

**CALN TOWNSHIP**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

*Year Ended December 31, 2024*

## **INTRODUCTORY SECTION**

**CALN TOWNSHIP**  
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**YEAR ENDED DECEMBER 31, 2024**

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## **FINANCIAL SECTION**

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

To the Board of Commissioners  
Caln Township  
Thorndale, Pennsylvania

### ***Opinions***

We have audited the accompanying 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 Caln Township, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Caln Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Caln Township, as of December 31, 2024, and the respective changes in financial position, the respective budgetary comparison for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), 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 Caln Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Caln 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.

To the Board of Commissioners  
Caln Township  
Thorndale, Pennsylvania

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Caln 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 Caln 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 Caln Township's ability to continue as a going concern for a reasonable period of time.

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

To the Board of Commissioners  
Caln Township  
Thorndale, Pennsylvania

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 17, pension plan information on pages 69 through 73, and other postemployment benefit plan information on page 74 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.



Limerick, Pennsylvania  
February 11, 2026

# **CALN TOWNSHIP**

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

**YEAR ENDED DECEMBER 31, 2024**

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This discussion and analysis of Caln Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2024. The intent of this discussion and analysis is to look at the Township's financial performance as a whole. Readers should also review the transmittal letter, notes to the financial statements and financial statements.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Boards (GASB) in their Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.

### **FINANCIAL HIGHLIGHTS**

Revenue for the General Fund totaled \$9,793,632 million in 2024 compared to \$9,466,245 million in 2023. While year over year the nominal increase was anticipated due to budgetary forecasts, the most notable variances included increases in the collection of interest and intergovernmental revenue. Revenue sources are expected to remain level for 2024.

Expenditures for the General Fund totaled \$8,946,019 million in 2024 compared to \$7,145,806 million in 2023. The \$1,800,213 increase in expenditures represents common factors in the cost of operations.

The total net position (assets and deferred outflows of resources, less liabilities and deferred inflows of resources) of the Township's Primary Government, were \$27.7 million at the end of 2024 - an increase of \$1.2 million from the end of 2023. Fund balance at year end was \$15.30 million in 2024 and \$14.97 million in 2023 respectively. Unassigned Fund Balance also decreased by \$1.2 million.

Currently the Township financial statement reflects strong performance with sound and stable practices.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The accompanying financial statements have been prepared in accordance with GASB Statement No. 34 and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

#### **Government-Wide Financial Statements**

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the Township's overall financial status.

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

# CALN TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2024

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The two government-wide statements report the Township's net assets and how they have changed. Net Position, the difference between the Township's assets and liabilities, is one way to measure the Township's financial health or position.

Over time, increases or decreases in the Township's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Township, you need to also consider additional non-financial factors, such as changes in the Township's property tax base and the adequacy of Township services.

The government-wide financial statements of the Township are divided into three categories:

- *Governmental Activities* - All of the Township's basic services are included here, such as public safety, public works, and administration. Property taxes, state grants, and charges for services finance most of these activities.
- *Business-Type Activities* - The Township has a Solid Waste Fund as well as runs a golf course where it charges fees to players to cover the costs of operations.
- *Component Unit* - The Township has a related Municipal Authority that operates a sewer system and charges fees to customers for operational expenses and tapping fees from new construction for capital related costs.

### Fund Level Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the Township's operations in more detail than the government-wide statements. The governmental funds statements tell how the Township's general services were financed in the short-term, as well as, what remains for future spending. Fiduciary fund statements provide information about financial relationships where the Township acts solely as a trustee or agent for the benefit of others.

- *Governmental Funds* - Most of the Township's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

# CALN TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2024

- Proprietary Funds** - These funds are used to account for Township activities that are similar to business operations in the private sector, or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the Township charges customers for services it provides - whether to outside customers or to other units in the Township - these services are generally reported in proprietary funds. The Golf Course and Solid Waste operations are the Township's proprietary funds and are the same as the business-type activities we report in the government-wide statements.
- Fiduciary Funds** - The Township is the trustee, or fiduciary, for the pension plans and escrow funds. All of the Township's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations.

### FINANCIAL ANALYSIS OF THE TOWNSHIP - GOVERNMENT-WIDE STATEMENTS

The Township's net position from governmental activities increased from \$26,578,790 in 2023 to \$27,739,085 in 2024. The net position increased primarily due to the increase in net pension asset in the current year.

**Table 1**  
**Statement of Net Position**  
**December 31, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>ASSETS</b>						
Current assets	\$ 17,187,695	\$ 17,109,011	\$ 1,190,110	\$ 1,012,816	\$ 18,377,805	\$ 18,121,827
Net pension asset	1,074,724	-	9,476	-	1,084,200	-
Capital assets, net	21,428,478	21,675,251	2,227,918	2,276,659	23,656,396	23,951,910
<b>TOTAL ASSETS</b>	<b>39,690,897</b>	<b>38,784,262</b>	<b>3,427,504</b>	<b>3,289,475</b>	<b>43,118,401</b>	<b>42,073,737</b>
<b>DEFERRED OUTFLOWS</b>	<b>637,304</b>	<b>1,624,843</b>	<b>43,635</b>	<b>66,271</b>	<b>680,939</b>	<b>1,691,114</b>
<b>LIABILITIES</b>						
Current liabilities	875,144	1,090,315	392,858	71,859	1,268,002	1,162,174
Noncurrent liabilities	10,039,701	10,807,706	1,186,895	1,412,941	11,226,596	12,220,647
<b>TOTAL LIABILITIES</b>	<b>10,914,845</b>	<b>11,898,021</b>	<b>1,579,753</b>	<b>1,484,800</b>	<b>12,494,598</b>	<b>13,382,821</b>
<b>DEFERRED INFLOWS</b>	<b>1,674,271</b>	<b>1,932,294</b>	<b>-</b>	<b>3,607</b>	<b>1,674,271</b>	<b>1,935,901</b>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	14,768,690	14,552,421	1,041,023	890,206	15,809,713	15,442,627
Restricted	5,422,085	3,113,876	9,476	-	5,431,561	3,113,876
Unrestricted	7,548,310	8,912,493	840,887	977,133	8,389,197	9,889,626
<b>TOTAL NET POSITION</b>	<b>\$ 27,739,085</b>	<b>\$ 26,578,790</b>	<b>\$ 1,891,386</b>	<b>\$ 1,867,339</b>	<b>\$ 29,630,471</b>	<b>\$ 28,446,129</b>

# **CALN TOWNSHIP**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2024

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## **GOVERNMENTAL FUNDS**

Most of the Township's activities are reported in Governmental Funds. Governmental Funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental Funds include the General Fund, Fire Fund, Capital Reserve Fund, Liquid Fuels Fund, Street Light Fund, Open Space Fund, Equipment Fund, Police Forfeiture Fund, Stormwater Management Fund, Debt Tax Fund, Fire Equipment Fund, American Rescue Plan Act Fund, 2022 Capital Projects Fund and the EMS Tax Fund. By far, the most prominent fund is the General Fund.

## **STATEMENT OF ACTIVITIES OF GOVERNMENTAL ACTIVITIES**

The results of this year's operations for all funds as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Township's activities that are supported by other Township general revenues. The largest revenues are property taxes, earned income taxes, local service taxes and the real estate transfer tax. The Township also collects a trash fee, which is reflected in the Solid Waste Fund, which was \$312 per year per household. Other activity charges include building permit and subdivision application fees, as well as, police citations, grants, and monies collected under the Street Light Fund, Golf Fund and Solid Waste Fund. The following table presents condensed financial information for the Statement of Activities in a different format, so that you can see our total revenues for the year.

**CALN TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2024**

**Table 2**  
**Changes in Net Position**  
**Years Ended December 31, 2024 and 2023**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
<b>REVENUES</b>						
Program services						
Charges for services	\$ 855,534	\$ 1,234,875	\$ 2,704,413	\$ 2,687,807	\$ 3,559,947	\$ 3,922,682
Operating grants and contributions	1,736,538	2,829,293	50,839	201,640	1,787,377	3,030,933
Capital grants and contributions	-	59,500	-	-	-	59,500
General revenues						
Property taxes	4,594,620	4,023,614	-	-	4,594,620	4,023,614
Other taxes	3,641,135	3,555,046	-	-	3,641,135	3,555,046
Other	1,291,654	1,211,845	71,129	722	1,362,783	1,212,567
<b>TOTAL REVENUES</b>	<b>12,119,481</b>	<b>12,914,173</b>	<b>2,826,381</b>	<b>2,890,169</b>	<b>14,945,862</b>	<b>15,804,342</b>
<b>EXPENSES</b>						
General government	1,221,716	1,027,500	-	-	1,221,716	1,027,500
Public safety	4,881,243	3,099,609	-	-	4,881,243	3,099,609
Codes	705,123	571,821	-	-	705,123	571,821
Public works	1,819,071	3,054,212	-	-	1,819,071	3,054,212
Culture and recreation	256,608	208,034	-	-	256,608	208,034
Miscellaneous expenses	372,739	185,851	-	-	372,739	185,851
Pension adjustment	(27,752)	185,810	-	-	(27,752)	185,810
Interest on long-term debt	261,585	271,335	-	-	261,585	271,335
Unallocated depreciation	1,468,853	1,428,709	-	-	1,468,853	1,428,709
Solid waste	-	-	1,916,279	1,939,397	1,916,279	1,939,397
Golf course	-	-	886,055	785,400	886,055	785,400
<b>TOTAL EXPENSES</b>	<b>10,959,186</b>	<b>10,032,881</b>	<b>2,802,334</b>	<b>2,724,797</b>	<b>13,761,520</b>	<b>12,757,678</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 1,160,295</b>	<b>\$ 2,881,292</b>	<b>\$ 24,047</b>	<b>\$ 165,372</b>	<b>\$ 1,184,342</b>	<b>\$ 3,046,664</b>

# CALN TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2024

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### General Fund

Revenue for the General Fund totaled \$9,793,632 in 2024 compared to \$9,466,245 in 2023. Revenues increased by \$327,387 primarily due to an increase in intergovernmental revenues and interest. We expect that revenue streams will be consistent or on the rise due to new township developments coming into fruition for the next two years.

Expenditures for the General Fund totaled \$8,946,019 in 2024 compared to \$7,145,806 in 2023. Expenditures increased by \$1,800,213 primarily due to common factors in the cost of operations.

As of the end of 2024, the Township's General Fund reported an ending balance of \$6,539,489, a decrease of \$1,244,281 as compared to 2023. The township cash flows are very stable with a sound financial condition going forward into 2025.

The following table summarizes the past eight years of earned income tax revenues. This revenue category has remained stable over the past 9 years.

#### Earned Income Tax Revenues 2016-2024

2016	\$ 2,243,900
2017	\$ 2,368,825
2018	\$ 2,336,520
2019	\$ 2,404,957
2020	\$ 2,475,650
2021	\$ 2,765,853
2022	\$ 2,769,576
2023	\$ 2,839,844
2024	\$ 3,017,904

## **CALN TOWNSHIP**

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

**YEAR ENDED DECEMBER 31, 2024**

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In 2016, the Township created a Fire Fund to account for the revenue and expenditures associated with providing fire protection services. The expenditures were previously accounted for in the General Fund. A fire tax of 0.88 mills is used to support the fire operations of the Thorndale Fire Company. In 2024, while providing operational fire services, the revenues were \$680,743 and expenditures and transfers were \$443,193 leaving a fund balance going into 2025 of \$354,436. This is an increase of \$237,550.

#### **Ingleside Golf Club**

On March 15, 2007, Caln Township purchased the Ingleside Golf Club on North Bailey Road. Ingleside Golf Club is 116 acres in size and contains 18 holes, a driving range, and a pro shop, as well as, a number of maintenance buildings. For 2024, operating expenditures of \$846,284 exceeded operating revenues of \$701,000 by \$145,284. When interest expense of \$34,834, a loss on disposal of equipment of \$4,937 and operating transfers in of \$70,601 are factored in, the Golf Club had a change in net position of \$(114,454). The golf fund had net position of \$428,131 at the end of the year. The Township continues to explore ways to enhance revenue and control expenses.

#### **Solid Waste Fund**

In 2010, the solid waste operations of the Township became self-sustaining and were reclassified from a special revenue fund to an enterprise fund under business-type activities. For 2024, operating revenues of \$2,003,413 was greater than operating expenses of \$1,916,279 by \$87,134.

In 2010, the Fund had acquired 4,500 recycling bins which are shown as assets. Since the 2010 implementation of the larger recycling carts, the recycling rate has increased from 13% to 26% in 2019. In 2014, the Fund acquired 5,028 trash carts for all of its residents for \$267,173.

In 2019, 2018, 2017, 2016 and 2015, \$72,000, \$60,000, \$60,000, \$60,000 and \$75,000 respectively, was transferred to a Solid Waste Equipment Fund to provide for the future replacement of carts and recycle equipment.

The overall effect on net position in 2024 for the combined solid waste funds was an increase of \$138,501 leaving a balance of \$1,463,255 going forward into 2025.

**CALN TOWNSHIP**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2024

**GENERAL FUND 2024 - 2023**

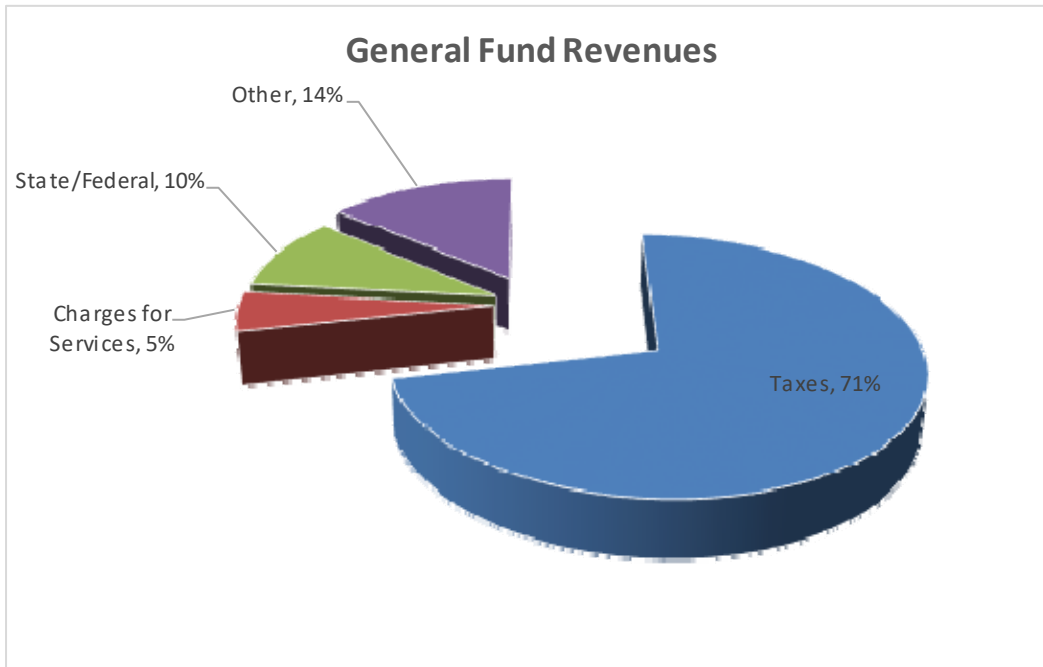
	<u>2024</u>	<u>2023</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 7,001,672	\$ 6,765,576	\$ 236,096
Licenses and permits	291,822	303,172	(11,350)
Fines and forfeits	28,693	27,145	1,548
Interest earned	437,389	272,468	164,921
Intergovernmental revenues	948,824	758,540	190,284
Charges for services	512,010	865,252	(353,242)
Transfer from Caln Municipal Authority	240,767	238,059	2,708
Miscellaneous revenues	332,455	236,033	96,422
TOTAL REVENUES	<u>9,793,632</u>	<u>9,466,245</u>	<u>327,387</u>
EXPENDITURES			
General government	1,527,914	1,351,386	176,528
Public safety	4,686,434	3,635,914	1,050,520
Codes	705,123	571,821	133,302
Public works - highways	1,367,511	975,657	391,854
Culture and recreation	256,608	208,034	48,574
Debt service (principal and interest)	402,429	402,994	(565)
TOTAL EXPENDITURES	<u>8,946,019</u>	<u>7,145,806</u>	<u>1,800,213</u>
EXCESS OF REVENUES OVER EXPENDITURES	847,613	2,320,439	(1,472,826)
OTHER FINANCING SOURCES (USES)	<u>(2,091,894)</u>	<u>(700,251)</u>	<u>(1,391,643)</u>
NET CHANGE IN FUND BALANCE	(1,244,281)	1,620,188	(2,864,469)
FUND BALANCE, beginning	<u>7,783,770</u>	<u>6,163,582</u>	<u>1,620,188</u>
FUND BALANCE, ending	<u>\$ 6,539,489</u>	<u>\$ 7,783,770</u>	<u>\$ (1,244,281)</u>

# CALN TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2024

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The graph above shows the General Fund revenues broken down into four major revenue sources: Taxes cover 71% of the General Fund revenues and are from the Real Estate Tax, Earned Income Tax, Local Services Tax and the Realty Transfer Tax. Approximately 5% of the funds are generated by charges for services including building permits, fees, and other charges; 10% of the funds came from the Commonwealth of Pennsylvania; and the remaining 14% came from other sources including licenses, fines and forfeits, interest earnings, transfer from the Authority, and miscellaneous sources.

# CALN TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2024

### 2024 Summary of Governmental Funds

	General Fund	Capital Reserve Fund	American Rescue Plan Act Fund	2022 Capital Projects Fund	Other Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,547,307	\$ 335,964	\$ -	\$ 3,376,332	\$ 5,015,788
Taxes receivable, net	816,792	-	-	-	46,205
Lease receivable	268,663	439,842	-	-	-
Accounts receivable	<u>123,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7,756,509</u></b>	<b><u>\$ 775,806</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,376,332</u></b>	<b><u>\$ 5,061,993</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 40,738	\$ -	\$ -	\$ -	\$ 9,038
Accrued salaries and benefits	210,591	-	-	-	6,292
Unearned revenues	608,485	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>859,814</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>15,330</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue, leases	245,190	396,514	-	-	-
Unavailable revenue, property taxes	<u>112,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,463</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>357,206</u></b>	<b><u>396,514</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>41,463</u></b>
<b>FUND BALANCE</b>					
Restricted	-	-	-	-	4,347,361
Assigned	-	379,292	-	3,376,332	657,839
Unassigned	6,539,489	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b><u>6,539,489</u></b>	<b><u>379,292</u></b>	<b><u>-</u></b>	<b><u>3,376,332</u></b>	<b><u>5,005,200</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 7,756,509</u></b>	<b><u>\$ 775,806</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,376,332</u></b>	<b><u>\$ 5,061,993</u></b>

In the previous table, Other Governmental Funds include the Fire Fund, Street Light Fund, Equipment Fund, Liquid Fuels Fund, Open Space Fund, Fire Equipment Fund, Police Forfeiture Fund, Stormwater Management Fund, Debt Tax Fund, and EMS Tax Fund.

# CALN TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2024

### CAPITAL ASSETS

At December 31, 2024, the Township had \$21,428,478 invested in a broad range of capital assets for governmental activities, including land, buildings and improvements, infrastructure, vehicles and machinery and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of 1% from last year. For governmental activities: construction in progress had a net decrease of \$169,707 for various projects completed during the year, infrastructure increased by \$854,946 for various road paving projects and bridge projects, vehicles increased by \$359,948 for various police and public works vehicles and disposals of \$290,911, and machinery and equipment increased \$195,340 for a backhoe, tractor and mower.

The following schedule depicts the capital assets for the period ended December 31, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets				
Land	\$ 3,215,647	\$ -	\$ -	\$ 3,215,647
Construction in progress	328,329	158,622	(328,329)	158,622
Buildings and improvements	2,709,474	-	-	2,709,474
Infrastructure	33,475,009	854,946	-	34,329,955
Vehicles	5,230,020	359,948	(290,911)	5,299,057
Machinery and equipment	1,011,185	195,340	-	1,206,525
TOTAL CAPITAL ASSETS	<u>45,969,664</u>	<u>1,568,856</u>	<u>(619,240)</u>	<u>46,919,280</u>
Accumulated depreciation				
Buildings and improvements	(1,828,152)	(44,684)	-	(1,872,836)
Infrastructure	(17,639,944)	(1,020,104)	-	(18,660,048)
Vehicles	(4,000,858)	(354,425)	272,464	(4,082,819)
Machinery and equipment	(825,459)	(49,640)	-	(875,099)
TOTAL ACCUMULATED DEPRECIATION	<u>(24,294,413)</u>	<u>(1,468,853)</u>	<u>272,464</u>	<u>(25,490,802)</u>
NET CAPITAL ASSETS FOR GOVERNMENTAL ACTIVITIES	<u>\$ 21,675,251</u>	<u>\$ 100,003</u>	<u>\$ (346,776)</u>	<u>\$ 21,428,478</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets				
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Buildings and improvements	1,402,813	-	-	1,402,813
Machinery and equipment	1,357,014	124,495	(56,200)	1,425,309
Right to use leased equipment	157,150	-	-	157,150
TOTAL CAPITAL ASSETS	<u>3,916,977</u>	<u>124,495</u>	<u>(56,200)</u>	<u>3,985,272</u>
Accumulated depreciation/amortization				
Buildings and improvements	(676,191)	(41,689)	-	(717,880)
Machinery and equipment	(941,677)	(59,382)	6,485	(994,574)
Right to use leased equipment	(22,450)	(22,450)	-	(44,900)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	<u>(1,640,318)</u>	<u>(123,521)</u>	<u>6,485</u>	<u>(1,757,354)</u>
NET CAPITAL ASSETS FOR BUSINESS-TYPE ACTIVITIES	<u>\$ 2,276,659</u>	<u>\$ 974</u>	<u>\$ (49,715)</u>	<u>\$ 2,227,918</u>

# **CALN TOWNSHIP**

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

**YEAR ENDED DECEMBER 31, 2024**

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### **DEBT ADMINISTRATION**

As of December 31, 2024, the Township's governmental and business-type operations had a total outstanding bond principal of \$11,086,000. The 2019 Bond Issue included \$2,842,816 for the refinancing of the original debt at a lower interest rate, \$1,289,184 refinancing debt for the Ingleside Golf Course at a lower interest rate. The 2022 Bond Issue included \$7,913,000 to fund projects. The total debt amount represents 25% of the debt limit as determined by the formula included in the Local Government Unit Act. The total debt limit for the Township at December 31, 2024, is \$30,135,692. In 2021, the Township obtained a bank loan in the amount of \$131,334 to finance the Spackman Farm roof project which was paid off this year. Other obligations include post-employment benefits of the Township. In 2024, Standard and Poor's completed their review of the Township's bond and informed Caln Township that its debt rating remains strong at a rating of AA. More detailed information about the Township's long-term liabilities is included in the Notes to the Financial Statements.

### **THE TOWNSHIP'S FUTURE**

During the past few years, Caln Township and other municipalities have weathered an economic recession which affected revenues and demanded cautious budgeting. In spite of these difficulties the Township has preserved and even increased fund balances. Although we have seen the economy flatten, there are still a number of important issues for future budgeting:

- Monitoring economic trends and potential softening of revenue streams
- Consistency of revenue streams for all funds
- Capital project and equipment funding and an acceptable debt service strategy
- Further development of funding sources other than the local real estate taxes

### **FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Township Manager.

**CALN TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2024**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Caln Township Municipal Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,437,136	\$ 459,633	\$ 15,896,769	\$ 6,717,915
Receivables	832,252	727,275	1,559,527	1,016,590
Taxes receivable	862,997	-	862,997	-
Inventories	-	3,202	3,202	-
Prepaid expenses	-	-	-	105,724
Notes receivable from authority	55,310	-	55,310	-
EDU's held for resale	-	-	-	521,875
Net pension asset	1,074,724	9,476	1,084,200	-
Capital assets				
Land	3,215,647	1,000,000	4,215,647	-
Construction in progress	158,622	-	158,622	-
Buildings and improvements, net	836,638	684,933	1,521,571	-
Machinery and equipment, net	331,426	430,735	762,161	-
Vehicles, net	1,216,238	-	1,216,238	-
Infrastructure, net	15,669,907	-	15,669,907	-
Right to use leased equipment, net	-	112,250	112,250	-
Sewer system, net	-	-	-	9,974,527
<b>TOTAL ASSETS</b>	<b>39,690,897</b>	<b>3,427,504</b>	<b>43,118,401</b>	<b>18,336,631</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	637,304	43,635	680,939	-
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	49,776	350,156	399,932	72,832
Payroll and withholding taxes payable	216,883	20,432	237,315	-
Unearned revenues	608,485	22,270	630,755	-
Long-term liabilities				
Portion due or payable within one year				
Notes payable	467,072	122,928	590,000	123,000
Lease liabilities	-	19,117	19,117	-
Note payable to township	-	-	-	55,310
Portion due or payable after one year				
Notes payable	9,569,048	926,952	10,496,000	2,107,000
Lease liabilities	-	117,898	117,898	-
Total OPEB liability	3,581	-	3,581	-
<b>TOTAL LIABILITIES</b>	<b>10,914,845</b>	<b>1,579,753</b>	<b>12,494,598</b>	<b>2,358,142</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources, leases	641,704	-	641,704	-
Deferred inflows of resources, pension activity	1,032,567	-	1,032,567	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,674,271</b>	<b>-</b>	<b>1,674,271</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	14,768,690	1,041,023	15,809,713	7,744,527
Restricted	5,422,085	9,476	5,431,561	4,881,566
Unrestricted	7,548,310	840,887	8,389,197	3,352,396
<b>TOTAL NET POSITION</b>	<b>\$ 27,739,085</b>	<b>\$ 1,891,386</b>	<b>\$ 29,630,471</b>	<b>\$ 15,978,489</b>

*See accompanying notes to the basic financial statements.*

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**CALN TOWNSHIP**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 1,221,716	\$ 240,767	\$ 378,052	\$ -
Public safety	4,881,243	74,968	545,492	-
Codes	705,123	539,799	-	-
Public works	1,819,071	-	411,124	-
Culture and recreation	256,608	-	5,502	-
Miscellaneous	372,739	-	-	-
Pension adjustment	(27,752)	-	396,368	-
Interest on long-term debt	261,585	-	-	-
Unallocated depreciation	1,468,853	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>10,959,186</b>	<b>855,534</b>	<b>1,736,538</b>	<b>-</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Golf Course	886,055	701,000	-	-
Solid Waste	1,916,279	2,003,413	50,839	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>2,802,334</b>	<b>2,704,413</b>	<b>50,839</b>	<b>-</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 13,761,520</b>	<b>\$ 3,559,947</b>	<b>\$ 1,787,377</b>	<b>\$ -</b>
<b>COMPONENT UNIT</b>				
Caln Township Municipal Authority	\$ 3,558,020	\$ 4,598,896	\$ -	\$ -
<b>GENERAL REVENUES</b>				
Taxes				
Real estate taxes, net				
Act 511 taxes				
Real estate transfer tax				
Franchise fees				
Earnings on investments				
Miscellaneous				
TRANSFERS, net				
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	Component Unit Caln Township Municipal Authority
\$ (602,897)	\$ -	\$ (602,897)	\$ -
(4,260,783)	-	(4,260,783)	-
(165,324)	-	(165,324)	-
(1,407,947)	-	(1,407,947)	-
(251,106)	-	(251,106)	-
(372,739)	-	(372,739)	-
424,120	-	424,120	-
(261,585)	-	(261,585)	-
(1,468,853)	-	(1,468,853)	-
<u>(8,367,114)</u>	<u>-</u>	<u>(8,367,114)</u>	<u>-</u>
-	(185,055)	(185,055)	-
-	137,973	137,973	-
<u>-</u>	<u>(47,082)</u>	<u>(47,082)</u>	<u>-</u>
<u>(8,367,114)</u>	<u>(47,082)</u>	<u>(8,414,196)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,040,876</u>
4,594,620	-	4,594,620	-
3,276,150	-	3,276,150	-
364,985	-	364,985	-
238,010	-	238,010	-
671,668	528	672,196	92,868
452,577	-	452,577	5,000
(70,601)	70,601	-	-
<u>9,527,409</u>	<u>71,129</u>	<u>9,598,538</u>	<u>97,868</u>
1,160,295	24,047	1,184,342	1,138,744
<u>26,578,790</u>	<u>1,867,339</u>	<u>28,446,129</u>	<u>14,839,745</u>
<u>\$ 27,739,085</u>	<u>\$ 1,891,386</u>	<u>\$ 29,630,471</u>	<u>\$ 15,978,489</u>

**CALN TOWNSHIP**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2024**

	<u>General Fund</u>	<u>Capital Reserve Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,547,307	\$ 335,964
Taxes receivable, net	816,792	-
Lease receivable	268,663	439,842
Accounts receivable	<u>123,747</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,756,509</u></u>	<u><u>\$ 775,806</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 40,738	\$ -
Accrued salaries and benefits	210,591	-
Unearned revenues	<u>608,485</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>859,814</u></u>	<u><u>-</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue, leases	245,190	396,514
Unavailable revenue, property taxes	<u>112,016</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>357,206</u></u>	<u><u>396,514</u></u>
<b>FUND BALANCES</b>		
Restricted for		
Fire protection	-	-
Street lights	-	-
Highways and streets	-	-
Open space	-	-
Stormwater management	-	-
Debt tax	-	-
EMS	-	-
Assigned, capital improvements	-	379,292
Unassigned	<u>6,539,489</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u><u>6,539,489</u></u>	<u><u>379,292</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 7,756,509</u></u>	<u><u>\$ 775,806</u></u>

*See accompanying notes to the basic financial statements.*

American Rescue Plan Act Fund	2022 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,376,332	\$ 5,015,788	\$ 15,275,391
-	-	46,205	862,997
-	-	-	708,505
-	-	-	123,747
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 3,376,332</u>	<u>\$ 5,061,993</u>	<u>\$ 16,970,640</u>
\$ -	\$ -	\$ 9,038	\$ 49,776
-	-	6,292	216,883
-	-	-	608,485
<u>-</u>	<u>-</u>	<u>15,330</u>	<u>875,144</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>641,704</u>
<u>-</u>	<u>-</u>	<u>41,463</u>	<u>153,479</u>
<u>-</u>	<u>-</u>	<u>41,463</u>	<u>795,183</u>
-	-	904,317	904,317
-	-	791	791
-	-	489,700	489,700
-	-	1,296,486	1,296,486
-	-	1,169,148	1,169,148
-	-	409,134	409,134
-	-	77,785	77,785
-	3,376,332	657,839	4,413,463
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,539,489</u>
<u>-</u>	<u>3,376,332</u>	<u>5,005,200</u>	<u>15,300,313</u>
<u>\$ -</u>	<u>\$ 3,376,332</u>	<u>\$ 5,061,993</u>	<u>\$ 16,970,640</u>

**CALN TOWNSHIP**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2024**

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ <u>15,300,313</u>
<p>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:</p>	
Land	3,215,647
Construction in progress	158,622
Buildings and improvements, net of accumulated depreciation of \$1,872,836	836,638
Machinery and equipment, net of accumulated depreciation of \$875,099	331,426
Vehicles, net of accumulated depreciation of \$4,082,819	1,216,238
Infrastructure, net of accumulated depreciation of \$18,660,048	<u>15,669,907</u>
	<u>21,428,478</u>
<p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statements but are reported in the statement of net position of the governmental activities.</p>	
	55,310
<p>Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.</p>	
	153,479
<p>The governmental funds do not report the net pension asset because it is not a current financial resource; however, it is recognized in the statement of net position under full accrual accounting.</p>	
	1,074,724
<p>Deferred inflows and outflows of resources related to pension activities are not</p>	
	(395,263)
<p>Internal service funds are used by management to charge the costs of unemployment claims and other post-employment benefits to the governmental activities. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.</p>	
	161,745
<p>Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in Governmental Funds but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net position. Balances at December 31, 2024, are:</p>	
Bonds and notes payable	(10,036,120)
Total OPEB liability	<u>(3,581)</u>
	<u>(10,039,701)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>27,739,085</u></u>

*See accompanying notes to the basic financial statements.*

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**CALN TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

	General Fund	Capital Reserve Fund
<b>REVENUES</b>		
Taxes	\$ 7,001,672	\$ -
Licenses and permits	291,822	-
Fines and forfeits	28,693	-
Interest earned	437,389	337
Intergovernmental revenues	948,824	-
Charges for services	512,010	-
Charges for services - Caln Township Municipal Authority	240,767	-
Miscellaneous revenues	332,455	74,262
<b>TOTAL REVENUES</b>	<u>9,793,632</u>	<u>74,599</u>
<b>EXPENDITURES</b>		
General government	1,527,914	6,430
Public safety	4,686,434	-
Codes	705,123	-
Public works, highways and streets	1,367,511	32,273
Culture and recreation	256,608	38,533
Debt service	402,429	28,316
<b>TOTAL EXPENDITURES</b>	<u>8,946,019</u>	<u>105,552</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>847,613</u>	<u>(30,953)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	53,485
Transfers out	(2,091,894)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,091,894)</u>	<u>53,485</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,244,281)	22,532
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>7,783,770</u>	<u>356,760</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 6,539,489</u>	<u>\$ 379,292</u>

*See accompanying notes to the basic financial statements.*

American Rescue Plan Act Fund	2022 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,168,704	\$ 8,170,376
-	-	-	291,822
-	-	-	28,693
15,466	182,298	36,012	671,502
371,088	-	460,501	1,780,413
-	-	-	512,010
-	-	-	240,767
-	-	21,637	428,354
<u>386,554</u>	<u>182,298</u>	<u>1,686,854</u>	<u>12,123,937</u>
26,114	-	29,085	1,589,543
-	-	858,669	5,545,103
-	-	-	705,123
380,450	202,707	811,774	2,794,715
-	-	51,464	346,605
-	-	314,291	745,036
<u>406,564</u>	<u>202,707</u>	<u>2,065,283</u>	<u>11,726,125</u>
<u>(20,010)</u>	<u>(20,409)</u>	<u>(378,429)</u>	<u>397,812</u>
2,600	-	2,035,809	2,091,894
<u>(70,601)</u>	<u>-</u>	<u>-</u>	<u>(2,162,495)</u>
<u>(68,001)</u>	<u>-</u>	<u>2,035,809</u>	<u>(70,601)</u>
(88,011)	(20,409)	1,657,380	327,211
<u>88,011</u>	<u>3,396,741</u>	<u>3,347,820</u>	<u>14,973,102</u>
<u>\$ -</u>	<u>\$ 3,376,332</u>	<u>\$ 5,005,200</u>	<u>\$ 15,300,313</u>

**CALN TOWNSHIP**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2024**

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 327,211
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 (\$1,468,853) exceeds capital outlays (\$1,240,527) in the current period.	(228,326)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and disposals) is to decrease net position.	(18,447)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	65,379
Expenditures in the statement of activities that do not use current financial resources are not reported as expenditures in the funds.	(55,313)
Change in net position of the internal service fund reported in the governmental activities.	7,760
The issuance of long-term debt (e.g., bonds, notes, finance purchase obligations) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	483,451
Pension and OPEB expenses in the statement of activities differs from the amount reported in the governmental funds because the pension/OPEB expense is recognized based on the asset to the plans, whereas pension/OPEB expenditures in the governmental funds are based on the amount actually paid.	<u>578,580</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,160,295</u>

*See accompanying notes to the basic financial statements.*

**CALN TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE--BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2024**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 6,948,398	\$ 6,948,398	\$ 7,001,672	\$ 53,274
Licenses and permits	313,000	313,000	291,822	(21,178)
Fines and forfeits	45,000	45,000	28,693	(16,307)
Interest earned	93,000	93,000	437,389	344,389
Intergovernmental revenues	416,817	416,817	948,824	532,007
Charges for services	643,092	643,092	512,010	(131,082)
Charges for services - Caln Township				
Municipal Authority	241,131	241,131	240,767	(364)
Miscellaneous revenues	382,025	382,025	332,455	(49,570)
<b>TOTAL REVENUES</b>	<u>9,082,463</u>	<u>9,082,463</u>	<u>9,793,632</u>	<u>711,169</u>
<b>EXPENDITURES</b>				
General government	1,802,982	1,802,982	1,527,914	275,068
Public safety	4,231,158	4,231,158	4,686,434	(455,276)
Codes	550,748	550,748	705,123	(154,375)
Public works, highways and streets	1,204,018	1,204,018	1,367,511	(163,493)
Culture and recreation	244,900	244,900	256,608	(11,708)
Debt service (principal and interest)	385,157	385,157	402,429	(17,272)
<b>TOTAL EXPENDITURES</b>	<u>8,418,963</u>	<u>8,418,963</u>	<u>8,946,019</u>	<u>(527,056)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>663,500</u>	<u>663,500</u>	<u>847,613</u>	<u>184,113</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,000	25,000	-	25,000
Transfers out	(688,500)	(688,500)	(2,091,894)	(1,403,394)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>(663,500)</u>	<u>(663,500)</u>	<u>(2,091,894)</u>	<u>(1,378,394)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,244,281)</u>	<u>\$ (1,194,281)</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			<u>7,783,770</u>	
<b>FUND BALANCE AT END OF YEAR</b>			<u>\$ 6,539,489</u>	

**CALN TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2024**

	Golf Course Fund	Solid Waste Fund	Total	Internal Service Fund
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 459,633	\$ 459,633	\$ 161,745
Accounts receivable	-	727,275	727,275	-
Net pension asset	7,842	1,634	9,476	-
Inventory	3,202	-	3,202	-
TOTAL CURRENT ASSETS	<u>11,044</u>	<u>1,188,542</u>	<u>1,199,586</u>	<u>161,745</u>
<b>NONCURRENT ASSETS</b>				
Land	1,000,000	-	1,000,000	-
Buildings and improvements	1,379,841	22,972	1,402,813	-
Machinery and equipment	546,956	878,352	1,425,308	-
Less: accumulated depreciation	(1,102,021)	(610,432)	(1,712,453)	-
Right to use leased equipment	157,150	-	157,150	-
Less: accumulated amortization	(44,900)	-	(44,900)	-
TOTAL NONCURRENT ASSETS	<u>1,937,026</u>	<u>290,892</u>	<u>2,227,918</u>	<u>-</u>
TOTAL ASSETS	<u>1,948,070</u>	<u>1,479,434</u>	<u>3,427,504</u>	<u>161,745</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts related to pensions	35,907	7,728	43,635	-
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	330,723	19,433	350,156	-
Accrued salaries and benefits	15,958	4,474	20,432	-
Unearned revenue	22,270	-	22,270	-
Current portion of lease liabilities	19,117	-	19,117	-
Current portion of notes payable	122,928	-	122,928	-
TOTAL CURRENT LIABILITIES	<u>510,996</u>	<u>23,907</u>	<u>534,903</u>	<u>-</u>
<b>NONCURRENT LIABILITIES</b>				
Lease liabilities	117,898	-	117,898	-
Notes payable	926,952	-	926,952	-
TOTAL NONCURRENT LIABILITIES	<u>1,044,850</u>	<u>-</u>	<u>1,044,850</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,555,846</u>	<u>23,907</u>	<u>1,579,753</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	750,131	290,892	1,041,023	-
Restricted for net pension asset	7,842	1,634	9,476	-
Unrestricted	(329,842)	1,170,729	840,887	161,745
TOTAL NET POSITION	<u>\$ 428,131</u>	<u>\$ 1,463,255</u>	<u>\$ 1,891,386</u>	<u>\$ 161,745</u>

See accompanying notes to the basic financial statements.

**CALN TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

	<u>Golf Course Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 701,000	\$ 2,003,413	\$ 2,704,413	\$ 13,000
<b>OPERATING EXPENSES</b>				
Salaries and wages	366,329	107,440	473,769	-
Employee benefits	27,906	10,333	38,239	5,406
Contractor expenses	-	1,301,600	1,301,600	-
Fees	-	369,441	369,441	-
Supplies	129,587	-	129,587	-
Maintenance	120,678	-	120,678	-
Utilities	23,658	-	23,658	-
Administrative and general	105,372	93,634	199,006	-
Pension adjustment	(14,103)	(2,832)	(16,935)	-
Depreciation and amortization	86,857	36,663	123,520	-
TOTAL OPERATING EXPENSES	<u>846,284</u>	<u>1,916,279</u>	<u>2,762,563</u>	<u>5,406</u>
OPERATING INCOME (LOSS)	<u>(145,284)</u>	<u>87,134</u>	<u>(58,150)</u>	<u>7,594</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	-	50,839	50,839	-
Loss on disposal of equipment	(4,937)	-	(4,937)	-
Interest income	-	528	528	166
Interest expense	(34,834)	-	(34,834)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(39,771)</u>	<u>51,367</u>	<u>11,596</u>	<u>166</u>
INCOME BEFORE OPERATING TRANSFERS	<u>(185,055)</u>	<u>138,501</u>	<u>(46,554)</u>	<u>7,760</u>
<b>OPERATING TRANSFERS</b>				
Operating transfers in	<u>70,601</u>	<u>-</u>	<u>70,601</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(114,454)</u>	<u>138,501</u>	<u>24,047</u>	<u>7,760</u>
NET POSITION AT BEGINNING OF YEAR	<u>542,585</u>	<u>1,324,754</u>	<u>1,867,339</u>	<u>153,985</u>
NET POSITION AT END OF YEAR	<u>\$ 428,131</u>	<u>\$ 1,463,255</u>	<u>\$ 1,891,386</u>	<u>\$ 161,745</u>

*See accompanying notes to the basic financial statements.*

**CALN TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

	Golf Course Fund	Solid Waste Fund	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 701,000	\$ 1,953,530	\$ 2,654,530	\$ 13,000
Payments to suppliers	(51,732)	(1,757,897)	(1,809,629)	-
Payments to employees	(405,761)	(119,589)	(525,350)	(5,406)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>243,507</u>	<u>76,044</u>	<u>319,551</u>	<u>7,594</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating grants	-	50,839	50,839	-
Transfers in (out) to other funds, net	70,601	-	70,601	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>70,601</u>	<u>50,839</u>	<u>121,440</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(124,495)	-	(124,495)	-
Finance purchase agreements repayments	(61,074)	-	(61,074)	-
Principal payments on debt	(120,744)	-	(120,744)	-
Lease liability repayments	(17,740)	-	(17,740)	-
Interest paid on long-term debt	(34,834)	-	(34,834)	-
Proceeds from the sale of assets	44,779	-	44,779	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(314,108)</u>	<u>-</u>	<u>(314,108)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	-	528	528	166
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	127,411	127,411	7,760
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
	-	332,222	332,222	153,985
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
	<u>\$ -</u>	<u>\$ 459,633</u>	<u>\$ 459,633</u>	<u>\$ 161,745</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (145,284)	\$ 87,134	\$ (58,150)	\$ 7,594
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation and amortization	86,857	36,663	123,520	-
Net pension asset adjustment	(14,103)	(2,832)	(16,935)	-
Change in assets and liabilities				
Accounts receivable	-	(49,883)	(49,883)	-
Accounts payable	313,460	3,946	317,406	-
Accrued payroll	2,577	1,016	3,593	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 243,507</u>	<u>\$ 76,044</u>	<u>\$ 319,551</u>	<u>\$ 7,594</u>

See accompanying notes to the basic financial statements.

**CALN TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2024**

	<u>Police Pension Trust</u>	<u>Custodial Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,733,093	\$ 826,055
Investments	13,258,169	-
Receivables	10,803	-
<b>TOTAL ASSETS</b>	<u>15,002,065</u>	<u>826,055</u>
<b>LIABILITIES</b>		
Accounts payable	-	14,494
Benefits payable	123,645	-
Refunds payable	11,141	-
<b>TOTAL LIABILITIES</b>	<u>134,786</u>	<u>14,494</u>
<b>NET POSITION</b>		
Net position restricted for pension	14,867,279	-
Net position restricted for custodial fund	<u>-</u>	<u>811,561</u>
<b>TOTAL NET POSITION</b>	<u>\$ 14,867,279</u>	<u>\$ 811,561</u>

*See accompanying notes to the basic financial statements.*

**CALN TOWNSHIP**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2024**

	Police Pension Trust	Custodial Fund
ADDITIONS		
Contributions		
Employer	\$ 336,206	\$ -
Member	121,756	-
Developer contributions	-	377,833
TOTAL CONTRIBUTIONS	<u>457,962</u>	<u>377,833</u>
Investment earnings		
Interest and dividends	273,479	36,287
Net increase in fair value of investments	1,571,017	-
TOTAL INVESTMENT EARNINGS	<u>1,844,496</u>	<u>36,287</u>
TOTAL ADDITIONS	<u>2,302,458</u>	<u>414,120</u>
DEDUCTIONS		
Benefit payments to retired plan participants	633,363	-
Administrative	103,184	-
Payments to developers	-	895,621
TOTAL DEDUCTIONS	<u>736,547</u>	<u>895,621</u>
CHANGE IN NET POSITION	1,565,911	(481,501)
NET POSITION AT BEGINNING OF YEAR	<u>13,301,368</u>	<u>1,293,062</u>
NET POSITION AT END OF YEAR	<u>\$ 14,867,279</u>	<u>\$ 811,561</u>

*See accompanying notes to the basic financial statements.*

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

The accounting policies of Caln Township (the "Township") conform to United States generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies.

**Scope of Reporting Entity**

The Township is the basic level of government which has oversight responsibility and control over all activities related to the local government in the Township of Caln. The Township receives funding from local, county, and Commonwealth government sources and must comply with the requirements of these funding source entities. However, the Township is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since the Township commissioners are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

The financial statements of Caln Township include the departments and other organizational units over which the Board of Commissioners exercises oversight responsibility.

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

The Township is financially accountable for:

- Organizations that make up the legal Township entity.

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

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

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

**CALN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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

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

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

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

- The Township has a corresponding Municipal Authority. The Authority is a component unit because the Township appoints the governing body of the Authority. The Authority is also considered a component unit because the Authority has the potential to provide financial benefits to, or impose financial burden on, the Township.

**Caln Township Municipal Authority**

The Authority is a municipal authority formed for the purpose of having oversight and approval authority over the Caln Township public sewer system and the power to hold, construction, finance, improve, maintain, operate, own, and lease the sewer system within Caln Township. The Authority receives funding through user fees, grants, borrowings, and other sources. All of the funds collected go towards programs of the Authority. The Authority is governed by a five-member Board. The Township has determined that the Authority is a component unit of Caln Township.

The Authority is presented in these financial statements as a discretely presented component unit. The Authority's financial information may be obtained at the Authority's office.

**Pension Trust Funds**

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 the Board of Commissioners 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 administered through the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer system that provides pensions for all regular full-time, non-uniformed employees. Although the plan is a separate legal entity, it is reported as if it is part of the government as it is governed by the Board of Commissioners and the Township is responsible for funding the plan.

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

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

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

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

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

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

**Fund Accounting**

The Township uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the Township are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they will be used. The difference between governmental fund assets and liabilities is reported as fund balance. The general fund, capital reserve fund, American rescue plan act fund and 2022 capital projects fund are the Township's major governmental funds.

**CALN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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

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

Special Revenue Funds - Special Revenue Funds generally account for the expenditure of revenues that have been restricted to specific programs or projects.

Liquid Fuels Fund - The Liquid Fuels Fund is a special revenue fund used to account for the Liquid Fuels Grant received from the Pennsylvania Department of Transportation.

2022 Capital Projects Fund - The 2022 Capital Projects Fund is a capital projects fund used to account for capital projects financed through the issuance of General Obligation Notes, 2022 Series.

Street Light Fund - The Street Light Fund is a special revenue fund used to account for the revenues received from the residents on several streets in the Township that have dedicated street lights.

Capital Reserve Funds - Capital Reserve Funds are capital projects funds used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

American Rescue Plan Act Fund - American Rescue Plan Act Fund is a special revenue fund used to account for the ARPA Funds received from the Commonwealth of Pennsylvania.

Police Forfeiture Fund - Police Forfeiture Fund is a special revenue fund used to account for forfeiture funds received by the police.

**Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following are the Township's proprietary funds:

Solid Waste Fund - The Solid Waste Fund is used to account for the operations of the solid waste collection operations in the Township. The solid waste collection system is financed and operated in a manner similar to a private business operation, whereby the costs of providing goods or services to the general public on a continuing basis are recovered primarily through user charges.

Golf Course Fund - The Golf Course Fund is used to account for the operations of the Township's golf course. The golf course is financed and operated in a manner similar to a private business operation, whereby the costs of providing goods or services to the general public on a continuing basis are recovered through user charges.

Internal Service Funds - Internal Service Funds are used to account for goods or services provided by a central department or agency to other departments or agencies of the government or agencies of the governmental unit, usually on a cost recovery basis.

**CALN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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

**Fiduciary Funds**

Police Pension Trust - The Police Pension Trust is used to account for the activities of the Police Pension Plan, which accumulate resources for pension benefit payments to qualified employees.

Custodial Fund - The Custodial Fund is used to account for monies held by the Township for developer escrow deposits.

**Basis of Accounting**

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

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

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

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

**CALN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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

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

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

**Budgets**

The Township is required by state law to adopt annual budgets for the General Fund. The budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to November 15 of the preceding fiscal year, the Township prepares a budget for the next succeeding calendar year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Commissioners is then called for the purpose of adopting the proposed budget.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance by the Board of Commissioners.
4. The budget must be filed with the Pennsylvania Department of Community Affairs by January 31.

Once a budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Board of Commissioners. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact and are reflected in the official minutes of the Board. Appropriations lapse at year end.

**Capital Assets**

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise fund are reported in both the business-type activities column on the government-wide statement of net position and in the fund statements.

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date donated. The Township maintains a capitalization threshold of \$5,000.

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation and amortization are computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land	15-40 years
Buildings and improvements	5-40 years
Infrastructure	20-50 years
Vehicles	5-20 years
Machinery and equipment	5-20 years
Sewer lines (CTMA)	30-50 years
Pump stations (CTMA)	40 years
Right to use leased equipment	7 years

**Leases - Lessor**

The Township is the lessor for noncancellable leases of cell tower land space. The Township recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

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

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

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

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

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

**Leases - Lessee**

The Township is the lessee for a noncancellable lease of equipment. The Township recognizes a lease liability and an intangible right-to-use leased asset (leased assets) in the government-wide financial statement and proprietary fund statement.

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

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

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

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

**CALN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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

**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 one item that qualifies for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience, changes in plan assumptions, net difference between projected and actual earnings on pension plan investments and contributions subsequent to the measurement date.

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

**Cash and Cash Equivalents**

Investments with an original maturity of three months or less at the time they are issued are presented on the financial statements as cash equivalents. Investments with an original maturity of more than three months at the time they are issued are reported as investments.

**Interfund Transactions**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as Interfund Receivables/Payables. Interfund balances within the governmental activities and within the business-type activities are eliminated on the government-wide statement of net position.

**CALN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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

**Investments**

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

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

**Prepaid Items**

Payments made to vendors for services that will benefit period beyond December 31, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which the services are consumed.

**Inventory**

Inventory consists of retail merchandise at the golf course. Inventory is stated at the lower of cost or net realizable value using the first-in, first-out method.

**Compensated Absences**

The Township has no benefits which qualify as compensated absences.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the business-type financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually-required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**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.

**CALN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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

**Real Estate Tax Calendar and Reserve**

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

**Net Position/Fund Balances**

Net position represents the difference between assets and liabilities. Net position invested in capital assets represents the cost of fixed assets net of related debt and net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Township, or through external restrictions imposed by creditors, grantors, and laws and regulations of other governments. The Township's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted are available.

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

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

# CALN TOWNSHIP

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- **Nonspendable Fund Balance** includes balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.
- **Restricted Fund Balance** includes fund balance amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation.
- **Committed Fund Balance** includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Township through formal action of the Board of Commissioners and do not lapse at year-end. To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- **Assigned Fund Balance** includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed, as expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority.
- **Unassigned Fund Balance** includes the residual classifications for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

The details of the fund balances are included in the Governmental Funds balance sheet (page 20). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of Commissioners. The Township Board of Commissioners establishes (and modifies or rescinds) fund balance commitment by passage of a resolution. Assigned fund balance is intended to be used by the Township for specific purposes but does not meet the criteria to be classified as restricted or committed.

**CALN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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**NOTE B - DEPOSITS AND INVESTMENTS**

**Deposits**

***Custodial Credit Risk*** - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. At year end, the total carrying amount of the Township's checking, savings and money market deposits was \$18,455,917 and the corresponding bank balances were \$20,053,540. Of the bank balance, \$500,000 was covered by the Federal Depository Insurance, and \$6,229,815 was collateralized under Act 72 through pools of securities held by the respective depository institutions. As of December 31, 2024 \$13,323,725 of the Township's deposits was in the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization and is subject to an independent annual audit. As of December 31, 2024, PLGIT was rated as AAAM by Standard & Poor's, a nationally recognized statistical rating agency.

***Caln Township Municipal Authority*** - At December 31, 2024, the total carrying amount of the Authority's checking, savings, and money market deposits was \$6,717,915 and the corresponding bank balance was \$6,760,098. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$6,510,098 was collateralized under Act 72 through pools of securities held by the respective depository institutions.

**Investments**

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

***Interest Rate Risk*** - The Township has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

***Credit Risk*** - The Township has no investment policy that would limit its investment choices to certain credit ratings.

***Concentration of Credit Risk*** - The Township places no limit on the amount the Township may invest in any one issuer.

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE B - DEPOSITS AND INVESTMENTS (Continued)**

**The Police Pension Plan**

The Plan is managed by an investment advisor and is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act.

**Interest Rate Risk** - This is the risk that a change in interest rates will adversely affect fair value of an investment. The Plan has no investment policy for interest rate risk. The maturities of the plan's debt investments are:

<u>Investment Maturities in Years</u>					
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>11-15</u>
Certificates of Deposit	\$ 2,573,785	\$ 695,032	\$ 1,878,753	\$ -	\$ -
Corporate debt	<u>454,300</u>	<u>189,515</u>	<u>264,785</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,028,085</u>	<u>\$ 884,547</u>	<u>\$ 2,143,538</u>	<u>\$ -</u>	<u>\$ -</u>

**Credit Risk** - This is the risk that an issuer will not fulfill its obligations. The plan has no investment policy for credit risk. The credit ratings of the plans investments (excluding obligations explicitly guaranteed by the U.S. government) are:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Corporate debt	\$ 48,430	A2
Corporate debt	144,528	A3
Corporate debt	213,339	A1
Corporate debt	<u>48,003</u>	Baa1
Total	<u>\$ 454,300</u>	

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE B - DEPOSITS AND INVESTMENTS (Continued)**

**Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of an investment in a single issuer. The plan places no limit on the amount that may be invested in any one issuer. At December 31, 2024, the plan had no individual investments in any one issuer that represents 5% or more of Fiduciary Net Position.

The Police Pension Plan's Investments consists of:

Certificates of deposit	\$ 2,573,785
Corporate bonds	454,300
Equities	7,854,610
Options	(79,081)
Exchange Traded Funds	2,046,301
Mutual Funds	203,249
Other assets	<u>205,005</u>
 Total	 <u><u>\$ 13,258,169</u></u>

**Fair Value Measurement**

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2024:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate bonds	\$ -	\$ 454,300	\$ -	\$ 454,300
Certificates of deposit	-	2,573,785	-	2,573,785
Equities	7,854,610	-	-	7,854,610
Options	-	(79,081)	-	(79,081)
Exchange Traded Funds	2,046,301	-	-	2,046,301
Mutual Funds	203,249	-	-	203,249
Other assets	<u>205,005</u>	<u>-</u>	<u>-</u>	<u>205,005</u>
 Totals	 <u><u>\$ 10,309,165</u></u>	 <u><u>\$ 2,949,004</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 13,258,169</u></u>

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

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE B - DEPOSITS AND INVESTMENTS (Continued)**

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

**NOTE C - CAPITAL ASSETS**

Capital assets are as follows:

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 3,215,647	\$ -	\$ -	\$ 3,215,647
Construction in Progress	328,329	158,622	(328,329)	158,622
<b>TOTAL CAPITAL ASSETS</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>NOT BEING DEPRECIATED</b>	<u>3,543,976</u>	<u>158,622</u>	<u>(328,329)</u>	<u>3,374,269</u>
Capital assets being depreciated:				
Buildings and improvements	2,709,474	-	-	2,709,474
Infrastructure	33,475,009	854,946	-	34,329,955
Vehicles	5,230,020	359,948	(290,911)	5,299,057
Machinery and equipment	1,011,185	195,340	-	1,206,525
<b>TOTAL CAPITAL ASSETS</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>BEING DEPRECIATED</b>	<u>42,425,688</u>	<u>1,410,234</u>	<u>(290,911)</u>	<u>43,545,011</u>
<b>TOTAL CAPITAL ASSETS</b>	<u>45,969,664</u>	<u>1,568,856</u>	<u>(619,240)</u>	<u>46,919,280</u>
Accumulated depreciation for				
Buildings and improvements	(1,828,152)	(44,684)	-	(1,872,836)
Infrastructure	(17,639,944)	(1,020,104)	-	(18,660,048)
Vehicles	(4,000,858)	(354,425)	272,464	(4,082,819)
Machinery and equipment	(825,459)	(49,640)	-	(875,099)
<b>TOTAL ACCUMULATED</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>DEPRECIATION</b>	<u>(24,294,413)</u>	<u>(1,468,853)</u>	<u>272,464</u>	<u>(25,490,802)</u>
<b>NET CAPITAL ASSETS FOR</b>				
<b>GOVERNMENTAL ACTIVITIES</b>	<u>\$ 21,675,251</u>	<u>\$ 100,003</u>	<u>\$ (346,776)</u>	<u>\$ 21,428,478</u>

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated/amortized				
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
<b>TOTAL CAPITAL ASSETS NOT         BEING DEPRECIATED/AMORTIZED</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>
Capital assets being depreciated/amortized:				
Buildings and improvements	1,402,813	-	-	1,402,813
Machinery and equipment	1,357,014	124,495	(56,200)	1,425,309
Right to use leased equipment	157,150	-	-	157,150
<b>TOTAL CAPITAL ASSETS         BEING DEPRECIATED/AMORTIZED</b>	<b>2,916,977</b>	<b>124,495</b>	<b>(56,200)</b>	<b>2,985,272</b>
<b>TOTAL CAPITAL ASSETS</b>	<b>3,916,977</b>	<b>124,495</b>	<b>(56,200)</b>	<b>3,985,272</b>
Accumulated depreciation/amortization for				
Buildings and improvements	(676,191)	(41,689)	-	(717,880)
Machinery and equipment	(941,677)	(59,382)	6,485	(994,574)
Right to use leased equipment	(22,450)	(22,450)	-	(44,900)
<b>TOTAL ACCUMULATED         DEPRECIATION/AMORTIZATION</b>	<b>(1,640,318)</b>	<b>(123,521)</b>	<b>6,485</b>	<b>(1,757,354)</b>
<b>NET CAPITAL ASSETS FOR         BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 2,276,659</b>	<b>\$ 974</b>	<b>\$ (49,715)</b>	<b>\$ 2,227,918</b>

**Caln Township Municipal Authority**

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

	Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>				
Construction-in-progress	\$ 112,013	\$ 11,049	\$ (103,836)	\$ 19,226
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Sewer lines	23,406,806	120,309	-	23,527,115
Vehicles	432,410	40,792	(40,807)	432,395
Equipment	192,093	-	-	192,093
Pump Stations	930,000	-	-	930,000
<b>TOTAL CAPITAL ASSETS         BEING DEPRECIATED</b>	<b>24,961,309</b>	<b>161,101</b>	<b>(40,807)</b>	<b>25,081,603</b>
Accumulated depreciation	(14,800,924)	(366,185)	40,807	(15,126,302)
<b>COMPONENT UNIT         CAPITAL ASSETS, net</b>	<b>\$ 10,272,398</b>	<b>\$ (194,035)</b>	<b>\$ (103,836)</b>	<b>\$ 9,974,527</b>

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE D - LEASES**

**Lease Receivable**

During the current year, Caln Township leased a portion of their real property for cell tower communications. The leases are for the following:

<u>Description</u>	<u>Term</u>	<u>Payment Amount</u>
Real Property	Monthly through November 2040	\$2,388 to \$3,947
Real Property	Monthly through April 2034	\$2,529 to \$3,060

As of December 31, 2024, Caln Township's receivable for lease payments was \$708,505. Also, Caln Township has a deferred inflow of resources associated with these leases that will be recognized as a revenue over the lease term. As of December 31, 2024, the balance of the deferred inflow of resources was \$641,704. Lease related revenues recognized as of December 31, 2024 were as follows:

<u>Lease-related Revenue</u>	<u>Year Ending December 31, 16-Jul-05</u>
Lease Revenue	
Real Property	\$ 30,922
Interest Revenue	<u>29,016</u>
<b>TOTAL</b>	<b>\$ <u><u>59,938</u></u></b>

The future maturity of lease receivables is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Receipts</u>
2025	\$ 35,133	\$ 27,716	\$ 62,849
2026	38,540	26,235	64,775
2027	41,069	24,647	65,716
2028	43,730	22,956	66,686
2029	46,529	21,156	67,685
2030-2034	272,348	73,245	345,593
2035-2039	188,633	28,832	217,465
2040	<u>42,523</u>	<u>896</u>	<u>43,419</u>
<b>TOTAL FUTURE RECEIPTS</b>	<b>\$ <u><u>708,505</u></u></b>	<b>\$ <u><u>225,683</u></u></b>	<b>\$ <u><u>934,188</u></u></b>

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE D - LEASES (Continued)**

**Lease Liabilities**

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

The Township has the following leases:

**BUSINESS-TYPE ACTIVITIES**

<u>Description</u>	<u>Term</u>	<u>Payment Amount</u>	<u>Interest Rate</u>
Equipment	Monthly through November 2030	\$ 2,395	7.50%

The future minimum lease obligations under the lease as of December 31, 2024 were as follows:

**BUSINESS-TYPE ACTIVITIES**

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 19,117	\$ 9,628	\$ 28,745
2026	20,601	8,144	28,745
2027	22,201	6,544	28,745
2028	23,924	4,821	28,745
2029	25,781	2,964	28,745
2030	25,391	959	26,350
	<u>\$ 137,015</u>	<u>\$ 33,060</u>	<u>\$ 170,075</u>

Interest expense for the lease liability was \$11,005 for the business-type activities for the year ended December 31, 2024.

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE E - LONG-TERM OBLIGATIONS**

A summary of transactions affecting long-term obligations for the year ended December 31, 2024, is as follows:

	Balance January 1, 2024	Additions	Retirements	Balance December 31, 2024	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Notes					
Series of 2019					
\$5,233,000 originally issued with interest rate of 1.91%	\$ 2,581,376	\$ -	\$ (266,256)	\$ 2,315,120	\$ 271,072
Series of 2022					
\$8,100,000 originally issued with a variable interest rate	7,913,000	-	(192,000)	7,721,000	196,000
Note payable, Spackman Farm Roof with interest rate of 2.80%	25,195	-	(25,195)	-	-
Net pension liability	281,333	-	(281,333)	-	-
Total OPEB liability	<u>6,802</u>	<u>-</u>	<u>(3,221)</u>	<u>3,581</u>	<u>-</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 10,807,706</u>	<u>\$ -</u>	<u>\$ (768,005)</u>	<u>\$ 10,039,701</u>	<u>\$ 467,072</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General Obligation Notes					
Series of 2019					
\$5,233,000 originally issued with interest rate of 1.91%	\$ 1,170,624	\$ -	\$ (120,744)	\$ 1,049,880	\$ 122,928
Finance purchase obligations	61,074	-	(61,074)	-	-
Leases	154,755	-	(17,740)	137,015	19,117
Net pension liability	<u>26,488</u>	<u>-</u>	<u>(26,488)</u>	<u>-</u>	<u>-</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<u>\$ 1,412,941</u>	<u>\$ -</u>	<u>\$ (226,046)</u>	<u>\$ 1,186,895</u>	<u>\$ 142,045</u>
<b>CALN TOWNSHIP MUNICIPAL AUTHORITY</b>					
Due to Caln Township	\$ 110,623	\$ -	\$ (55,313)	\$ 55,310	\$ 55,310
Note payable, Series of 2019 with interest rate of 2.328%	<u>2,350,000</u>	<u>-</u>	<u>(120,000)</u>	<u>2,230,000</u>	<u>123,000</u>
<b>TOTAL CALN TOWNSHIP MUNICIPAL AUTHORITY</b>	<u>\$ 2,460,623</u>	<u>\$ -</u>	<u>\$ (175,313)</u>	<u>\$ 2,285,310</u>	<u>\$ 178,310</u>

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE E - LONG-TERM OBLIGATIONS (Continued)**

**General Obligation Notes**

The Township has pledged its full faith, credit, and taxing powers as collateral.

The following table shows the maturities and interest requirements for the Governmental Activities notes payable:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2025	\$ 467,072	\$ 251,623	\$ 718,695
2026	477,576	241,122	718,698
2027	487,392	230,383	717,775
2028	497,208	219,417	716,625
2029	507,712	208,221	715,933
2030-2034	2,067,160	873,685	2,940,845
2035-2039	1,307,000	678,696	1,985,696
2040-2044	1,472,000	493,325	1,965,325
2045-2049	1,658,000	284,572	1,942,572
2050-2052	<u>1,095,000</u>	<u>59,682</u>	<u>1,154,682</u>
Total	<u>\$ 10,036,120</u>	<u>\$ 3,540,726</u>	<u>\$ 13,576,846</u>

The following table shows the maturities and interest requirements for the Golf Course Fund notes payable:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2025	\$ 122,928	\$ 19,466	\$ 142,394
2026	125,424	17,106	142,530
2027	127,608	14,700	142,308
2028	129,792	12,252	142,044
2029	132,288	9,761	142,049
2030-2032	<u>411,840</u>	<u>13,861</u>	<u>425,701</u>
Total	<u>\$ 1,049,880</u>	<u>\$ 87,146</u>	<u>\$ 1,137,026</u>

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE E - LONG-TERM OBLIGATIONS (Continued)**

***Financed Purchase Obligations***

Township previously entered into financed purchase obligations for equipment. During fiscal year 2024, the Township fully satisfied these obligations, paying off the remaining balance of \$61,074. As a result, there are no financed purchase obligations outstanding as of December 31, 2024.

***Caln Township Municipal Authority  
Note Payable, Series of 2019***

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2025	\$ 123,000	\$ 50,244	\$ 173,244
2026	126,000	47,340	173,340
2027	130,000	44,352	174,352
2028	133,000	41,285	174,285
2029	137,000	38,135	175,135
2030-2034	740,000	140,456	880,456
2034-2039	<u>841,000</u>	<u>48,293</u>	<u>889,293</u>
	<u>\$ 2,230,000</u>	<u>\$ 410,105</u>	<u>\$ 2,640,105</u>

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE E - LONG-TERM OBLIGATIONS (Continued)**

*Caln Township Municipal Authority*  
*Due to Caln Township*

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Payments</u>
2025	\$ <u>55,311</u>	\$ <u>-</u>	\$ <u>55,311</u>

**NOTE F - STATEMENT OF BORROWING BASE**

The borrowing base of the Township is calculated as follows:

<u>Total Net Revenues (gross revenues less exclusion)</u>	
Year 2022	\$ 11,120,330
Year 2023	12,923,019
Year 2024	<u>12,119,481</u>
Total net revenues (last 3 years)	<u>36,162,830</u>
Average net revenues	12,054,277
Base percent per Act 185	<u>250%</u>
Total non-electoral debt allowance	<u>\$ 30,135,692</u>

**NOTE G - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund transfers for the year ending December 31, 2024, are as follows:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 2,091,894
Capital Reserve	53,485	-
ARPA Fund	2,600	70,601
Other Governmental Funds	2,035,809	-
Golf Fund	<u>70,601</u>	<u>-</u>
	<u>\$ 2,162,495</u>	<u>\$ 2,162,495</u>

The transfers in and transfers out were in accordance with the transfers approved in the budget process.

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Summary of Significant Accounting Policies**

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

**Plan Description**

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

Management of the plan is vested in the Township Board of Commissioners, which consists of five members. The Board of Commissioners is responsible for managing, investing and monitoring the Township's Police Pension Fund.

**Plan Membership** - At December 31, 2024, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	17
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>22</u>
	<u><u>42</u></u>

**Benefits Provided** - Plan provisions are established by Township ordinance. The plan provides retirement, disability and death benefits. A member is eligible for normal retirement after attainment of age 52 and completion of 25 years of service if hired before January 1, 2014, or age 54 and completion of 25 years of service if hired after January 1, 2014. Individuals are 100% vested after 12 years of service.

The retirement benefit is a monthly benefit equal to 50% of gross pay averaged over the last 36 months of employment, plus a service increment of \$100 for service in excess of 26 years. The death benefit before vesting is a refund of employee contributions.

**CALN TOWNSHIP**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2024

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

The death benefit after vesting and before retirement eligibility is a monthly survivor benefits equal to 50% of the participant's vested benefit commencing on the participant's normal retirement date. The death benefit after retirement eligibility is a monthly benefit equal to 50% of the pension the participant was receiving or was entitled to receive on the day of the participant's death. The monthly survivor benefits are payable to the participant's spouse for life. If there is no spouse or the spouse later dies, the benefit will be paid to the participant's dependent children, if any, until the age 18, or age 23 if attending college.

The disability benefit is a monthly benefit equal to 50% of the participant's final monthly average salary at disablement, but no less than 50% of the member's salary at the time of disability, offset by worker's compensation and social security disability for the same injury. There is no disability benefit for non-service related injury.

For the DROP benefit, the normal retirement benefit is deposited into a separate account and credited with investment results earned by the fund, for a maximum of 3 years. When DROP participation ends, the participant received the lump sum value of this account.

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

Active members will contribute 5% of their salary to the Plan. This contribution is governed by the Plan's governing ordinances and collective bargaining.

**Investments**

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

**Concentrations** - The plan places no limit on the amount that may be invested in any one issuer. At December 31, 2024, the Plan had the following investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds or other pooled investments) that represent 5% or more of Fiduciary Net Position.

EXCHANGE TRADED FUNDS	
SPDR S&P 500 ET	\$996,336

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Rate of Return** - For the year ended December 31, 2024, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 13.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

The components of the net pension liability (asset) of the Township at December 31, 2024, were as follows:

Total pension liability	\$ 13,886,367
Plan fiduciary net position	<u>(14,867,279)</u>
NET PENSION ASSET	<u>\$ (980,912)</u>
 Plan fiduciary net position as a percentage of the total pension liability	  <u>107.1%</u>

**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	2.75%
Salary increases	4.75% including inflation
Investment rate of return	6.75%

Mortality rates were based on the PubS-2010 mortality projected from the year 2015 with rates derived from the Long-Range Demographic Assumptions for the Social Security Administration's 2020 Trustee Report.

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

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2024 (see the plan's investment policy), are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity - Large Cap	4.09%-7.34%
US Equity - Small/Mid Cap	5.01%-9.06%
Non-US Equity - Developed	4.62%-8.26%
Non-US Equity - Emerging	5.65%-10.49%
US Corporate Bond - Core	0.88%-2.02%
US Corporate Bond - High Yield	2.80%-4.96%
Non-US Debt - Developed	0.44%-1.89%
Non-US Debt - Emerging	2.69%-4.76%
US Treasuries/Cash	0.07%-0.53%

**Discount Rate** - The discount rate used to measure the pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE H - 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)
	<u>          </u>	<u>          </u>	<u>          </u>
BALANCE AT DECEMBER 31, 2023	\$ 13,320,463	\$ 13,301,368	\$ 19,095
Changes for the year			
Service cost	300,855	-	300,855
Interest	898,412	-	898,412
Contributions			
Employer	-	336,206	(336,206)
Member	-	121,756	(121,756)
Net investment income	-	1,844,496	(1,844,496)
Benefit payments	(633,363)	(633,363)	-
Administrative expense	-	(103,184)	103,184
NET CHANGES	<u>565,904</u>	<u>1,565,911</u>	<u>(1,000,007)</u>
BALANCE AT DECEMBER 31, 2024	<u>\$ 13,886,367</u>	<u>\$ 14,867,279</u>	<u>\$ (980,912)</u>

***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*** - The following presents the net pension liability (asset) of the Township, calculated using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	<u>          </u>	<u>          </u>	<u>          </u>
Net pension liability (asset)	\$ <u>747,317</u>	\$ <u>(980,912)</u>	\$ <u>(2,416,991)</u>

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE H - 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, 2024, the Township recognized pension expense of (\$77,039). At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 820,525
Changes in assumptions	192,572	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>212,042</u>
<b>TOTALS</b>	<b>\$ <u>192,572</u></b>	<b>\$ <u>1,032,567</u></b>

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

<u>Year Ending December 31,</u>	
2025	\$ (152,829)
2026	63,507
2027	(400,632)
2028	(305,077)
2029	(44,964)
Thereafter	-

**CALN TOWNSHIP**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2024

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**NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN)**

**Summary of Significant Accounting Policies**

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

**Plan Description**

The Caln Township pension plan is a single-employer, defined benefit pension plan. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Annual Comprehensive Financial Report (ACFR). A copy of the ACFR can be obtained by contacting the PMRS accounting office.

**Plan Membership** - At December 31, 2023, 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	7
Active plan members	20
	<hr/>
	43
	<hr/> <hr/>

**Benefits Provided** - Plan provisions are established by Township ordinance. The plan provides retirement and limited death benefits. A member is eligible for normal retirement after attainment of age 60 with monthly benefits of years of service times the final salary times 2%, limited to 50% of final salary (average of final 5 years' salary). The plan vests after 12 years of service.

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

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

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)**

**Investments**

**Investment Policy** - The plan policy in regard to the allocation of invested assets is established and may be amended by the PMRS. It is the policy of the PMRS to pursue an investment strategy that (1) maintains a fully funded status with regard to accumulated retirement benefits obligations, (2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) maintains flexibility in determining the future level of contributions and (4) provides the ability to pay all benefit and expense obligations when due. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the plan's adopted asset allocation policy as of December 31, 2023:

Asset Class	Target Allocation
Domestic equities (large capitalized firms)	24.50%
Domestic equities (small capitalized firms)	8.00%
International equities (international developed markets)	14.50%
International equities (emerging markets)	3.00%
Global equities	5.00%
Real estate	10.00%
Timber	5.00%
Fixed income (Core Investment Grade)	24.00%
Fixed income (Opportunistic Credit)	5.00%
Cash	1.00%
	100%

Investments are reported at fair value. The fair value is the quoted market price. The plan's fair value of investments as of December 31, 2023, was \$7,900,534.

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

**Concentrations** - At December 31, 2023, none of the plan's individual investments exceeded 5% of the total portfolio.

**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 10.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)**

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

Total pension liability	\$ 7,797,246
Plan fiduciary net position	<u>(7,900,534)</u>
NET PENSION ASSET	<u>\$ (103,288)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>101.32%</u>

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.2%
Salary increases	Age related scale with merit and inflation component
Investment rate of return	5.25%

Mortality rates were based on the RP-2000 Mortality Tables.

The actuarial assumptions used in the December 31, 2023 valuation were based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 issued by the actuary in September 2020, covering the defined benefit plan participants and all retirees, as well as subsequent assumption changes approved by the Board. The assumption changes from the Experience Study were first used for the December 31, 2020 measurement date. Effective with the December 31, 2016 measurement date, the Investment Return Assumption for municipal assets decreased from 5.5% to 5.25%.

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE 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 equities (large capitalized firms)	4.89%
Domestic equities (small capitalized firms)	5.80%
International equities (international developed markets)	5.18%
International equities (emerging markets)	5.89%
Global equities	4.11%
Real estate	3.88%
Timber	3.25%
Fixed income (Core Investment Grade)	2.51%
Fixed income (Opportunistic Credit)	4.45%
Cash	0.89%

**Discount Rate** - The discount rate is based on the long-term expected rate of return on plan investments that are 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 (asset), to ultimately achieve a 100% funded status.

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)**

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
BALANCE AT DECEMBER 31, 2022	\$ 7,525,467	\$ 7,236,741	\$ 288,726
Changes for the year			
Service cost	148,328	-	148,328
Interest	395,816	-	395,816
Contributions			
Employer	-	176,257	(176,257)
PMRS assessment	-	1,040	(1,040)
Net investment income	-	374,661	(374,661)
Market value investment income (loss)	-	406,225	(406,225)
Benefit payments	(272,365)	(272,365)	-
PMRS administrative expense	-	(1,040)	1,040
Administrative expense	-	(20,985)	20,985
NET CHANGES	<u>271,779</u>	<u>663,793</u>	<u>(392,014)</u>
BALANCE AT DECEMBER 31, 2023	<u>\$ 7,797,246</u>	<u>\$ 7,900,534</u>	<u>\$ (103,288)</u>

***Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*** - The following presents the net pension liability (asset) of the Township, calculated using the discount rate of 5.25%, 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 (4.25%) or one percentage point higher (6.25%) than the current rate:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Net pension liability (asset)	\$ <u>810,318</u>	\$ <u>(103,288)</u>	\$ <u>(879,673)</u>

**CALN TOWNSHIP**

## NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2024

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**NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - For the year ended December 31, 2024, the Township recognized pension expense of \$32,352. At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>GOVERNMENTAL ACTIVITIES</b>		
Difference between expected and actual experience	\$ 4,771	\$ -
Net difference between projected and actual earnings on pension plan investments	247,448	-
Contributions subsequent to the measurement date	<u>192,513</u>	<u>-</u>
TOTALS	<u>\$ 444,732</u>	<u>\$ -</u>
<b>GOLF COURSE</b>		
Difference between expected and actual experience	\$ 385	\$ -
Net difference between projected and actual earnings on pension plan investments	19,979	-
Contributions subsequent to the measurement date	<u>15,543</u>	<u>-</u>
TOTALS	<u>\$ 35,907</u>	<u>\$ -</u>
<b>SOLID WASTE</b>		
Difference between expected and actual experience	\$ 83	\$ -
Net difference between projected and actual earnings on pension plan investments	4,300	-
Contributions subsequent to the measurement date	<u>3,345</u>	<u>-</u>
TOTALS	<u>\$ 7,728</u>	<u>\$ -</u>

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)**

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

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental</u> <u>Activities</u>	<u>Golf</u> <u>Course</u>	<u>Solid</u> <u>Waste</u>
2024	\$ (10,714)	\$ (865)	\$ (186)
2025	110,024	8,883	1,912
2026	226,895	18,319	3,943
2027	(73,986)	(5,973)	(1,286)
2028	-	-	-

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

**Plan Description**

The Township's post-employment healthcare plan is a single-employer defined benefit healthcare plan. The plan provides medical insurance benefits to eligible retirees and their spouses. The plan does not issue a financial reporting and is not included in the financials of any public employee retirement system or other entity.

**Plan Membership and Eligibility**

At December 31, 2024, the plan membership consisted of one currently retired participant receiving OPEB benefits. Only sworn police officers are eligible to participate in the plan. Officers are eligible upon retirement after 25 years of service.

**Benefits Provided**

Officers retiring after January 1, 2007 are permitted to obtain coverage through the Township's policy for themselves, their spouse and/or their dependents by reimbursing the Township for the charged premium less the monthly Township-paid benefit, if any. The amount of Township-paid benefit is:

- For officers who retired prior to 2010, \$500 per month
- For officers who retired in 2010, \$600 per month
- For the chief of police who retired in 2013, \$600 per month
- For all others, no reimbursement

The Township-paid benefit may also be applied toward other medical coverage that is comparable to the Township's coverage. The payment will be suspended if the retiree is employed with an entity that provides coverage equivalent to the Township's coverage for a cost of less than the monthly benefit from the Township or reduced if only a partial payment is required to make up the difference in coverage. The monthly benefit is payable under the earlier of the retiree's Medicare eligibility or the retiree's death.

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, to which update procedures were applied to roll the liability forward to the December 31, 2023 measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Annual trend rates	2023 - 7.5%, 2024 - 7.00%, 2025 - 6.5%, 2026 - 6.00%, 2027 - 5.50%, 2028 - 5.00%, 2029 - 4.75%
Discount rate	4.25% per year

Mortality rates were based on the 2010 Public Retirement Plan - Public Safety Mortality tables (PubS-2010).

Current covered retiree is assumed to continue to receive reimbursement until age 65. No future retirees are assumed to remain on the Township's coverage after retirement at their own expense.

The current retired participant receives \$3,217 in reimbursements for 2023. Reimbursements in future years are assumed to increase with trend up to the maximum of \$7,200.

**Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance at January 1, 2024	\$ 6,802
Changes for the year	
Interest	217
Benefit payments	<u>(3,438)</u>
Net changes	<u>(3,221)</u>
Balance at December 31, 2024	\$ <u><u>3,581</u></u>

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents 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 (3.25%) or 1-percentage-point higher (5.25%) than the current discount rate.

	1% Decrease <u>(3.25%)</u>	Discount Rate <u>(4.25%)</u>	1% Increase <u>(5.25%)</u>
Total OPEB liability	\$ <u>3,597</u>	\$ <u>3,581</u>	\$ <u>3,562</u>

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

The following presents 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 healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$ <u>3,514</u>	\$ <u>3,581</u>	\$ <u>3,647</u>

**NOTE K - UNEMPLOYMENT COMPENSATION**

The Township has elected the reimbursement method of paying unemployment compensation benefits. This method requires the Township to reimburse the State Unemployment Compensation Fund on a dollar-for-dollar basis for all claims and other charges made to its account. Repayments are made quarterly for claims paid by the state. Due to previous overpayments, the Township incurred \$877 claims for the year ended December 31, 2024.

**NOTE L - RISK MANAGEMENT**

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

**CALN TOWNSHIP**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**NOTE M - CALN TOWNSHIP MUNICIPAL AUTHORITY - TOWNSHIP/AUTHORITY ASSET PURCHASE AGREEMENT**

In 2015, the Authority and Caln Township entered into an asset purchase agreement whereby:

The Authority purchased the rights to 177 Equivalent Dwelling Units from the Township for \$553,125 to be paid to the Township over 10 years.

The Township transferred to the Authority title for the remaining sewer assets.

The Township assigned the South Baily Road Developers Contribution to the Authority.

The Township transferred to the Authority \$327,000, which was the balance of the Township's Sewer Capital Account.

The Authority relinquished its rights to the balance of the Township's Sewer Reserve Fund of \$520,726.

The Authority has assumed responsibility for the Township's liabilities to Pennsylvania American Water (PAW) under the March 10, 2005, Waste Water Conveyance System Agreement. Under the agreement, PAW will increase the capacity of the East End Trunk Lines which connect Caln Township to the PAW sewer plant in Coatesville. The work on the interceptor will be done in two phases. When the first phase one is completed and certified, the Authority will owe PAW an estimated \$400,000.

**NOTE N - CALN TOWNSHIP MUNICIPAL AUTHORITY - MANAGEMENT FEE - CALN TOWNSHIP**

The Authority has a management agreement with Caln Township. Under this agreement, the Township will provide management and other services for the Authority. The Agreement expires December 31, 2030. For the year ended December 31, 2024, the Authority paid the Township \$584,842 for personnel services and benefits, \$160,454 for management services and \$25,000 for rental of facilities.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	2024	2023	2022	2021	2020	2019
<b>TOTAL PENSION LIABILITY</b>						
Service cost	\$ 300,855	\$ 312,919	\$ 394,581	\$ 398,426	\$ 346,994	\$ 350,524
Interest	898,412	859,638	862,780	813,729	813,019	767,745
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(737,153)	-	(684,200)	-	(992,094)
Changes of assumptions	-	17,783	-	437,987	-	-
Benefit payments	(633,363)	(540,294)	(466,669)	(496,104)	(551,752)	(386,951)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>565,904</b>	<b>(87,107)</b>	<b>790,692</b>	<b>469,838</b>	<b>608,261</b>	<b>(260,776)</b>
Total pension liability, beginning	13,320,463	13,407,570	12,616,878	12,147,040	11,538,779	11,799,555
<b>TOTAL PENSION LIABILITY, ENDING (a)</b>	<b>\$ 13,886,367</b>	<b>\$ 13,320,463</b>	<b>\$ 13,407,570</b>	<b>\$ 12,616,878</b>	<b>\$ 12,147,040</b>	<b>\$ 11,538,779</b>
<b>PLAN FIDUCIARY NET POSITION</b>						
Contributions						
Employer	\$ 336,206	\$ 525,085	\$ 627,459	\$ 664,132	\$ 671,632	\$ 737,038
Member	121,756	97,617	97,731	91,407	94,331	87,936
Net investment income (loss)	1,844,496	1,144,508	(1,454,627)	1,693,793	1,184,333	1,514,009
Benefit payments, including refunds of member contributions	(633,363)	(540,294)	(466,669)	(496,104)	(551,752)	(386,951)
Administrative expense	(103,184)	(75,605)	(97,091)	(79,116)	(76,023)	(72,402)
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>1,565,911</b>	<b>1,151,311</b>	<b>(1,293,197)</b>	<b>1,874,112</b>	<b>1,322,521</b>	<b>1,879,630</b>
Plan fiduciary net position, beginning	13,301,368	12,150,057	13,443,254	11,569,142	10,246,621	8,366,991
<b>PLAN FIDUCIARY NET POSITION, ENDING (b)</b>	<b>\$ 14,867,279</b>	<b>\$ 13,301,368</b>	<b>\$ 12,150,057</b>	<b>\$ 13,443,254</b>	<b>\$ 11,569,142</b>	<b>\$ 10,246,621</b>
<b>NET PENSION LIABILITY (ASSET), ENDING (a)-(b)</b>	<b>\$ (980,912)</b>	<b>\$ 19,095</b>	<b>\$ 1,257,513</b>	<b>\$ (826,376)</b>	<b>\$ 577,898</b>	<b>\$ 1,292,158</b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>107.06%</b>	<b>99.86%</b>	<b>90.62%</b>	<b>106.55%</b>	<b>95.24%</b>	<b>88.80%</b>
<b>COVERED PAYROLL</b>	<b>\$ 2,418,074</b>	<b>\$ 2,117,405</b>	<b>\$ 1,607,204</b>	<b>\$ 1,831,588</b>	<b>\$ 1,886,616</b>	<b>\$ 1,783,674</b>
<b>NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL</b>	<b>-40.57%</b>	<b>0.90%</b>	<b>78.24%</b>	<b>-45.12%</b>	<b>30.63%</b>	<b>72.44%</b>

**NOTES TO SCHEDULE**

*Changes of Assumptions:* In 2021 the inflation assumption was lowered from 2.75% to 2.50%, interest rate reduced from 7.0% to 6.75%, salary increase lowered from 5.0% to 4.75%, mortality updated from RP-2014 mortality table with 50% Blue-Collar Adjustment and projected mortality improvement based on the Long-Range Demographic Assumptions for the 2015 Social Security Administration's (SSA) Trustee Report to the PubS-2010 mortality table and mortality improvement project from the base year 2015 with rates derived from the Long-Range Demographic Assumptions for the SSA's 2020 Trustee Report; disability updated from the ultimate rates of disability incidence in the SSA's 2010 Trustees' Report to the ultimate rates of disability incidence in the SSA's 2020 Trustees' Report. In 2017 the inflation assumption was lowered from 3.0% to 2.75%, the mortality assumption was updated from RP-2000 Combined Healthy Mortality table to RP-2014 Mortality Tables, and the disability assumption was updated from 60% of the rates from Advanced Pension Tables to rates based on the Social Security Administration's 2010 projections of disability incidence. In 2015, the interest rate assumption was lowered from 7.5% to 7.0%.

*Changes of Benefits:* In 2015 the minimum age for normal retirement was increased from 52 to 54 for those hired after January 1, 2014, and a survivor benefit was added for the spouse of a participant who dies before normal retirement disability but after vesting.

2018	2017	2016	2015
\$ 392,102	\$ 373,430	\$ 317,220	\$ 302,114
781,750	724,257	674,711	629,617
-	-	-	202,140
-	(227,179)	-	(104,991)
-	191,565	-	523,605
(295,136)	(294,919)	(314,207)	(291,435)
878,716	767,154	677,724	1,261,050
10,920,839	10,153,685	9,475,961	8,214,911
<u>\$ 11,799,555</u>	<u>\$ 10,920,839</u>	<u>\$ 10,153,685</u>	<u>\$ 9,475,961</u>
\$ 670,139	\$ 721,776	\$ 546,388	\$ 539,937
86,622	94,030	93,087	91,959
(180,915)	971,352	526,989	50,021
(295,136)	(294,919)	(314,207)	(291,435)
(70,950)	(56,401)	(48,337)	(42,856)
209,760	1,435,838	803,920	347,626
8,157,231	6,721,393	5,917,473	5,569,847
<u>\$ 8,366,991</u>	<u>\$ 8,157,231</u>	<u>\$ 6,721,393</u>	<u>\$ 5,917,473</u>
<u>\$ 3,432,564</u>	<u>\$ 2,763,608</u>	<u>\$ 3,432,292</u>	<u>\$ 3,558,488</u>
<u>70.91%</u>	<u>74.69%</u>	<u>66.20%</u>	<u>62.45%</u>
<u>\$ 1,747,000</u>	<u>\$ 1,571,340</u>	<u>\$ 1,932,398</u>	<u>\$ 1,806,387</u>
<u>196.48%</u>	<u>175.88%</u>	<u>177.62%</u>	<u>196.99%</u>

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

	2024	2023	2022	2021	2020
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 336,206	\$ 525,085	\$ 627,459	\$ 664,132	\$ 671,632
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>336,206</u>	<u>525,085</u>	<u>627,459</u>	<u>664,132</u>	<u>671,632</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 2,418,074</u>	<u>\$ 2,117,405</u>	<u>\$ 1,607,204</u>	<u>\$ 1,831,588</u>	<u>\$ 1,886,616</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>13.90%</u>	<u>24.80%</u>	<u>39.04%</u>	<u>36.26%</u>	<u>35.60%</u>

**NOTES TO SCHEDULE**

Valuation date: January 1, 2023                      January 1, 2021                      January 1, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar	Level dollar
Remaining amortization period	16 years	5 years	7 years
Asset valuation method	4-year smoothing	4-year smoothing	4-year smoothing
Inflation	2.75%	2.50%	2.75%
Salary increases	4.75% including inflation	4.75% annual increase	5.0% annual increase
Investment rate of return			
Retirement age	Normal Retirement Age, or attained age if currently eligible to retire	Normal Retirement Age, or attained age if currently eligible to retire	Normal Retirement Age, or attained age if currently eligible to retire
Mortality	PubS-2010 Mortality Table	PubS-2010 Mortality Table	RP-2014 Mortality Table with 50% blue collar adjustment

2019	2018	2017	2016	2015
\$ 737,038	\$ 670,139	\$ 721,776	\$ 546,388	\$ 539,937
<u>737,038</u>	<u>670,139</u>	<u>721,776</u>	<u>546,388</u>	<u>539,937</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 1,783,674</u>	<u>\$ 1,747,000</u>	<u>\$ 1,571,340</u>	<u>\$ 1,932,398</u>	<u>\$ 1,806,387</u>
<u>41.32%</u>	<u>38.36%</u>	<u>45.93%</u>	<u>28.28%</u>	<u>29.89%</u>

January 1, 2017

January 1, 2015

Entry age normal  
Level dollar  
9 years  
4-year smoothing  
2.75%  
5.0% annual increase  
Normal Retirement Age, or  
attained age if currently  
eligible to retire  
RP-2014 Mortality Table  
with 50% blue collar adjustment

Entry age normal  
Level dollar  
10 years  
4-year smoothing  
3.0%  
5.0% annual increase  
7.0%  
Normal Retirement Age, or  
attained age if currently  
eligible to retire  
RP-2000 Combined Healthy  
Mortality Table

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

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	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>13.94%</u>	<u>9.52%</u>	<u>-10.89%</u>	<u>14.84%</u>	<u>12.65%</u>	<u>18.32%</u>

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<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
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<u>-2.22%</u>	<u>14.46%</u>	<u>8.95%</u>	<u>0.91%</u>
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**CALN TOWNSHIP**  
**SCHEDULE OF CHANGES IN THE NET EMPLOYEE**  
**PENSION PLAN LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**

	2023	2022	2021	2020
<b>TOTAL PENSION LIABILITY</b>				
Service cost	\$ 148,328	\$ 160,732	\$ 144,621	\$ 139,524
Interest	395,816	382,240	369,088	353,546
Differences between expected and actual experience	-	10,477	-	(161,473)
Changes of assumptions	-	-	-	229,985
Transfers	-	-	-	-
Benefit payments	(272,365)	(292,293)	(266,655)	(274,502)
NET CHANGE IN TOTAL PENSION LIABILITY	271,779	261,156	247,054	287,080
Total pension liability, beginning	7,525,467	7,264,311	7,017,257	6,730,177
<b>TOTAL PENSION LIABILITY, ENDING (a)</b>	<b>\$ 7,797,246</b>	<b>\$ 7,525,467</b>	<b>\$ 7,264,311</b>	<b>\$ 7,017,257</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions, employer	\$ 176,257	\$ 185,155	\$ 196,343	\$ 189,728
Contributions-PMRS assessment	1,040	980	920	960
Net investment income	780,886	(1,273,923)	1,016,934	990,922
Transfers	-	-	-	-
Benefit payments, including refunds of member contributions	(272,365)	(292,293)	(266,655)	(274,502)
Administrative expense	(22,025)	(20,957)	(21,431)	(15,250)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	663,793	(1,401,038)	926,111	891,858
Plan fiduciary net position, beginning	7,236,741	8,637,779	7,711,668	6,819,810
<b>PLAN FIDUCIARY NET POSITION, ENDING (b)</b>	<b>\$ 7,900,534</b>	<b>\$ 7,236,741</b>	<b>\$ 8,637,779</b>	<b>\$ 7,711,668</b>
<b>NET PENSION LIABILITY (ASSET), ENDING (a)-(b)</b>	<b>\$ (103,288)</b>	<b>\$ 288,726</b>	<b>\$ (1,373,468)</b>	<b>\$ (694,411)</b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>101.32%</b>	<b>96.16%</b>	<b>118.91%</b>	<b>109.90%</b>
<b>COVERED PAYROLL</b>	<b>\$ 1,225,014</b>	<b>\$ 1,401,398</b>	<b>\$ 1,260,933</b>	<b>\$ 1,214,831</b>
<b>NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL</b>	<b>-8.43%</b>	<b>20.60%</b>	<b>-108.92%</b>	<b>-57.16%</b>

**NOTE TO SCHEDULE**

Changes of Assumption: In 2016, the investment return assumption for municipal assets decreased from 5.5% to 5.25%. In 2015, assumptions based on the PMRS Experience Study for the period January 1, 2009 through December 31, 2013, issued by the actuary in July 2015 first effective.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	139,398	\$ 117,774	\$ 132,234	\$ 126,079	\$ 163,685	\$ 163,943
	342,067	327,526	315,537	330,966	315,015	297,960
	-	48,976	-	(465,478)	-	51,493
	-	-	-	160,170	43,001	-
	-	-	-	-	(54,333)	-
	<u>(251,684)</u>	<u>(226,482)</u>	<u>(183,979)</u>	<u>(146,841)</u>	<u>(185,739)</u>	<u>(167,020)</u>
	229,781	267,794	263,792	4,896	281,629	346,376
	<u>6,500,396</u>	<u>6,232,602</u>	<u>5,968,810</u>	<u>5,963,914</u>	<u>5,682,285</u>	<u>5,335,909</u>
\$	<u><u>6,730,177</u></u>	<u><u>6,500,396</u></u>	<u><u>6,232,602</u></u>	<u><u>5,968,810</u></u>	<u><u>5,963,914</u></u>	<u><u>5,682,285</u></u>
\$	186,829	\$ 212,182	\$ 225,384	\$ 210,377	\$ 214,845	\$ 168,903
	800	-	-	-	-	-
	1,182,473	(297,727)	876,668	354,999	(129,212)	121,647
	-	-	-	-	(54,333)	-
	(251,684)	(226,482)	(183,979)	(146,841)	(185,739)	(167,020)
	<u>(11,860)</u>	<u>(13,498)</u>	<u>(13,220)</u>	<u>(14,381)</u>	<u>(12,147)</u>	<u>(11,018)</u>
	1,106,558	(325,525)	904,853	404,154	(166,586)	112,512
	<u>5,713,252</u>	<u>6,038,777</u>	<u>5,133,924</u>	<u>4,729,770</u>	<u>4,896,356</u>	<u>4,783,844</u>
\$	<u><u>6,819,810</u></u>	<u><u>5,713,252</u></u>	<u><u>6,038,777</u></u>	<u><u>5,133,924</u></u>	<u><u>4,729,770</u></u>	<u><u>4,896,356</u></u>
\$	<u><u>(89,633)</u></u>	<u><u>787,144</u></u>	<u><u>193,825</u></u>	<u><u>834,886</u></u>	<u><u>1,234,144</u></u>	<u><u>785,929</u></u>
	<u>101.33%</u>	<u>87.89%</u>	<u>96.89%</u>	<u>86.01%</u>	<u>79.31%</u>	<u>86.17%</u>
\$	<u><u>1,213,732</u></u>	<u><u>1,101,613</u></u>	<u><u>1,236,865</u></u>	<u><u>1,413,358</u></u>	<u><u>1,648,354</u></u>	<u><u>1,672,957</u></u>
	<u><u>-7.38%</u></u>	<u><u>71.45%</u></u>	<u><u>15.67%</u></u>	<u><u>59.07%</u></u>	<u><u>74.87%</u></u>	<u><u>46.98%</u></u>

**CALN TOWNSHIP**  
**SCHEDULE OF EMPLOYEE**  
**PENSION PLAN CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 177,117	\$ 186,095	\$ 197,223	\$ 190,628
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>177,297</u>	<u>186,135</u>	<u>197,263</u>	<u>190,688</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ (180)</u>	<u>\$ (40)</u>	<u>\$ (40)</u>	<u>\$ (60)</u>
COVERED PAYROLL	<u>\$ 1,225,014</u>	<u>\$ 1,401,398</u>	<u>\$ 1,260,933</u>	<u>\$ 1,214,831</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>14.47%</u>	<u>13.28%</u>	<u>15.64%</u>	<u>15.70%</u>

**NOTES TO SCHEDULE**

Valuation date: January 1, 2021 January 1, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age, normal	Entry age, normal
Amortization method	Level dollar	Level dollar
Asset valuation method	Based upon the municipal reserves	Based upon the municipal reserves
Inflation	2.2%	2.8%
Salary increases	Age related scale	Age related scale
Investment rate of return	5.25%	5.25%
Retirement age	Age related range	Age related range
Mortality	MP-2018 Mortality Table	RP 2000 Combined Healthy Mortality Table

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 187,609	\$ 212,062	\$ 225,364	\$ 210,357	\$ 214,825	\$ 168,843
<u>187,629</u>	<u>212,182</u>	<u>225,384</u>	<u>210,377</u>	<u>214,845</u>	<u>168,903</u>
\$ <u>(20)</u>	\$ <u>(120)</u>	\$ <u>(20)</u>	\$ <u>(20)</u>	\$ <u>(20)</u>	\$ <u>(60)</u>
\$ <u>1,213,732</u>	\$ <u>1,101,613</u>	\$ <u>1,236,685</u>	\$ <u>1,413,358</u>	\$ <u>1,648,354</u>	\$ <u>1,672,957</u>
<u>15.46%</u>	<u>19.26%</u>	<u>18.22%</u>	<u>14.88%</u>	<u>13.03%</u>	<u>10.10%</u>

January 1, 2017

January 1, 2015

January 1, 2013

Entry age, normal  
Level dollar  
Based upon the municipal reserves  
2.8%  
Age related scale  
5.3%  
Age related range  
RP 2000 Combined Healthy  
Mortality Table

Entry age, normal  
Level dollar  
Based upon the municipal reserves  
3.0%  
Age related scale  
5.5%  
Age related range  
RP 2000 Combined Healthy  
Mortality Table

Entry age, normal  
Level dollar  
Based upon the municipal reserves  
3.0%  
Age related scale  
5.5%  
Age related range  
RP 2000 Combined Healthy  
Mortality Table

**CALN TOWNSHIP****SCHEDULE OF CHANGES IN THE TOTAL OTHER  
POSTEMPLOYMENT BENEFIT PLAN LIABILITY  
LAST SIX FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL OPEB LIABILITY						
Interest	\$ 217	\$ 344	\$ 303	\$ 376	\$ 622	\$ 708
Changes for experience	-	(991)	-	384	-	-
Changes of assumptions	-	(32)	-	590	-	-
Benefit payments	<u>(3,438)</u>	<u>(3,217)</u>	<u>(3,394)</u>	<u>(3,248)</u>	<u>(3,041)</u>	<u>(2,916)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(3,221)	(3,896)	(3,091)	(1,898)	(2,419)	(2,208)
TOTAL OPEB LIABILITY, BEGINNING	<u>6,802</u>	<u>10,698</u>	<u>13,789</u>	<u>15,687</u>	<u>18,106</u>	<u>20,314</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 3,581</u>	<u>\$ 6,802</u>	<u>\$ 10,698</u>	<u>\$ 13,789</u>	<u>\$ 15,687</u>	<u>\$ 18,106</u>

**NOTES TO SCHEDULE**

**Changes in assumptions** - For 2023, the assumed discount rate increased from 2.5% to 4.25%. The assumed inflation increased from 2.5% to 2.75%. Trend rates modified from 5% per year to a schedule of rates declining by year from 7.50% in 2023 to 4.75% in 2029 and later. For 2021, the assumed discount rate was changed from 3.75% to 2.50%. The mortality assumption was updated from RP-2014 Combined Healthy Mortality Table with 50% blue collar adjustment to the 2010 Public Retirement Plan - Public Safety mortality tables (PubS-2010). The mortality improvement was updated from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report to those from the 2020 SSA Trustee Report, projected from the year 2015.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.