the attainment of age 65. The Plan does not issue stand-alone financial statements.

The authority under which obligations to contribute to the Plan by the plan members, the employer and other contributing entities is established or may be amended by Township Ordinance.

NOTE M - EMPLOYEE RETIREMENT PLAN

Component Unit - Towamencin Municipal Authority

The Authority provides retirement benefits for its full-time employees through a defined contribution money purchase retirement plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus earnings on plan investments.

The Authority contributes 5.5% of each eligible employee's compensation to the plan. Each eligible employee may also contribute up to 21.5% of their compensation. The contributions made by the Authority on behalf of each employee and the earnings allocated to their accounts become 100% vested upon eligibility after two years of service. Authority contributions may not be distributed to the employee until age 65, except for death or disability.

The Authority's contributions in 2023 were $58,751. Retirement benefits may be obtained at age 59 1/2.

NOTE N - DEFERRED COMPENSATION PLAN

The Township offers a deferred compensation plan for its employees. The plan, which is designed under the provisions of Internal Revenue Code Section 457, permits employees to make voluntary contributions from their salary which are excluded from federal taxable income until future years, the deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

The contributions are invested with an outside trustee and are held for the exclusive benefit of participants or their beneficiaries and are therefore not included in the accompanying combined balance sheets of the Township. The Township contributed $0 to the plan during the year ended December 31, 2023.

Component Unit - Towamencin Municipal Authority

The Authority has a deferred compensation plan for its employees. The plan, which is designed under the provisions of Section 457 of the Internal Revenue Code, permits employees to make voluntary contributions from their salaries which are excluded from federal taxable income. A maximum contribution of up to $22,500 can be contributed and deferred under the plan. The contributions are invested with an outside trustee.

NOTE O - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Description of the Plan

Through police contract, the Township agrees that it will pay seventy five (75%) percent of the premium costs of the healthcare insurance coverage plans then being offered to the active full-time Police Officers (50% for officers hired on or after October 15, 2012 and before January 1, 2016), for each superannuated retired Officer, providing said retired Officer and spouse with continued hospitalization, major medical, surgical, drug and vision care as set forth in the healthcare plan then in effect for full-time Police Officers, subject to the certain conditions. Officers hired on or after January 1, 2016 shall have the option to remain on the Township provided health insurance plan with the officer responsible for 100% of the Township's premium cost.

Such coverage shall only be provided to those Officers who have retired after completing twenty five (25) years of continuous service and have achieved fifty (50) years of age. The Township shall pay for the continued coverage and bill the retiree or spouse for the applicable percent of the premium cost. If the retiree or spouse shall fail or neglect to reimburse the premium cost to the Township within thirty (30) days of submission, the Township shall be relieved of further obligation to pay insurance for any superannuated retiree or spouse. Any superannuated retired Officer who shall elect not to participate in this post-retirement medical insurance program or, who having once participated therein, shall elect to discontinue participation in the program, for any reason whatsoever, including non-payment as described above, shall not be permitted to resume participation in the program.

Officers retiring on or after January 1, 2012 shall be able to withdraw from their Township provided health insurance coverage during those periods where they are covered by other health insurance. Upon 30 day notice, or at the time upon a COBRA qualifying event, the employee, with eligible spouse and dependents, may enroll in the Township health insurance plans.

The Township's duty to continue to pay seventy five (75%) or fifty (50%) percent of the premium costs for a superannuated retiree and spouse shall terminate upon the retirees eligibility for Medicare and Medicaid, or death of retiree, except that the Township shall continue to pay seventy five (75%) or fifty (50%) percent of the premium costs for surviving spouse until eligible for Medicare or Medicaid.

In the event that a police officer retires upon disability, the retiree, spouse, and any non-spouse dependents may also continue to participate in the health care insurance coverage offered through the Township until the disabled officer reaches normal retirement age. The Township shall pay the same percentage of premium costs for the coverage as that of a working officer until the officer reaches normal retirement age. At that point, he or she will be eligible for the same health insurance benefits as retired officers.

The Township also agrees to provide each retiring Officer who shall serve full term to superannuation, without cost to the Officer, life insurance coverage in the sum of five thousand ($5,000) dollars, for the remainder of his or her life.

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

In the event that an officer retires upon disability, the Township agrees to provide him or her $50,000 of life insurance coverage until normal retirement age. The amount of life insurance is then reduced to $5,000 for the remainder of his or her life.

Employees covered by benefit terms - At January 1, 2022, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	15
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	23
TOTAL MEMBERSHIP	38

Total OPEB Liability

The Township's total OPEB liability of $3,498,196 was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2022.

Actuarial assumptions and other inputs - The total OPEB liability in the January 1, 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	4.5% annual increase
Discount rate	4.31%
Healthcare cost trend rates	7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later.

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2023.

Mortality rates were based on the PubS-2010, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

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

Changes in the Total OPEB Liability of the Township

	Total OPEB Liability (a)
BALANCES AT DECEMBER 31, 2022	$ 3,942,923
Changes for the year	
Service cost	204,325
Interest	92,070
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(639,094)
Benefit payments	(102,028)
NET CHANGES	(444,727)
BALANCES AT DECEMBER 31, 2023	$ 3,498,196

Changes of assumptions and other inputs reflect a change in the discount rate from 2.25% in 2022 to 4.31% in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following represents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.31%) or 1-percentage point higher (5.31%) than the current discount rate:

	1% Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
Total OPEB liability	$ 3,815,100	$ 3,498,196	$ 3,213,597

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following represents the total OPEB liability of the Township, as well as what the Township'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:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	$ 3,133,887	$ 3,498,196	$ 3,920,703

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended December 31, 2023, the Township recognized OPEB expense of $83,793. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 930,854
Change of assumptions	433,438	768,527
Benefit payments subsequent to the measurement date (1/1/2023)	136,499	-
	$ 569,937	$ 1,699,381

$136,499 reported as deferred outflows of resources resulting from OPEB contributions subsequent to the measurement date will be recognized into the OPEB liability in the year ended December 31, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	
2024	$ (212,602)
2025	(212,604)
2026	(232,897)
2027	(211,350)
2028	(127,162)
Thereafter	(269,328)
	$ (1,265,943)

NOTE P - ESCROW CASH DEPOSITS AND INVESTMENTS

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township 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.

NOTE Q - SERVICE AGREEMENT

Sanitary Sewer Lease

Upper Gwynedd Township will pay $1,125,000 to Towamencin Township adjusted annually for new residential connections or changes to commercial flow, until its project to redirect its flow is complete. Upper Gwynedd Township paid $97,875 for the year ended December 31, 2023.

Operating Service Charges

An operating service charge between the Township and the Authority is based on the Authority's operating budget is payable in quarterly installments. The charge is subject to adjustment after the close of each year when actual amounts are available.

The operating service charge adjustment for the year ended December 31, 2023, applying the accrual basis, is computed as follows:

	Total
ALLOCATION CALCULATION	
Current year's operating service charge payments	$ 3,657,322
Sludge removal reimbursements	579,772
Pump station reimbursement	175,167
Miscellaneous income	796
TOTAL OPERATING REVENUE	4,413,057
Current year's total operating costs	4,339,147
Less earnings on investments	1,960
NET OPERATING COSTS ALLOCATED	4,337,187
CURRENT OPERATING SERVICE CHARGE ADJUSTMENT, UNDER	$ 75,870

NOTE R - SKIPPACK CREEK WATERSHED MULTI-MUNICIPAL POLLUTION REDUCTION PLAN

In 2022, Towamencin Township entered into an intergovernmental agreement (the "Agreement") with the Townships of Hatfield, Worcester, Skippack, and Lower Providence to jointly undertake specific Best Management Practice ("BMP") stormwater management projects. These projects are required to meet mandated phosphorus and sediment reduction requirements mandated by the members' MS4 Permit, issued by the Pennsylvania Department of Environmental Protection ("DEP"). Project details are outlined in the Skippack Creek Watershed Multi-Municipal Pollution Reduction Plan (the "Plan").

NOTE R - SKIPPACK CREEK WATERSHED MULTI-MUNICIPAL POLLUTION REDUCTION PLAN (Continued)

Participating municipalities are obligated to share project construction costs, including associated design, engineering, and permitting expenses ("Shared Expenses") pursuant to a cost sharing methodology:

Township	Cost Share
Hatfield	9.73%
Lower Providence	17.61%
Skippack	12.21%
Towamencin	44.20%
Worcester	16.25%
	100.00%

The primary projects required to meet the Plan's 935,600 lbs/year sediment reduction goal are currently estimated to cost $5,192,000 with a Towamencin Township share of approximately $2,295,000. The current permit period under which improvements must be made expires November 2027. Any grant funds received by participating municipalities for projects constructed under the Agreement will reduce Shared Expenses.

NOTE S - PRIOR PERIOD ADJUSTMENT

During the year, the Township became aware of an adjustment needed to correct the accounts receivable balance in the General Capital Fund and Governmental Activities. As a result of the adjustment, the beginning fund balance of the General Capital Fund increased from $268,675 to $311,375 and accounts receivable increased from $244,116 to $286,816. For the Governmental Activities, the beginning net position increased from $33,479,314 to $33,522,014 and accounts receivable increased from $685,091 to $727,791.

NOTE T - PROPOSED SEWER SALE

On May 25, 2022, the Towamencin Township Board of Supervisors adopted Ordinance 22-04 which authorized the township to enter into an asset purchase agreement ("APA") with NextEra Water Pennsylvania LLC ("NextEra") for the sale of the Towamencin Municipal Sewer System. Subsequent to the execution of the APA, NextEra notified the Township of its intention to assign its contractual rights and obligations under the APA to Pennsylvania American Water ("PAWC"). The Board of Supervisors, by majority vote, approved the amendment and assignment of the APA to PAWC on March 22, 2023 via Ordinance 23-03.

The transaction is subject to the issuance of a Final Order approval from the Pennsylvania Public Utility Commission (PaPUC) and is not anticipated to close until 2024. Additional information can be found under PaPUC Docket Number A-2023-3039900.

In August 2023, two township residents filed an Action seeking Writ of Mandamus, and in the alternative a Declaratory Judgment, in the Montgomery Court of Common Pleas to void Ordinance 23-03 and invalidate the APA with PAWC. The Township sought a Motion for Stay of Proceedings until final disposition of the pending application before the PaPUC. The stay was granted in December 2023 and remains in effect as of the date of this report. At this time, the Township makes no claim as to the likelihood of the transaction being consummated.

REQUIRED SUPPLEMENTARY INFORMATION

TOWAMENCIN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Real estate taxes, net	$ 3,713,263	$ 3,734,100	$ 3,744,423	$ 10,323
Earned income taxes	3,850,000	4,100,000	4,140,274	40,274
Local services tax	380,000	380,000	374,909	(5,091)
Real estate transfer tax	450,000	580,000	682,056	102,056
Intergovernmental revenues	402,586	460,595	445,653	(14,942)
Licenses and permits	681,225	667,424	696,679	29,255
Fines and forfeits	42,400	36,000	41,383	5,383
Charges for services	42,500	37,250	76,500	39,250
Investment income and rents	42,000	150,600	162,794	12,194
Miscellaneous	22,000	20,540	56,883	36,343
TOTAL REVENUES	9,625,974	10,166,509	10,421,554	255,045
EXPENDITURES				
General government	2,394,273	2,164,006	2,110,921	53,085
Public safety	5,471,703	5,523,370	5,501,417	21,953
Parks and recreation	10,225	10,225	10,020	205
Highways	1,451,044	1,399,985	1,206,409	193,576
TOTAL EXPENDITURES	9,327,245	9,097,586	8,828,767	268,819
EXCESS OF REVENUES OVER EXPENDITURES	298,729	1,068,923	1,592,787	523,864
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(2,100,000)	(2,315,000)	(2,849,151)	(534,151)
Operating transfers in	1,222,689	1,222,689	1,222,689	-
TOTAL OTHER FINANCING SOURCES (USES)	(877,311)	(1,092,311)	(1,626,462)	(534,151)
NET CHANGE IN FUND BALANCE	$ (578,582)	$ (23,388)	(33,675)	$ (10,287)
FUND BALANCE AT BEGINNING OF YEAR			1,614,207	
FUND BALANCE AT END OF YEAR			$ 1,580,532	

TOWAMENCIN TOWNSHIP

BUDGETARY COMPARISON SCHEDULE
FISCHERS PARK FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Investment income and rents	$ 10,000	$ 33,000	$ 45,093	$ 12,093
Miscellaneous	236,400	252,000	253,999	1,999
TOTAL REVENUES	246,400	285,000	299,092	14,092
EXPENDITURES				
Parks and recreation	210,715	269,600	283,645	(14,045)
EXCESS OF REVENUES OVER EXPENDITURES	35,685	15,400	15,447	47
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(54,284)	(54,284)	(54,284)	-
NET CHANGE IN FUND BALANCE	$ (18,599)	$ (38,884)	(38,837)	$ 47
FUND BALANCE AT BEGINNING OF YEAR			900,659	
FUND BALANCE AT END OF YEAR			$ 861,822	

TOWAMENCIN TOWNSHIP

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

	2023	2022	2021	2020
TOTAL PENSION LIABILITY				
Service cost	$ 436,243	$ 401,972	$ 384,662	$ 377,087
Interest	1,199,992	1,202,091	1,179,815	1,097,230
Differences between expected and actual experience	-	-	-	-
Changes for experience	(815,652)	-	(68,441)	-
Changes of assumptions	-	-	-	-
Benefit payments	(943,595)	(761,737)	(751,142)	(730,430)
NET CHANGE IN TOTAL PENSION LIABILITY	(123,012)	842,326	744,894	743,887
Total pension liability, beginning	17,993,953	17,151,627	16,406,733	15,662,846
TOTAL PENSION LIABILITY, ENDING (a)	$ 17,870,941	$ 17,993,953	$ 17,151,627	$ 16,406,733
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	$ 430,217	$ 429,226	$ 522,823	$ 471,748
State	268,083	238,301	220,675	226,496
Member	137,339	141,095	130,126	129,710
Net investment income(loss)	2,139,424	(2,884,445)	2,874,552	1,742,820
Benefit payments, including refunds of member contributions	(943,595)	(761,737)	(751,142)	(730,430)
Administrative expense	(7,900)	(4,500)	(11,800)	(3,500)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,023,568	(2,842,060)	2,985,234	1,836,844
Plan fiduciary net position, beginning	15,878,283	18,720,343	15,735,109	13,898,265
PLAN FIDUCIARY NET POSITION, ENDING (b)	$ 17,901,851	$ 15,878,283	$ 18,720,343	$ 15,735,109
NET PENSION LIABILITY(ASSET), ENDING (a)-(b)	$ (30,910)	$ 2,115,670	$ (1,568,716)	$ 671,624
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	100.17%	88.24%	109.15%	95.91%
COVERED PAYROLL	$ 2,746,811	$ 2,913,842	$ 2,604,044	$ 2,611,400
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	-1.13%	72.61%	-60.24%	25.72%

2019	2018	2017	2016	2015	2014
$ 360,849	$ 309,765	$ 295,014	$ 299,507	$ 285,245	$ 271,550
1,048,495	1,027,087	982,099	916,059	868,469	851,785
(424,558)	-	8,800	-	(337,966)	-
-	-	-	-	-	-
1,037,676	-	1,051,196	-	-	-
(728,289)	(705,822)	(678,212)	(576,099)	(570,117)	(610,897)
1,294,173	631,030	1,658,897	639,467	245,631	512,438
14,368,673	13,737,643	12,078,746	11,439,279	11,193,648	10,681,210
$ 15,662,846	$ 14,368,673	$ 13,737,643	$ 12,078,746	$ 11,439,279	$ 11,193,648
$ 475,893	$ 490,298	$ 570,740	$ 572,323	$ 649,911	$ 595,722
225,302	215,482	211,060	201,234	164,675	154,907
118,845	113,061	113,068	112,433	109,860	105,271
2,569,059	(1,010,016)	1,631,241	835,419	(315,299)	437,151
(728,289)	(705,822)	(678,212)	(576,099)	(570,117)	(610,897)
(12,250)	(5,018)	(11,065)	(8,125)	(40,618)	(8,392)
2,648,560	(902,015)	1,836,832	1,137,185	(1,588)	673,762
11,249,705	12,151,720	10,314,888	9,177,703	9,179,291	8,505,529
$ 13,898,265	$ 11,249,705	$ 12,151,720	$ 10,314,888	$ 9,177,703	$ 9,179,291
$ 1,764,581	$ 3,118,968	$ 1,585,923	$ 1,763,858	$ 2,261,576	$ 2,014,357
88.73%	78.29%	88.46%	85.40%	80.23%	82.00%
$ 2,288,083	$ 2,279,226	$ 2,160,268	$ 2,129,513	$ 2,112,439	$ 2,021,915
77.12%	136.84%	73.41%	82.83%	107.06%	99.63%

TOWAMENCIN TOWNSHIP
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
POLICE PENSION PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
ACTUARIALLY DETERMINED CONTRIBUTION	$ 698,300	$ 667,527	$ 725,298	$ 698,244
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	698,300	667,527	743,498	698,244
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ -	$ (18,200)	$ -
COVERED PAYROLL	$ 2,746,811	$ 2,913,842	$ 2,604,044	$ 2,611,400
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	25.42%	22.91%	28.55%	26.74%

NOTES TO SCHEDULE

Valuation date:	January 1, 2021	January 1, 2019

Actuarially determined contribution rates are calculated as of 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	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	8 years	10 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 80% to 120% of market value
Inflation	3.0%	3.0%
Salary increases	4.5% annual increase	4.5% annual increase
Investment rate of return	7.0%	7.0%
Retirement age	Latest of age 53, age at the completion of 25 years of service	Latest of age 53, age at the completion of 25 years of service
Mortality	PubS-2010 mortality table	PubS-2010 mortality table

Assumption Changes: For the January 1, 2019 valuation, the salary increases decreased from 5.0% to 4.5%, the investment rate of return decreased from 7.5% to 7.0%, and the mortality tables were updated to the PubS-2010.

2019	2018	2017	2016	2015	2014
$ 701,195	$ 705,780	$ 781,800	$ 773,557	$ 814,586	$ 750,629
701,195	705,780	781,800	773,557	814,586	750,629
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,288,083	$ 2,279,226	$ 2,160,268	$ 2,129,513	$ 2,112,439	$ 2,021,915
30.65%	30.97%	36.19%	36.33%	38.56%	37.12%

January 1, 2017	January 1, 2015	January 1, 2013
Entry age normal	Entry age normal	Entry age normal
Level dollar, closed	Level dollar, closed	Level dollar, closed
8 years	5 years	8 years
Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 90% to 110% of market value	Smoothed value with a corridor of 90% to 110% of market value
3.0%	3.0%	3.0%
5% annual increase	5% annual increase	5% annual increase
7.5%	8.0%	8.0%
Latest of age 53, age at the completion of 25 years of service	Latest of age 53, age at the completion of 25 years of service	Latest of age 53, age at the completion of 25 years of service
IRS 2017 Static Tables	RP-2000 Table	RP-2000 Table

TOWAMENCIN TOWNSHIP
SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
POLICE PENSION PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	13.66%	-15.44%	18.36%	12.34%

2019	2018	2017	2016	2015	2014
23.04%	-8.27%	15.86%	8.98%	-3.40%	8.00%

TOWAMENCIN TOWNSHIP

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
NON-UNIFORMED EMPLOYEES' PENSION PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
TOTAL PENSION LIABILITY				
Service cost	$ 66,280	$ 89,008	$ 85,175	$ 115,311
Interest	309,380	325,428	313,128	310,558
Differences between expected and actual experience	-	-	-	-
Changes for experience	(390,212)	-	(150,009)	-
Changes of assumptions	-	-	-	-
Benefit payments	(230,325)	(231,186)	(221,652)	(196,362)
NET CHANGE IN TOTAL PENSION LIABILITY	(244,877)	183,250	26,642	229,507
Total pension liability, beginning	4,858,808	4,675,558	4,648,916	4,419,409
TOTAL PENSION LIABILITY, ENDING (a)	$ 4,613,931	$ 4,858,808	$ 4,675,558	$ 4,648,916
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	$ 65,219	$ 85,038	$ 138,986	$ 136,012
State	116,558	113,970	105,540	118,172
Net investment income(loss)	566,758	(774,727)	787,798	480,182
Benefit payments, including refunds of member contributions	(230,325)	(231,186)	(221,652)	(196,362)
Administrative expense	(6,800)	(4,600)	(6,400)	(3,750)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	511,410	(811,505)	804,272	534,254
Plan fiduciary net position, beginning	4,220,717	5,032,222	4,227,950	3,693,696
PLAN FIDUCIARY NET POSITION, ENDING (b)	$ 4,732,127	$ 4,220,717	$ 5,032,222	$ 4,227,950
NET PENSION LIABILITY(ASSET), ENDING (a)-(b)	$ (118,196)	$ 638,091	$ (356,664)	$ 420,966
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	102.56%	86.87%	107.63%	90.94%
COVERED PAYROLL	$ 829,519	$ 768,915	$ 818,036	$ 1,014,995
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	-14.25%	82.99%	-43.60%	41.47%

2019	2018	2017	2016	2015	2014
$ 110,345	$ 114,464	$ 109,013	$ 96,050	$ 91,476	$ 104,908
294,693	286,122	267,777	238,558	223,653	216,200
(272,952)	-	17,720	-	(92,581)	-
-	-	-	-	-	-
424,078	-	363,679	-	-	-
(170,356)	(134,954)	(140,333)	(140,848)	(125,919)	(117,948)
385,808	265,632	617,856	193,760	96,629	203,160
4,033,601	3,767,969	3,150,113	2,956,353	2,859,724	2,656,564
$ 4,419,409	$ 4,033,601	$ 3,767,969	$ 3,150,113	$ 2,956,353	$ 2,859,724
$ 110,794	$ 50,081	$ 48,192	$ 66,118	$ 95,859	$ 70,309
122,892	112,425	110,118	96,242	86,258	81,326
684,029	(248,450)	443,777	242,877	(86,197)	111,632
(170,356)	(134,954)	(140,333)	(140,848)	(125,919)	(117,948)
(6,200)	(4,110)	(9,667)	(7,077)	(9,759)	(4,017)
741,159	(225,008)	452,087	257,312	(39,758)	141,302
2,952,537	3,177,545	2,725,458	2,468,146	2,507,904	2,366,602
$ 3,693,696	$ 2,952,537	$ 3,177,545	$ 2,725,458	$ 2,468,146	$ 2,507,904
$ 725,713	$ 1,081,064	$ 590,424	$ 424,655	$ 488,207	$ 351,820
83.58%	73.20%	84.33%	86.52%	83.49%	87.70%
$ 995,832	$ 1,081,870	$ 1,169,955	$ 1,127,124	$ 1,109,322	$ 1,104,987
72.88%	99.93%	50.47%	37.68%	44.01%	31.84%

TOWAMENCIN TOWNSHIP
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
NON-UNIFORMED EMPLOYEES' PENSION PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
ACTUARIALLY DETERMINED CONTRIBUTION	$ 181,777	$ 199,008	$ 244,526	$ 254,182
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	181,777	199,008	244,526	254,182
CONTRIBUTION (EXCESS) DEFICIENCY	$ -	$ -	$ -	$ -
COVERED PAYROLL	$ 829,519	$ 768,915	$ 818,036	$ 1,014,955
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	21.91%	25.88%	29.89%	25.04%

NOTES TO SCHEDULE

Valuation date:	January 1, 2021	January 1, 2019

Actuarially determined contribution rates are calculated as of 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	Entry age normal
Amortization method	Level dollar closed	Level dollar closed
Remaining amortization period	9 years	12 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 80% to 120% of market value
Inflation	3.0%	3.0%
Salary increases	4.5% annual increase	4.5% annual increase
Investment rate of return	7.0%	7.0%
Retirement age	Normal retirement age	Normal retirement age
Mortality	PubG-2010 mortality table	PubG-2010 mortality table
Change in benefit terms	None	None

Assumption Changes: For the January 1, 2019 valuation, the salary increases decreased from 5.0% to 4.5%, the investment rate of return decreased from 7.5% to 7.0% and the mortality tables were updated to the PubG-2010.

2019	2018	2017	2016	2015	2014
$ 233,686	$ 162,506	$ 158,310	$ 162,360	$ 181,117	$ 151,635
233,686	162,506	158,310	162,360	182,117	151,635
$ -	$ -	$ -	$ -	$ (1,000)	$ -
$ 995,832	$ 1,081,870	$ 1,169,955	$ 1,127,124	$ 1,109,322	$ 1,104,987
23.47%	15.02%	13.53%	14.40%	16.42%	13.72%

January 1, 2017	January 1, 2015	January 1, 2013
Entry age normal	Entry age normal	Entry age normal
Level dollar closed	Level dollar closed	Level dollar closed
13 years	14 years	17 years
Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 80% to 120% of market value
3.0%	3.0%	3.0%
5% annual increase	5% annual increase	5% annual increase
7.5%	8.0%	8.0%
Normal retirement age	Normal retirement age	Normal retirement age
IRS 2017 Static Tables	RP-2000 Table	RP-2000 Table
None	New hires not eligible for Plan effective August 1, 2014	None

TOWAMENCIN TOWNSHIP

SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
NON-UNIFORMED EMPLOYEES' PENSION PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	13.68%	-15.40%	18.82%	12.67%

2019	2018	2017	2016	2015	2014
23.43%	-7.88%	16.38%	9.89%	-3.41%	8.00%

TOWAMENCIN TOWNSHIP

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

	2023	2022	2021
TOTAL OPEB LIABILITY			
Service cost	$ 204,325	$ 238,598	$ 180,371
Interest	92,070	89,325	127,323
Changes of benefit terms	-	169,448	-
Differences between expected and actual experience	-	(683,596)	-
Changes of assumptions	(639,094)	(192,887)	498,288
Benefit payments	(102,028)	(147,529)	(134,552)
NET CHANGE IN TOTAL OPEB LIABILITY	(444,727)	(526,641)	671,430
TOTAL OPEB LIABILITY, BEGINNING	3,942,923	4,469,564	3,798,134
TOTAL OPEB LIABILITY, ENDING (a)	$ 3,498,196	$ 3,942,923	$ 4,469,564
COVERED PAYROLL	$ 2,565,306	$ 2,565,306	$ 2,288,084
NET OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	136.37%	153.70%	195.34%

NOTES TO SCHEDULE

Changes in assumptions: In 2023 the discount rate changed from 2.25% to 4.31%. In 2022 the discount rate was changed from 1.93% to 2.25%. In 2021 the discount rate was changed from 3.26% to 1.93%. In 2020 the discount rate was changed from 3.64% to 3.26%. In 2019 the discount rate was changed from 3.16% to 3.64%.

2020	2019	2018
$ 188,689	$ 199,933	$ 174,766
160,091	140,201	152,947
-	-	-
(836,318)	-	-
162,828	(172,420)	162,390
(188,906)	(202,396)	(199,555)
(513,616)	(34,682)	290,548
4,311,750	4,346,432	4,055,884
$ 3,798,134	$ 4,311,750	$ 4,346,432
$ 2,288,084	$ 2,069,869	$ 2,069,869
166.00%	208.31%	209.99%

SUPPLEMENTARY INFORMATION SECTION

TOWAMENCIN TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 543,101	$ 708,365	$ 1,251,466
Accounts receivable	841	-	841
Taxes receivable, net	3,857	-	3,857
Prepaid expenses	28,574	-	28,574
TOTAL ASSETS	$ 576,373	$ 708,365	$ 1,284,738
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	$ 69,044	$ -	$ 69,044
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	3,799	-	3,799
FUND BALANCES			
Nonspendable, prepaid expenses	28,574	-	28,574
Restricted			
Highway and street projects	458,660	-	458,660
Street lights	4,507	-	4,507
Parks and recreation	17,688	-	17,688
Committed			
Public art	-	154,613	154,613
Assigned			
Capital projects	-	553,752	553,752
Community pool	9,298	-	9,298
Unassigned	(15,197)	-	(15,197)
TOTAL FUND BALANCES	503,530	708,365	1,211,895
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 576,373	$ 708,365	$ 1,284,738

TOWAMENCIN TOWNSHIP

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

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES			
Real estate taxes, net			
Current year	$ 487,746	$ -	$ 487,746
Prior years and liened taxes	900	-	900
Intergovernmental revenues	680,862	-	680,862
Departmental earnings	35,277	-	35,277
Investment income and rents	52,540	6,718	59,258
Miscellaneous	56,695	-	56,695
TOTAL REVENUES	1,314,020	6,718	1,320,738
EXPENDITURES			
Public safety	428,121	-	428,121
Parks and recreation	1,390,840	-	1,390,840
TOTAL EXPENDITURES	1,818,961	-	1,818,961
EXCESS(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(504,941)	6,718	(498,223)
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(250,000)	-	(250,000)
Operating transfers in	643,839	550,312	1,194,151
TOTAL OTHER FINANCING SOURCES (USES)	393,839	550,312	944,151
NET CHANGE IN FUND BALANCES	(111,102)	557,030	445,928
FUND BALANCES AT BEGINNING OF YEAR	614,632	151,335	765,967
FUND BALANCES AT END OF YEAR	$ 503,530	$ 708,365	$ 1,211,895

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TOWAMENCIN TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2023

	Street Lighting Fund	Fire Protection Fund	Parks and Recreation Fund
ASSETS			
Cash and cash equivalents	$ 4,507	$ 11,915	$ 23,417
Accounts receivable	-	841	-
Taxes receivable, net	-	564	3,293
Prepaid expenses	-	28,312	262
TOTAL ASSETS	$ 4,507	$ 41,632	$ 26,972
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	$ -	$ 27,961	$ 5,779
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	556	3,243
FUND BALANCES			
Nonspendable, prepaid expenses	-	28,312	262
Restricted			
Highway and street projects	-	-	-
Street lights	4,507	-	-
Parks and recreation	-	-	17,688
Assigned			
Capital projects	-	-	-
Community pool	-	-	-
Unassigned	-	(15,197)	-
TOTAL FUND BALANCES	4,507	13,115	17,950
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,507	$ 41,632	$ 26,972

Pool Fund	Highway Aid	Total Nonmajor Special Revenue Funds
$ 10,426	$ 492,836	$ 543,101
-	-	841
-	-	3,857
-	-	28,574
$ 10,426	$ 492,836	$ 576,373
$ 1,128	$ 34,176	$ 69,044
-	-	3,799
-	-	28,574
-	458,660	458,660
-	-	4,507
-	-	17,688
-	-	-
9,298	-	9,298
-	-	(15,197)
9,298	458,660	503,530
$ 10,426	$ 492,836	$ 576,373

TOWAMENCIN TOWNSHIP
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2023

	Street Lighting Fund	Fire Protection Fund	Parks and Recreation Fund
REVENUES			
Real estate taxes, net			
Current year	$ 770	$ 70,556	$ 416,420
Prior years and liened taxes	-	139	761
Intergovernmental revenues	-	139,514	32,000
Departmental earnings	-	-	35,277
Investment income and rents	-	4,564	2,428
Miscellaneous	-	-	12,357
TOTAL REVENUES	770	214,773	499,243
EXPENDITURES			
Public safety	-	428,121	-
Parks and recreation	-	-	502,143
TOTAL EXPENDITURES	-	428,121	502,143
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	770	(213,348)	(2,900)
OTHER FINANCING SOURCES (USES)			
Operating transfers out	-	-	(250,000)
Operating transfers in	-	220,000	265,000
TOTAL OTHER FINANCING SOURCES (USES)	-	220,000	15,000
NET CHANGE IN FUND BALANCES	770	6,652	12,100
FUND BALANCES AT BEGINNING OF YEAR	3,737	6,463	5,850
FUND BALANCES AT END OF YEAR	$ 4,507	$ 13,115	$ 17,950

Pool Fund	Highway Aid	Total Nonmajor Special Revenue Funds
$ -	$ -	$ 487,746
-	-	900
-	509,348	680,862
-	-	35,277
-	45,548	52,540
44,338	-	56,695
44,338	554,896	1,314,020
-	-	428,121
173,225	715,472	1,390,840
173,225	715,472	1,818,961
(128,887)	(160,576)	(504,941)
-	-	(250,000)
125,000	33,839	643,839
125,000	33,839	393,839
(3,887)	(126,737)	(111,102)
13,185	585,397	614,632
$ 9,298	$ 458,660	$ 503,530

TOWAMENCIN TOWNSHIP
BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
DECEMBER 31, 2023

	Capital Public Art	TT Authority	General Fund Reserve	Capital Reserve Fund	Total Capital Project Funds
ASSETS					
Cash and cash equivalents	$ 154,613	$ 3,440	$ 100,312	$ 450,000	$ 708,365
TOTAL ASSETS	$ 154,613	$ 3,440	$ 100,312	$ 450,000	$ 708,365
FUND BALANCE					
Committed					
Public art	$ 154,613	$ -	$ -	$ -	$ 154,613
Assigned					
Capital projects	-	3,440	100,312	450,000	553,752
TOTAL FUND BALANCES	$ 154,613	$ 3,440	$ 100,312	$ 450,000	$ 708,365

TOWAMENCIN TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
YEAR ENDED DECEMBER 31, 2023

	Capital Public Art	TT Authority	General Fund Reserve	Capital Reserve Fund	Total Capital Project Funds
REVENUES					
Investment income and rents	$ 6,553	$ 165	$ -	$ -	$ 6,718
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	100,312	450,000	550,312
TOTAL OTHER FINANCING SOURCES (USES)	-	-	100,312	450,000	-
NET CHANGE IN FUND BALANCE	6,553	165	100,312	450,000	557,030
FUND BALANCES AT BEGINNING OF YEAR	148,060	3,275	-	-	151,335
FUND BALANCES AT END OF YEAR	$ 154,613	$ 3,440	$ 100,312	$ 450,000	$ 708,365

TOWAMENCIN TOWNSHIP
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Police Pension Fund	Non-Uniformed Pension Fund	Total Fiduciary Funds
ASSETS			
Cash and cash equivalents	$ 568,481	$ 351,081	$ 919,562
Investments			
Government securities	1,113,646	288,511	1,402,157
Corporate bonds	589,127	147,247	736,374
Equity mutual funds	1,617,816	416,411	2,034,227
Common stocks	13,936,427	3,691,787	17,628,214
Prepaid expenses	76,354	19,945	96,299
TOTAL ASSETS	$ 17,901,851	$ 4,914,982	$ 22,816,833
NET POSITION			
Restricted for pensions	$ 17,901,851	$ 4,914,982	$ 22,816,833

TOWAMENCIN TOWNSHIP
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Police Pension Fund	Non-Uniformed Pension Fund	Total Fiduciary Funds
ADDITIONS			
Contributions	$ 835,646	$ 188,472	$ 1,024,118
Investment income			
Realized gains	425,519	110,500	536,019
Unrealized gain(loss)	1,397,843	400,548	1,798,391
Interest and dividends	441,260	116,489	557,749
Investment expense	(122,800)	(32,330)	(155,130)
Total Investment Income	2,141,822	595,207	2,737,029
TOTAL ADDITIONS	2,977,468	783,679	3,761,147
DEDUCTIONS			
Benefit payments to retired plan participants	943,254	230,325	1,173,579
Administrative	10,646	8,852	19,498
TOTAL DEDUCTIONS	953,900	239,177	1,193,077
CHANGE IN NET POSITION	2,023,568	544,502	2,568,070
NET POSITION AT BEGINNING OF YEAR	15,878,283	4,370,480	20,248,763
NET POSITION AT END OF YEAR	$ 17,901,851	$ 4,914,982	$ 22,816,833

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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 Board of Supervisors
Towamencin Township
Lansdale, 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, aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Towamencin Township for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Towamencin Township's basic financial statements, and have issued our report thereon dated June 10, 2024. The financial statements of the Towamencin Township Authority and the Towamencin Municipal Authority were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Towamencin Township'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 Towamencin Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Towamencin Township's internal control.

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

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

To the Board of Supervisors
Towamencin Township
Lansdale, Pennsylvania

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Towamencin Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Maillie LLP

New Castle, Delaware
June 10, 2024

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Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance

To the Board of Supervisors
Towamencin Township
Lansdale, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Towamencin Township's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Towamencin Township's major federal programs for the year ended December 31, 2023. Towamencin Township's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Towamencin Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Towamencin Township and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Towamencin Township's compliance with the compliance requirements referred to above.

To the Board of Supervisors
Towamencin Township
Lansdale, Pennsylvania

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Towamencin Township's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Towamencin Township's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Towamencin Township's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Towamencin Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Towamencin Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Towamencin Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

To the Board of Supervisors
Towamencin Township
Lansdale, Pennsylvania

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maillie LLP

New Castle, Delaware
June 10, 2024

SUPPLEMENTARY INFORMATION - MAJOR FEDERAL AWARD PROGRAMS AUDIT

TOWAMENCIN TOWNSHIP

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Project Title	Federal ALN	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through PA Department of Transportation				
Highway Planning and Construction	20.205	R20060006	$ 252,324	$ -
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			252,324	-
U.S. DEPARTMENT OF JUSTICE				
Bulletproof Vest Partnership Program	16.607	N/A	$ 3,037	$ -
TOTAL U.S. DEPARTMENT OF JUSTICE			3,037	-
U.S. DEPARTMENT OF TREASURY				
Coronavirus State and Local Fiscal Recovery Funds (COVID-19)	21.027	N/A	927,473	-
TOTAL U.S. DEPARTMENT OF TREASURY			927,473	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,182,834	$ -

See accompanying notes to the schedule of expenditure of federal awards.

NOTE A - REPORTING ENTITY

Towamencin Township is the reporting entity for financial reporting purposes as defined in Note A of Towamencin Township's financial statements.

NOTE B - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of Towamencin Township under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of Towamencin Township, it is not intended to and does not present the financial position, change in net position, or cash flows of Towamencin Township.

NOTE C - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is a summary of the activity of the Township's federal award program presented using the modified accrual basis of accounting as described in the financial statements.

The Township has not elected to use the 10% de minimis indirect cost rate as discussed in 2 CFR 200.414(f).

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Towamencin Township.

2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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.*

3. No instances of noncompliance material to the financial statements of Towamencin Township were disclosed during the audit.

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance.

5. The auditors' report on compliance for the major award programs for Towamencin Township expresses an unmodified opinion.

6. There were no audit findings that are required to be reported in accordance with the Uniform Grant Guidance.

7. The programs tested as major programs include:

Program	ALN
Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The threshold used for distinguishing Types A and B programs was $750,000.

9. Towamencin Township was determined not to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None