

**EAST NORRITON TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2023

EAST NORRITON TOWNSHIP
MONTGOMERY COUNTY, PENNSYLVANIA
December 31, 2023

TABLE OF CONTENTS

Independent Auditors' Report.....	5-7
Management's Discussion and Analysis	8-16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17-18
Statement of Activities.....	19-20
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	21
Reconciliation of the Balance Sheet for Governmental Funds to the Statement of Government-wide Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities.....	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund.....	25
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Fiscal Recovery Fund	26
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Park and Recreation Capital Fund	27
Statement of Revenues, Expenditures and Changes in Fund Statement of Net Position - Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30
Statement of Fiduciary Net Position - Fiduciary Funds.....	31
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	32
Notes to Financial Statements	33-69

Required Supplementary Information:

Schedule of Changes in the Net Pension Liability and Related Ratios - Police Pension Plan.....	71-72
Schedule of Contributions - Police Pension Plan	73
Schedule of Changes in the Net Pension Liability and Related Ratios - Non Uniformed Pension Plan	74-75
Schedule of Contributions - Non Uniformed Pension Plan.....	76
Schedule of Changes in the Net OPEB Liability and Related Ratios - Police.....	77

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet - Nonmajor Governmental Funds.....	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	80
Combining Statement of Net Position - Fiduciary Funds.....	81
Combining Statement Changes in Net Position - Fiduciary Funds.....	82



936 Easton Rd., PO Box 754, Warrington, PA 18976 | 130 Almshouse Rd. Suite 201A, Richboro, PA 18954
215-343-2727 | www.bbco-cpa.com

INDEPENDENT AUDITORS' REPORT

Board of Township Supervisors
East Norriton Township, Pennsylvania

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Norriton Township (Township), Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, fiscal recovery, and park and recreation fund, 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. 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 East Norriton Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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


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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and the historical trend information 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Norriton Township, Pennsylvania's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
June 19, 2024

EAST NORRITON TOWNSHIP

Management's Discussion and Analysis

December 31, 2023

The management discussion and analysis document offers readers of these financial statements a narrative overview and analysis of the financial activities of East Norriton Township, Pennsylvania for the fiscal year ended December 31, 2023. Readers are encouraged to consider the information here in conjunction with the Township's financial statements, which immediately follow this section.

The Management Discussion and Analysis is an element of the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in this section.

Financial Highlights of 2023

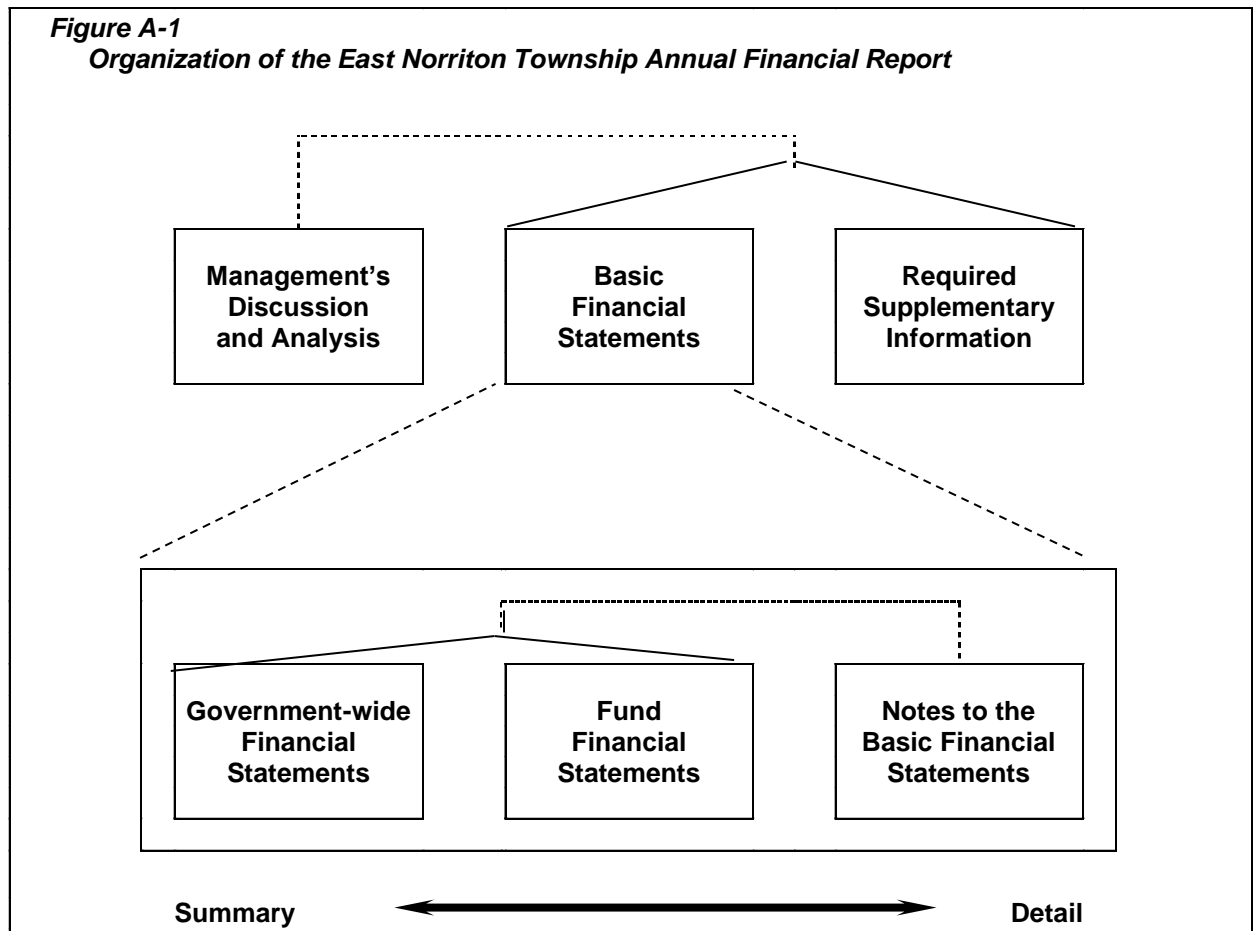
- There were significant increases in infrastructure investments including construction of a new multi-purpose building to accommodate the growing number of program offerings for Township residents.
- The Township continued its emphasis on financial processes that promote procurement efficiencies and helped control spending and create cost savings across all departments and funds.
- Overall tax collections experienced another record year totaling \$8,879,317, an increase of 3.1% over 2022 \$8,606,757. This was despite significant negative pressures on property resale tax revenue which declined 24% due to market increases in mortgage rates.
- Earned Income Tax revenue posted a 7.5% increase over 2022 (\$3,614,796 vs \$3,361,788) indicative of a strong Township labor market.
- 2023's stock market rebound from 2022's negative performance resulted in annual net returns of 11.3% (police) and 9.48% (non-uniformed) for the Township's two defined benefit pension plans. This helped decrease net pension liability to \$4,801,035 in 2023 compared to \$7,005,374 in 2022.
- The Township overall debt decreased 26.8% or \$2,654,289 as of December 31, 2023.
- The combination of strong revenue and controlled expenses negated the anticipated use of fund balance in the General Fund in 2023.
- The Township's general fund unassigned fund balance rose to \$5,535,024 compared to 2022's \$5,369,408.

Overview of the Financial Statements

This discussion and analysis document is intended to serve as an introduction to East Norriton Township's basic financial statements. The statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes and other required supplementary information. The basic financial statements present two different views of the Township through the use of government-wide statements and fund financial statements. In addition, this report contains other supplemental information that will enhance the reader's understanding the financial condition of East Norriton Township.

FINANCIAL STATEMENTS

Figure A-1 illustrates how the various sections of this annual report are arranged and related to each other. Each section is described in further detail following Figure A-1.



BASIC FINANCIAL STATEMENTS. The basic financial statements are comprised of three segments - government-wide financial statements, fund financial statements, and notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. Reports provided include 1) the statement of net position and 2) changes in net position from operating results.

The statement of net position reports information on all the Township's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may be a useful indicator of whether the financial position of the Township is improving or deteriorating. To assess the Township's overall financial health, you need to consider additional non-financial factors such as changes in the Township's property tax base and the condition of highways and other infrastructures.

EAST NORRITON TOWNSHIP

Management's Discussion and Analysis

December 31, 2023

The changes in net position from operating results presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as events occur, regardless of the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., tax receivables, uncompensated absences, and accrued payroll).

In the government-wide financial statements, the Township's activities are divided into two categories - governmental activities and business-type activities. The governmental activities of the Township include general government, public safety, public works, parks and recreation, zoning and code enforcement, and other public services and are principally supported by taxes and intergovernmental revenue. The business-type activities of the Township include the sewer revenue fund and are supported entirely or in a large part through user fees and charges.

FUND FINANCIAL STATEMENTS. The fund financial statements provide more detailed information about the Township's funds, focusing on its most significant or 'major' funds - not the Township as a whole. East Norriton Township, like other local governments, uses fund accounting to track specific sources of funding and spending on particular programs as may be required by state law or bond covenants, or to control and manage money for particular purposes (such as repaying its long-term debts), or to show that it is properly using certain revenues (such as federal grants). All the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Most of the Township's basic services are included in governmental funds which generally focus on 1) how cash, and other financial assets that can be readily converted to cash, flow in and out and 2) the balances available at the end of the fiscal year. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information explains the relationship (or differences) between them. East Norriton Township maintains nine individual governmental funds, the largest of which is the general fund. Annual budgets are adopted for each fund.

Proprietary funds. Services for which the Township charges a fee are generally reported in the proprietary fund statements. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The Township's enterprise fund is the same as its business-type activities but provides more detail and additional information, such as cash flows. East Norriton Township maintains a single proprietary fund - the sewer revenue fund - used to track the operations of its sanitary sewer collection system.

Fiduciary funds. The Township is the trustee, or fiduciary, for assets that belong to others, such as the pension plans. The Township is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Township excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. The Township's two fiduciary funds are pension trust funds for the police and non-uniformed personnel.

NOTES AND OTHER REQUIRED SUPPLEMENTAL INFORMATION. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the pension plans of the Township.

EAST NORRITON TOWNSHIP
 Management’s Discussion and Analysis
 December 31, 2023

Figure A-2 summarizes the major features of the Township’s financial statements, including the portion of the Township’s activities they cover and the types of information they contain.

<i>Figure A-2 Major Features of the Government-Wide and Fund Financial Statements</i>				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire Township (except Fiduciary Funds)	The activities of the Township that are not proprietary or fiduciary	Activities the Township operates similar to private businesses: Sewer Revenue Account	Instances in which the Township administers resources on behalf of someone else, such as pension plans
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of revenues, expenses and changes in Net Position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

EAST NORRITON TOWNSHIP
Management's Discussion and Analysis
December 31, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the end of the fiscal year, the Township is able to report positive balances of net position, both for the government as a whole, as well as for its separate governmental and business-type activities (there are no restricted assets in the Township's business-type activities). As indicated in Figure A-3, the assets and deferred outflows of resources for East Norriton Township as a whole exceeded its liabilities and deferred inflows of resources at the end of the year by \$34,392,929.

Figure A-3 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$ 27,340,944	\$ 28,344,998	\$ 164,062	\$ 69,507	\$ 27,505,006	\$ 28,414,505
Capital Assets	12,948,187	10,963,796	-	-	12,948,187	10,963,796
Total Assets	<u>40,289,131</u>	<u>39,308,794</u>	<u>164,062</u>	<u>69,507</u>	<u>40,453,193</u>	<u>39,378,301</u>
Deferred Outflows of Resources	<u>2,786,254</u>	<u>4,665,801</u>	<u>-</u>	<u>-</u>	<u>2,786,254</u>	<u>4,665,801</u>
Long-Term Liabilities	7,179,975	9,835,813	-	-	7,179,975	9,835,813
Other Liabilities	<u>530,868</u>	<u>647,947</u>	<u>85,683</u>	<u>14,544</u>	<u>616,551</u>	<u>662,491</u>
Total Liabilities	<u>7,710,843</u>	<u>10,483,760</u>	<u>85,683</u>	<u>14,544</u>	<u>7,796,526</u>	<u>10,498,304</u>
Deferred Inflows of Resources	<u>1,049,992</u>	<u>501,566</u>	<u>-</u>	<u>-</u>	<u>1,049,992</u>	<u>501,566</u>
Net Position						
Net Investment in Capital Assets	12,846,720	10,810,698	-	-	12,846,720	10,810,698
Restricted	926,613	700,941	-	-	926,613	700,941
Unrestricted	<u>20,541,217</u>	<u>21,477,630</u>	<u>78,379</u>	<u>54,963</u>	<u>20,619,596</u>	<u>21,532,593</u>
Total Net Position	<u>\$ 34,314,550</u>	<u>\$ 32,989,269</u>	<u>\$ 78,379</u>	<u>\$ 54,963</u>	<u>\$ 34,392,929</u>	<u>\$ 33,044,232</u>

Several noteworthy aspects of the Township's financial operations actively influenced the net position numbers for the year including:

- The Township's commitment to infrastructure investment including construction of a new multi-purpose building to accommodate the growing number of program offerings for Township residents.
- Positive investment returns for the Township's two defined benefit pension plans facilitated a reduction in long-term pension liabilities.
- Continued emphasis on, and acceptance of financial processes promoting departmental procurement efficiencies and focus on departmental budget monitoring responsibilities.
- Increased communication emphasizing the Township's financials and their important relationship to the financial health of our residential and business communities.

EAST NORRITON TOWNSHIP
Management's Discussion and Analysis
December 31, 2023

Figure A-4 Condensed Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 1,037,280	\$ 999,539	\$ 21,002	\$ 6,300	\$ 1,058,282	\$ 1,005,839
Operating grants and contributions	1,048,107	1,085,683	10,120	11,040	1,058,227	1,096,723
Capital grants and contributions	513,605	1,530,340	-	-	513,605	1,530,340
General revenues:						
Property taxes	2,650,320	2,614,079	-	-	2,650,320	2,614,079
Other taxes	6,308,253	6,075,795	-	-	6,308,253	6,075,795
Grants and contributions not restricted to specific programs	-	500	-	-	-	500
Investment income and rent	1,138,199	464,204	4,446	1,804	1,142,645	466,008
Miscellaneous	831,063	691,021	-	57,898	831,063	748,919
Total Revenues	13,526,827	13,461,161	35,568	77,042	13,562,395	13,538,203
Expenses:						
General government	1,561,425	1,312,232	-	-	1,561,425	1,312,232
Public safety	5,140,723	5,091,358	-	-	5,140,723	5,091,358
Highways and streets	1,156,389	2,809,035	-	-	1,156,389	2,809,035
Culture and recreation	1,037,607	804,758	-	-	1,037,607	804,758
Miscellaneous	3,607,718	3,931,567	-	-	3,607,718	3,931,567
Debt service interest	4,360	11,825	-	-	4,360	11,825
Sewer	-	-	452,318	481,633	452,318	481,633
Total Expenses	12,508,222	13,960,775	452,318	481,633	12,960,540	14,442,408
Change in Net Position Before Transfers and Special Item	1,018,605	(499,614)	(416,750)	(404,591)	601,855	(904,205)
Gain (loss) on sale of assets	-	-	-	-	-	-
Transfers, Net	(440,166)	(700,166)	440,166	700,166	-	-
Change in Net Position	578,439	(1,199,780)	23,416	295,575	601,855	(904,205)
Net Position - Beginning of Year	33,736,111	34,189,049	54,963	(240,612)	33,791,074	33,948,437
Net Position - End of Year	\$ 34,314,550	\$ 32,989,269	\$ 78,379	\$ 54,963	\$ 34,392,929	\$ 33,044,232

Governmental activities. East Norriton Township receives the majority of its operating revenues from taxes commonly referred to as Act 511 Taxes (Earned Income, Business Privilege, Local Services, and Real Estate Transfer Taxes) and Real Estate Taxes. Three of the four Act 511 categories reached milestone highs with Earned Income tax collections surpassing \$3.6 million. The market increase of mortgage rates resulted in a slowdown in property resales and Real Estate Transfer taxes declined compared to 2022. In aggregate, Act 511 Tax revenue exceeded original budget projections and rose 3.9% over 2022. Real Estate Tax collections remained steady at \$2,650,320 compared to 2022's \$2,614,079.

The Township consistently receives a significant amount of revenues each year in the form of Pennsylvania State grants. These annual revenues are Liquid Fuels Grant, Pension State Aid Grant, Recycling Performance Grant, and the Fireman's Relief Fund Grant.

EAST NORRITON TOWNSHIP

Management's Discussion and Analysis

December 31, 2023

East Norriton Township operates a substantial parks and recreation program throughout the Township. The Township typically provides its residents an extensive offering of recreation programs and participation in these programs are funded largely through user fees. Additionally, the Township has brought renewed focus on its senior citizen population by offering a full range of programs and activities for the population group.

Continued controlled spending, aggressive tax collection, licenses and permits, improvements, and scheduled debt reduction all remain components of a long-term strategy to realize positive fiscal health.

Business-type activities. Prior to its sale in June 2020, East Norriton Township was the owner and operator of a sanitary sewer collection system which provided service to almost five thousand (5,000) Township properties. The Township continues to be a member of the East Norriton-Plymouth-Whitpain Joint Sewer Authority ("JSA") which provides 100 percent of the sewer treatment services for the collection system. The Sewer Revenue Fund is the Township's sole proprietary fund and makes up all the business-type activities.

The net position for all business-type activities was \$78,379 in 2023 as the Township continued expensing costs associated with closing down the sewer collection system. After all costs are reallocated and system activities cease, the Township's business type activities will have ended.

TOWNSHIP FUNDS FINANCIAL ANALYSIS

Governmental Funds. The East Norriton Township Board of Supervisors annually approves budgets for all Township funds and authorizes the associated funding sources. As part of the annual budget process for 2023, the Board of Supervisors reviewed multi-year financial projections of the Township's governmental funds. Financial reports are reviewed throughout the year and expenditures are approved at each monthly public meeting.

The fund balance for all governmental funds contracted to \$26,633,939, a decline from the prior year total of \$27,410,457. As stated elsewhere, the decrease is attributed largely to significant increases in infrastructure spending, particularly construction of the Township's new multi-purpose building, and in the areas of highways and streets, combined with marginal increases in non-grant and contributions revenue for the year.

The general fund is the chief operating fund of East Norriton Township. East Norriton Township's fiscal policy requires that the Township maintain an available fund balance equal to 16.7 percent of operating expenditures, plus transfers out, in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Township. The December 31, 2023 fund balance satisfies that policy.

East Norriton Township maintains various park facilities throughout the Township in addition to providing an extensive offering of recreation programs to its residents. Participation in these programs is funded through user fees and the parks and recreation fund, along with the parks and recreation capital fund, are part of the Township's governmental funds group.

Street light and fire protection services are provided by the Township and funded through annual tax assessments. Capital projects are also financed through tax assessments. All monies are maintained in separate funds as required by law. These funds are classified as non-major governmental funds and comprise the remainder of the governmental funds.

EAST NORRITON TOWNSHIP

Management's Discussion and Analysis

December 31, 2023

Proprietary Funds. As mentioned elsewhere in this discussion, prior to its sale in June 2020, the Township maintained a sanitary sewer collection system. The sewer revenue fund is used to manage operating expenses and collect fees for the system. The Board of Supervisors reviews and publicly approves this fund's financial reports monthly.

As of December 31, 2023, the sewer revenue fund total net position was \$78,379, a marginal increase from the 2022 net position of \$54,963. These net position fluctuations should diminish as significant expenditures are no longer charged to this fund and revenue collections are limited to accounts with declining pre-sale balances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. East Norriton Township's investment in capital assets for its governmental and business-type activities rose \$1,237,549 to \$12,948,187 (net of accumulated depreciation) as of December 31, 2023. The Township's capital assets include roads, land and land improvements, machinery, equipment, and vehicles.

Capital assets are generally acquired through the Township's capital projects fund, which has a dedicated funding source via real estate taxes. Assets are additionally acquired through the use of funds received from the Commonwealth of Pennsylvania through its annual allocation of motor vehicle fuel tax monies. Figure A-5 summarizes the Township's capital assets as of December 31, 2023.

Figure A-5 Capital Asset Activity for the year ended December 31, 2023

	Beginning Balance	Net Additions (Deletions)	Ending Balance
Non-Depreciable Assets			
Land	\$ 2,417,243	\$ -	\$ 2,417,243
Infrastructure	5,090,699	-	5,090,699
Other Capital Assets			
Land improvements	4,570,457	(143,577)	4,426,880
Buildings and improvements	2,806,727	1,268,142	4,074,869
Machinery and equipment	3,552,892	484,459	4,037,351
Vehicles	3,837,621	(60,760)	3,776,861
Less: accumulated depreciation on capital assets	<u>(10,565,001)</u>	<u>(310,715)</u>	<u>(10,875,716)</u>
Totals	<u>\$ 11,710,638</u>	<u>\$ 1,237,549</u>	<u>\$ 12,948,187</u>

EAST NORRITON TOWNSHIP

Management's Discussion and Analysis

December 31, 2023

Debt Administration. Total non-pension and OPEB related long-term debt for the fell \$48,385 at the end of 2023 compared to year end 2022. The larger portion of this debt are capital leases associated with major equipment purchases.

East Norriton Township's total debt dropped sharply largely attributable to decreases in net pension liabilities occurring as a result of the stock market's 2023 rebound from 2022's negative performance. The Township's general obligation bond rating is AA+ from Moody's Investors Service, and any debt is backed by the full faith and credit of the Township.

Figure A-6 Outstanding Debt Activity for the year ended December 31, 2023

	Beginning Balance	Additions	Deletions	Ending Balance
Capital leases	\$ 153,098	\$ -	\$ (51,631)	\$ 101,467
Compensated absenses	144,404	16,937	(13,691)	147,650
Net pension liability	7,005,374	3,065,158	(5,269,497)	4,801,035
Net OPEB liability	2,584,568	130,757	(532,322)	2,183,003
	<u>\$ 9,887,444</u>	<u>\$ 3,212,852</u>	<u>\$ (5,867,141)</u>	<u>\$ 7,233,155</u>

FACTORS BEARING ON THE TOWNSHIP'S FUTURE

As noted earlier, the Township relies mainly on the revenues generated by Act 511 and Real Estate Taxes to fund its governmental-type activities. Accordingly, the health and growth of the local economy and tax base moving forward will play a significant role in the future financial condition of the Township. Key economic indicators for the Township in 2024 will include:

- Growth of the residential construction market with additional luxury apartment complexes
- Active business development community focusing on retaining and recruiting businesses
- Continued oversight, management and reform of pension and OPEB liabilities
- Recognition of East Norriton Township as a desirable place to live and work
- Review and reform of the Township's health care benefits offerings
- Effective management and use of the Township reserves
- Ability to maintain consistently high tax collection rate

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Township's citizens, taxpayers, customers, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the Director of Finance, East Norriton Township, 2501 Stanbridge Street, East Norriton, PA 19401-1616.

EAST NORRITON TOWNSHIP
STATEMENT OF NET POSITION

December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 25,547,591	\$ 82,160	\$ 25,629,751
Internal balances	3,781	(3,781)	-
Taxes receivable	1,259,904	-	1,259,904
Sewer rents receivable	-	85,683	85,683
Other receivables	529,668	-	529,668
Total Current Assets	<u>27,340,944</u>	<u>164,062</u>	<u>27,505,006</u>
Capital Assets (net of accumulated depreciation)			
Land	2,417,243	-	2,417,243
Infrastructure	5,090,699	-	5,090,699
Site improvements	4,426,880	-	4,426,880
Buildings and building improvements	4,074,869	-	4,074,869
Machinery and equipment	4,037,351	-	4,037,351
Vehicles	3,776,861	-	3,776,861
Accumulated depreciation	(10,875,716)	-	(10,875,716)
Total Capital Assets (net)	<u>12,948,187</u>	<u>-</u>	<u>12,948,187</u>
 TOTAL ASSETS	 <u>40,289,131</u>	 <u>164,062</u>	 <u>40,453,193</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows - OPEB	634,007	-	634,007
Deferred Outflows - Pension	2,152,247	-	2,152,247
Total Deferred Outflows of Resources	<u>\$ 2,786,254</u>	<u>\$ -</u>	<u>\$ 2,786,254</u>

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 169,605	\$ -	\$ 169,605
Payroll and withholding taxes payable	182,293	-	182,293
Unearned revenue	125,790	85,683	211,473
Capital lease payable, current maturity	<u>53,180</u>	<u>-</u>	<u>53,180</u>
Total Current Liabilities	<u>530,868</u>	<u>85,683</u>	<u>616,551</u>
Long-term Liabilities			
Compensated absences	147,650	-	147,650
Capital lease payable	48,287	-	48,287
Net OPEB liability	2,183,003	-	2,183,003
Net pension liability	<u>4,801,035</u>	<u>-</u>	<u>4,801,035</u>
Total Long-term Liabilities	<u>7,179,975</u>	<u>-</u>	<u>7,179,975</u>
TOTAL LIABILITIES	<u>7,710,843</u>	<u>85,683</u>	<u>7,796,526</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows - OPEB	580,686	-	580,686
Deferred Inflows - Pension	469,306	-	469,306
Deferred Inflows - Sewer	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>1,049,992</u>	<u>-</u>	<u>1,049,992</u>
<u>NET POSITION</u>			
Net investment in capital assets	12,846,720	-	12,846,720
Restricted	926,613	-	926,613
Unrestricted	<u>20,541,217</u>	<u>78,379</u>	<u>20,619,596</u>
TOTAL NET POSITION	<u>\$ 34,314,550</u>	<u>\$ 78,379</u>	<u>\$ 34,392,929</u>

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General government	\$ 1,561,425	\$ 735,400	\$ 11,255	\$ -
Public safety	5,140,723	131,602	558,558	-
Highways and Streets	1,156,389	-	478,294	313,605
Culture and recreation	1,037,607	170,278	-	200,000
Miscellaneous	3,607,718	-	-	-
Debt service interest	4,360	-	-	-
Total Governmental Activities	<u>12,508,222</u>	<u>1,037,280</u>	<u>1,048,107</u>	<u>513,605</u>
Business -Type Activities				
Sewer operations	<u>452,318</u>	<u>21,002</u>	<u>10,120</u>	<u>-</u>
Total Business-Type Activities	<u>452,318</u>	<u>21,002</u>	<u>10,120</u>	<u>-</u>
Total Primary Government	<u>\$ 12,960,540</u>	<u>\$ 1,058,282</u>	<u>\$ 1,058,227</u>	<u>\$ 513,605</u>

General Revenues

Taxes:

- Real estate taxes
- Real estate transfer tax
- Earned income taxes
- Local services taxes
- Business Privilege
- Street light assessment
- Investment income
- Miscellaneous revenues
- Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning, restated

Net Position - Ending

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (814,770)	\$ -	\$ (814,770)
(4,450,563)	-	(4,450,563)
(364,490)	-	(364,490)
(667,329)	-	(667,329)
(3,607,718)	-	(3,607,718)
(4,360)	-	(4,360)
(9,909,230)	-	(9,909,230)
-	(421,196)	(421,196)
-	(421,196)	(421,196)
(9,909,230)	(421,196)	(10,330,426)
2,650,320	-	2,650,320
590,562	-	590,562
3,614,796	-	3,614,796
523,263	-	523,263
1,500,376	-	1,500,376
79,256	-	79,256
1,138,199	4,446	1,142,645
713,521	-	713,521
117,542	-	117,542
(440,166)	440,166	-
10,487,669	444,612	10,932,281
578,439	23,416	601,855
33,736,111	54,963	33,791,074
\$ 34,314,550	\$ 78,379	\$ 34,392,929

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2023

	General	Fiscal Recovery	Park and Recreation Capital	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 4,456,921	\$ 159,827	\$ 4,580	\$ 20,004,029	\$ 911,166	\$ 25,536,523
Restricted cash	11,068	-	-	-	-	11,068
Taxes receivable	1,026,924	-	-	1,963	1,700	1,030,587
Other receivables	316,953	-	200,000	-	12,715	529,668
Due from other funds	33,070	-	-	-	2,450	35,520
Total Assets	\$ 5,844,936	\$ 159,827	\$ 204,580	\$ 20,005,992	\$ 928,031	\$ 27,143,366
<u>LIABILITIES</u>						
Accounts payable	\$ 117,483	\$ -	\$ 1,753	\$ 38,815	\$ 11,554	\$ 169,605
Accrued payroll and related liabilities	182,293	-	-	-	-	182,293
Due to other funds	-	-	-	31,739	-	31,739
Unearned revenue	-	125,790	-	-	-	125,790
Total Liabilities	299,776	125,790	1,753	70,554	11,554	509,427
<u>FUND BALANCES</u>						
Restricted:						
Street light	-	-	-	-	104,709	104,709
Fire	-	-	-	-	14,784	14,784
Culture and recreation	10,136	-	-	-	8,401	18,537
Highways and streets	-	-	-	-	788,583	788,583
Capital	-	-	202,827	-	-	202,827
General government	-	34,037	-	-	-	34,037
Assigned:						
Capital	-	-	-	19,935,438	-	19,935,438
Unassigned	5,535,024	-	-	-	-	5,535,024
Total Fund Balances	5,545,160	34,037	202,827	19,935,438	916,477	26,633,939
Total Liabilities and Fund Balances	\$ 5,844,936	\$ 159,827	\$ 204,580	\$ 20,005,992	\$ 928,031	\$ 27,143,366

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO THE
STATEMENT OF GOVERNMENT-WIDE NET POSITION

December 31, 2023

TOTAL GOVERNMENTAL FUND BALANCES \$ 26,633,939

Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.

Cost of capital assets	\$ 23,823,903	
Accumulated depreciation	<u>(10,875,716)</u>	12,948,187

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Property tax receivables	62,261	
Earned income taxes receivable	<u>167,056</u>	229,317

Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred OPEB	53,321	
Deferred Pension	<u>1,682,941</u>	1,736,262

Long term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Those liabilities consist of the following:

Capital asset financing liabilities	(101,467)	
Net OPEB liability	(2,183,003)	
Net pension liability	(4,801,035)	
Compensated absences	<u>(147,650)</u>	<u>(7,233,155)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 34,314,550

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

Revenues	General	Fiscal Recovery	Park and Recreation Capital	Capital Projects	Other Governmental Funds	Total Governmental Funds
Taxes:						
Property	\$ 1,671,165	\$ -	\$ -	\$ 346,777	\$ 609,853	\$ 2,627,795
Real estate transfer	590,562	-	-	-	-	590,562
Earned income	3,746,229	-	-	-	-	3,746,229
Local service	523,263	-	-	-	-	523,263
Business privilege	1,500,376	-	-	-	-	1,500,376
Street light assessment	-	-	-	-	79,256	79,256
Fees, licenses and permits	1,032,484	-	-	-	-	1,032,484
Fines and forfeitures	40,951	-	-	-	-	40,951
Investment income	182,367	9,533	961	890,555	54,783	1,138,199
Intergovernmental revenues	789,416	31,425	200,000	14,114	526,757	1,561,712
Charges for services	84,985	-	6,677	-	181,651	273,313
Other	398,508	-	5,545	40,442	-	444,495
Total Revenues	<u>10,560,306</u>	<u>40,958</u>	<u>213,183</u>	<u>1,291,888</u>	<u>1,452,300</u>	<u>13,558,635</u>
Expenditures						
Current:						
General government	1,362,420	-	-	7,248	-	1,369,668
Public safety	4,745,620	-	-	134,164	414,284	5,294,068
Highways and streets	911,932	12,354	-	68,706	309,527	1,302,519
Culture and recreation	7,000	-	1,705,427	47,095	582,601	2,342,123
Payroll taxes and employee benefits	3,445,055	-	-	-	-	3,445,055
Insurance	161,387	-	-	-	-	161,387
Miscellaneous	1,276	-	-	-	-	1,276
Debt service:						
Principal	-	-	-	20,254	31,377	51,631
Interest	-	-	-	1,121	3,239	4,360
Total Expenditures	<u>10,634,690</u>	<u>12,354</u>	<u>1,705,427</u>	<u>278,588</u>	<u>1,341,028</u>	<u>13,972,087</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(74,384)</u>	<u>28,604</u>	<u>(1,492,244)</u>	<u>1,013,300</u>	<u>111,272</u>	<u>(413,452)</u>
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	-	-	-	22,700	54,400	77,100
Transfers in	240,000	-	1,761,525	160,000	300,000	2,461,525
Transfers out	-	(160,000)	-	(2,501,691)	(240,000)	(2,901,691)
Total Other Financing Sources (Uses)	<u>240,000</u>	<u>(160,000)</u>	<u>1,761,525</u>	<u>(2,318,991)</u>	<u>114,400</u>	<u>(363,066)</u>
Net Change in Fund Balance	165,616	(131,396)	269,281	(1,305,691)	225,672	(776,518)
Fund Balance - Beginning	5,379,544	165,433	(66,454)	21,241,129	690,805	27,410,457
Fund Balance - Ending	<u>\$ 5,545,160</u>	<u>\$ 34,037</u>	<u>\$ 202,827</u>	<u>\$ 19,935,438</u>	<u>\$ 916,477</u>	<u>\$ 26,633,939</u>

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (776,518)

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.

Capital outlay	\$ 1,950,368	
Depreciation expense	<u>(712,819)</u>	1,237,549

Because some taxes and other receivables will not be collected for several months after the Township's year end, they are not considered as "available" revenues in the governmental funds, but are considered revenues in the statement of activities. These taxes and other receivables are net of corresponding amounts due as of the end of the prior year. (108,908)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issuance	-	
Repayment of debt	<u>51,631</u>	51,631

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net OPEB liability and deferred items	50,228	
Net pension liability and deferred items	127,703	
Compensated absences	<u>(3,246)</u>	<u>174,685</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 578,439

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL

For the Year Ended December 31, 2023

	GENERAL FUND			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property	\$ 1,630,000	\$ 1,630,000	\$ 1,671,165	\$ 41,165
Real estate transfer	500,000	500,000	590,562	90,562
Earned income	3,300,000	3,300,000	3,746,229	446,229
Local service	430,000	430,000	523,263	93,263
Business privilege	1,175,000	1,175,000	1,500,376	325,376
Fees, licenses and permits	1,039,000	1,039,000	1,032,484	(6,516)
Fines and forfeitures	30,500	30,500	40,951	10,451
Investment income	27,600	27,600	182,367	154,767
Intergovernmental revenues	496,936	496,936	789,416	292,480
Charges for services	16,500	16,500	84,985	68,485
Other	371,739	371,739	398,508	26,769
Total Revenues	<u>9,017,275</u>	<u>9,017,275</u>	<u>10,560,306</u>	<u>1,543,031</u>
Expenditures				
Current:				
General government	1,304,901	1,304,901	1,362,420	(57,519)
Public safety	4,615,202	4,615,202	4,745,620	(130,418)
Highways and streets	671,820	671,820	911,932	(240,112)
Culture and recreation	7,000	7,000	7,000	-
Payroll taxes and employee benefits	3,553,355	3,553,355	3,445,055	108,300
Insurance	155,193	155,193	161,387	(6,194)
Miscellaneous	-	-	1,276	(1,276)
Total Expenditures	<u>10,307,471</u>	<u>10,307,471</u>	<u>10,634,690</u>	<u>(327,219)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,290,196)</u>	<u>(1,290,196)</u>	<u>(74,384)</u>	<u>1,215,812</u>
Other Financing Sources (Uses)				
Transfers in	412,000	412,000	240,000	(172,000)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>412,000</u>	<u>412,000</u>	<u>240,000</u>	<u>(172,000)</u>
Net Change in Fund Balance	(878,196)	(878,196)	165,616	1,043,812
Fund Balance - Beginning	878,196	878,196	5,379,544	
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,545,160</u>	

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

FISCAL RECOVERY FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL

For the Year Ended December 31, 2023

	FISCAL RECOVERY			Variance with Final Budget
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 9,533	\$ 9,533
Intergovernmental revenues	-	-	31,425	31,425
Total Revenues	-	-	40,958	40,958
Expenditures				
Current:				
Highways and streets	-	-	12,354	(12,354)
Total Expenditures	-	-	12,354	(12,354)
Excess (Deficiency) of Revenues Over Expenditures	-	-	28,604	28,604
Other Financing Sources (Uses)				
Transfers out	(110,000)	(110,000)	(160,000)	(50,000)
Total Other Financing Sources (Uses)	(110,000)	(110,000)	(160,000)	(50,000)
Net Change in Fund Balance	(110,000)	(110,000)	(131,396)	(21,396)
Fund Balance - Beginning	110,000	110,000	165,433	
Fund Balance - Ending	\$ -	\$ -	\$ 34,037	

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

PARK AND RECREATION FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL

For the Year Ended December 31, 2023

	<u>PARK AND RECREATION FUND</u>			<u>Variance with Final Budget</u>
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ -	\$ 961	\$ 961
Intergovernmental revenues	453,000	453,000	200,000	(253,000)
Charges for services	-	-	6,677	6,677
Other	130,000	130,000	5,545	(124,455)
Total Revenues	<u>583,000</u>	<u>583,000</u>	<u>213,183</u>	<u>(369,817)</u>
Expenditures				
Current:				
Culture and recreation	1,101,000	1,101,000	1,705,427	(604,427)
Total Expenditures	<u>1,101,000</u>	<u>1,101,000</u>	<u>1,705,427</u>	<u>(604,427)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(518,000)</u>	<u>(518,000)</u>	<u>(1,492,244)</u>	<u>(974,244)</u>
Other Financing Sources (Uses)				
Transfers in	550,000	550,000	1,761,525	1,211,525
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>550,000</u>	<u>550,000</u>	<u>1,761,525</u>	<u>1,211,525</u>
Net Change in Fund Balance	32,000	32,000	269,281	237,281
Fund Balance - Beginning	<u>(32,000)</u>	<u>(32,000)</u>	<u>(66,454)</u>	
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,827</u>	

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2023

<u>ASSETS</u>	<u>Sewer Fund</u>
Current Assets	
Cash and cash equivalents	\$ 82,160
Sewer rents receivable	<u>85,683</u>
Total Assets	<u>\$ 167,843</u>
<u>LIABILITIES</u>	
Current Liabilities	
Deferred revenue	\$ 85,683
Due to other funds	<u>3,781</u>
Total Liabilities	<u>89,464</u>
<u>NET POSITION</u>	
Unrestricted	<u>78,379</u>
Total Net Position	<u>78,379</u>
Total Liabilities and Net Position	<u>\$ 167,843</u>

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	<u>Sewer Fund</u>
Operating Revenues	
Charges for services	\$ 21,002
Other	-
Total Operating Revenues	<u>21,002</u>
Operating Expenses	
Administration	5,712
Contracted services	440,166
Salaries and benefits	-
Repairs and maintenance	6,440
Supplies	-
Utilities	-
Depreciation	-
Total Operating Expenses	<u>452,318</u>
Operating Income (Loss)	<u>(431,316)</u>
Nonoperating Revenues (Expense)	
Investment income	4,446
Connection fees	10,120
Total Nonoperating Revenues (Expense)	<u>14,566</u>
Income (Loss) before Transfers	(416,750)
Transfers in	440,166
Net transfers	<u>440,166</u>
Changes in Net Position	23,416
Total Net Position - Beginning	<u>54,963</u>
Total Net Position - Ending	<u>\$ 78,379</u>

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	<u>Sewer Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 21,002
Cash paid to suppliers	<u>(463,080)</u>
Net cash provided by (used in) operating activities	<u>(442,078)</u>
Cash flows from non-capital financing activities	
Transfers from other funds	<u>440,165</u>
Net cash provided by (used in) non capital financing activities	<u>440,165</u>
Cash flows from capital and related financing activities	
Connection fees	<u>10,120</u>
Net cash provided by (used in) capital and related financing activities	<u>10,120</u>
Cash flows from investing activities	
Earnings on investments	<u>4,446</u>
Net cash provided by (used in) investing activities	<u>4,446</u>
Net increase (decrease) in cash and cash equivalents	12,653
Beginning cash and cash equivalents	<u>69,507</u>
Ending cash and cash equivalents	<u>\$ 82,160</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Net operating income (loss)	<u>\$ (431,316)</u>
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities	
Changes in assets and liabilities	
(Increase) decrease in receivables	(85,683)
Increase (decrease) in accounts payables	(14,543)
Increase (decrease) in due to other funds	3,781
Increase (decrease) in deferred items	<u>85,683</u>
Net adjustments	<u>(10,762)</u>
Cash provided by (used in) operating activities	<u>\$ (442,078)</u>

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

December 31, 2023

	<u>Pension</u> <u>Trust Funds</u>	<u>Health</u> <u>Benefits Fund</u>	<u>Custodial</u> <u>Escrow Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 122,029	\$ 240,223	\$ 144,893
Investments, at fair value:			
Mutual Funds - Equity	20,090,202	-	-
Mutual Funds - International Equity	1,524,159	-	-
Mutual Funds - Fixed Income	4,785,268	-	-
Mutual Funds - Real Estate	243,706	-	-
Total Investments	<u>26,643,335</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 26,765,364</u>	<u>\$ 240,223</u>	<u>\$ 144,893</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 128,875	\$ -	\$ -
Total Liabilities	<u>\$ 128,875</u>	<u>\$ -</u>	<u>\$ -</u>
<u>NET POSITION</u>			
Net Position - Restricted for:			
Pension benefits	\$ 26,636,489	\$ -	\$ -
Post-employment benefits	-	240,223	-
Developers and/or individuals	-	-	144,893
Total Net Position	<u>\$ 26,636,489</u>	<u>\$ 240,223</u>	<u>\$ 144,893</u>

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2023

	<u>Pension</u> <u>Trust Funds</u>	<u>Health</u> <u>Benefits Fund</u>	<u>Custodial</u> <u>Escrow Funds</u>
Additions			
Contributions			
Employee contributions	\$ 282,538	\$ -	\$ -
Employer contributions	1,061,036	-	-
State aid	448,747	-	-
Developers contributions	-	-	317,576
Total Contributions	<u>1,792,321</u>	<u>-</u>	<u>317,576</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	2,516,031	-	-
Interest and dividend income	<u>638,216</u>	<u>13,497</u>	<u>-</u>
Total investment earnings	3,154,247	13,497	-
Less investment expense	<u>(43,376)</u>	<u>-</u>	<u>-</u>
Net Investment Income	<u>3,110,871</u>	<u>13,497</u>	<u>-</u>
Total Additions	<u>4,903,192</u>	<u>13,497</u>	<u>317,576</u>
Deductions			
Benefits	1,688,360	81,716	-
Administrative expenses	20,190	-	-
Escrow distributions	<u>-</u>	<u>-</u>	<u>334,735</u>
Total Deductions	<u>1,708,550</u>	<u>81,716</u>	<u>334,735</u>
Change in Net Position	3,194,642	(68,219)	(17,159)
Net Position - Fiduciary:			
Beginning of Year	<u>23,441,847</u>	<u>308,442</u>	<u>162,052</u>
End of Year	<u>\$ 26,636,489</u>	<u>\$ 240,223</u>	<u>\$ 144,893</u>

The notes to the financial statements are an integral part of this statement.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies

A. *Reporting entity*

East Norriton Township (“the Township”) is a municipal corporation existing and operating under the Township code of the Commonwealth of Pennsylvania.

In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit’s governing body and has the ability 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. Based on these criteria, there are no organizations or agencies which should be included in the Township’s reporting entity.

B. *Basis of presentation*

Entity-wide Financial Statements

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

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

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

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

B. Basis of presentation (continued)

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

Fund Financial Statements

Fund financial statements report detailed information about the Township. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The three major governmental funds are each presented in a single column on the governmental fund financial statements. The nonmajor governmental funds are presented in a single column on the governmental fund financial statements. Fiduciary fund financial statements are represented by fund type.

The government reports the following major governmental funds:

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

The *Fiscal Recovery Fund* is used to account for resources accumulated to be used to fund fiscal recovery needs.

The *Park and Recreation Capital Fund* is used to account for resources accumulated for future park and recreation projects.

The *Capital Projects Fund* is used to account for resources accumulated for future capital projects.

The Nonmajor Governmental Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Included in these funds are the State Highway Aid, Street Lighting, Park and Recreation, Fire Tax and Park and Recreation Capital Funds.

The Township reports the following major proprietary funds. These funds are used to account for operations that are organized to be self-supporting through user charges.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

C. *Measurement focus, basis of accounting, and financial statement presentation*

The *Sewer Fund* is used to account for operations related to the collection of wastewater and the operation of sewage pumping stations. The sewage is transported to a sewer treatment plant jointly owned by East Norriton Township, Plymouth Township, and Whitpain Township.

Trust and Custodial Funds - Are used to account for assets held by the Township in a trustee or custodial capacity for individuals and/or other funds.

Pension Trust Funds - These funds are used to account for resources required to be held in trust for the members and beneficiaries of the Township's defined benefit pension plans - the Police Pension Fund and Non-Uniformed Pension Fund.

Health Benefit Fund - This fund is used to account for funds set aside to help defray the health costs for retired Township police employees.

Custodial Escrow Fund-This fund is used to account for assets held on behalf of individuals and/or developers.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenues for state and federally funded projects are recognized at the time all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Township must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

C. *Measurement focus, basis of accounting, and financial statement presentation*
(continued)

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

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Further, certain governmental fund liabilities and expenditures, such as for compensated absences, are recognized to the extent the liabilities mature (come due for payment) each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The Township's only proprietary fund is an enterprise fund.

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

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

***C. Measurement focus, basis of accounting, and financial statement presentation
(continued)***

Fiduciary Funds

Trust Funds - Trust Funds are used to account for assets held by the Township in a trustee capacity. These include the Pension Trust Funds and the Health Benefits Fund. The Pension Trust Funds account for the activities of the Police Pension Fund and the Non-Uniformed Pension Fund. The Pension Trust Funds and the Health Benefits Fund are accounted for in essentially the same manner as proprietary funds since the measurement of the economic resources is critical.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

With the exception of Pension Trust Funds, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository.

The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loans or savings bank's assets, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the Company are authorized investments, as noted above.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

1. Deposits and investments (continued)

The law provides that the government's Pension Trust Funds may invest in any form or type of investment, financial instrument, or financial transaction if determined by the government to be prudent.

Investments for the government are reported at fair value. The Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the pool's amortized cost-based net asset value per share, which approximates fair value. There are no limitations or restrictions on withdrawals.

2. Receivables and payables

Outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and other activities are reported in the government-wide financial statements as "internal balances".

At December 31, 2023, all trade receivables were deemed to be fully collectible. The property tax receivable allowance is immaterial and therefore is not included in outstanding property taxes at December 31, 2023.

Property taxes are levied as of March 1 on property values assessed as of the same date. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through July 1; and a 10% penalty after July 1. Any unpaid taxes are attached as an enforceable lien on such property as of January 15 of the following year. The Township employs an elected tax collector to collect the property tax levied. Property taxes collected within sixty days subsequent to December 31, 2023 are recognized as revenue for the year ending December 31, 2023.

3. Use of estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

EAST NORRITON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental or business activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, and equipment of the primary government, as well as its component units, are depreciated using the straight-line method over the following estimated useful lives:

Site improvements	10-20 years
Sewer system	5-50 years
Buildings and improvements	25-50 years
Machinery and equipment	5-10 years
Vehicles	5-10 years

Infrastructure

The Township has adopted the modified approach for valuing its infrastructure, which consists of 50.04 miles of roads. The Township completes an annual assessment of pavement conditions and maintains all roads at an overall good or better condition level. As a result, infrastructure costs have been estimated for the entire roadway system. If the yearly assessment maintains this overall condition level, no depreciation will be recorded. Annual maintenance costs for the roads will be expensed.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

5. *Compensated absences*

The Township provides vacation for all full-time employees. Personnel covered by the police contract can carryover up to ten days of unused vacation time into the next year, upon written request, as well as exchange up to ten days of unused vacation time for paid wages in any one calendar year. Non-uniformed personnel can carryover up to five days of unused vacation time into the next year, upon written request, as well as exchange up to five days of unused vacation time for paid wages in any one calendar year.

Non-uniformed Township employees accrue up to ten days sick leave per year for a maximum of thirty days. Personnel covered by the police contract are entitled to unlimited sick leave.

6. *Long-term obligations*

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

In the fund financial statements, governmental fund types would recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Any premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Financed Purchases

The Township has entered into agreements to finance the purchase of certain equipment. The agreements were previously reported as capital lease obligations. The interest expense on the lease liability was included within interest on long-term debt. Under the provisions of GASB 87, adopted by the Township as of January 1, 2022, these leases are classified as a financed purchase. The terminology used for these agreements is the only effect of the adoption of GASB 87, as there was no effect on the net position or results of operations of the Township.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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 the following items that qualify for reporting in these categories.

1. *Change in assumptions - pension plan and OPEB* - is reported in the government-wide statement. A difference results when assumptions used to prepare the actuarial valuation of the pension plan changes. These amounts are deferred and recognized in the period that the amounts become available.
2. *Differences between expected and actual experience on pension plan and OPEB liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized in the period that the amounts become available.
3. *Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. These amounts are deferred and recognized in the period that the amounts become available.
4. *OPEB contribution made after the measurement date* is reported in the government-wide statement of net position. The OPEB measurement date is January 1, 2023. These amounts are deferred and recognized in the next period.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

8. *Net position*

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

Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of net assets. 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.

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Capital assets not being depreciated	\$ 2,417,243	\$ -	\$ 2,417,243
Capital assets being depreciated, net of accumulated depreciation	10,530,944	-	10,530,944
Less: long-term outstanding debt	<u>(101,467)</u>	<u>-</u>	<u>(101,467)</u>
Net investment in capital assets	<u>\$ 12,846,720</u>	<u>\$ -</u>	<u>\$ 12,846,720</u>

Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This category represents net position of the entity, not restricted for any project or other purpose.

9. *Fund balance*

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

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

9. Fund balance (continued)

Fund balance for governmental funds consists of the following:

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

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

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

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

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

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (continued)

9. Fund balance (continued)

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

10. Subsequent events

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the statements were available for release.

11. Pending Accounting Pronouncements

GASB has issued statements that will become effective in future years. Management has not yet determined the impact of these statements on the financial statements.

II. Stewardship, compliance, and accountability

A. Budgetary information

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

Prior to November, Board of Supervisors approves a preliminary budget for the upcoming fiscal year, reflecting proposed expenditures and the means of financing them. During November, the Township holds budget hearings for the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year.

The Township makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The Board holds public hearings and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance. Any budget revisions require the approval of the Board of Supervisors. The Board authorized the use of unallocated fund balance in 2023. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

II. Stewardship, compliance, and accountability (Continued)

A. *Budgetary information (continued)*

Excess of Expenditures Over Appropriations - For the year ended December 31, 2023, expenditures over appropriations for the General Fund were as follows: General government \$57,319, Public safety \$130,418, Highway and streets \$240,112, Insurance \$6,194, and Miscellaneous \$1,276. The over expenditures were covered through revenues in excess of budget. For the Fiscal Recovery Fund expenditures over appropriations for Highway and streets \$12,354. These over expenditures were covered by the fund balance. For the Park and Recreation Capital fund expenditures were over appropriations in the Culture and recreation category by \$604,427. These over expenditures were covered by the transfers in from another fund.

III. Detailed notes on all funds

A. *Taxes*

For 2023, the following tax was levied on assessed value of real estate:

- 1.717 mills for general purposes
- 0.326 mills for parks and recreational purposes
- 0.030 mills for street light purposes
- 0.288 mills for fire purposes
- 0.366 mills for capital project purposes

The taxable assessed valuation of property as of January 1, 2023 was \$971,168,416.

Other taxes levied in 2023:

Real estate transfer tax	.5% of sale price
Earned income tax	.5% of gross income
Local services tax	\$52 per person
Business privilege tax	.001 - .0015% of gross receipts

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

B. Deposits and investments

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government's policy is to require their banking institution to provide a letter stating that they follow the Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis.

As of year-end, the carrying amount of deposits for the governmental and business-type activities was \$25,629,751 and the bank balance was \$25,579,054. Of the bank balance, \$250,000 was covered by federal depository insurance and \$25,449,948 was invested in eternally pooled investments, which are not subject to credit risk. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

Investment Pool - The Township has carrying deposits in external investment pools, held with PLGIT Bank. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits disclosed above. These deposits are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The investment in the pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. The Township can withdraw funds from the external investment pool without limitation or fees upon adequate notice. The investment pool was rated AAAM by Standard & Poor's and has average maturities of less than 30 days. The Investment Pool operates in accordance with appropriate state laws and regulations.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Township's investment policy and through state limitations as discussed in Note I, D, 1.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

B. Deposits and investments (continued)

At year-end balances were as follows:

GOVERNMENTAL ACTIVITIES	<u>Amount</u>	<u>Average Rating</u>	<u>Average Maturity</u>
Externally Pooled Investments (PLGIT)	\$ 25,499,415	AAAm	30 days
Total Governmental Activities	<u>\$ 25,499,415</u>		
FIDUCIARY FUNDS			
Externally Pooled Investments (PLGIT)	\$ 393,683	AAAm	30 days
Mutual Funds - Equity	20,090,202	not applicable	not applicable
Mutual Funds - International Equity	1,524,159	not applicable	not applicable
Mutual Funds - Fixed Income	4,785,268	not applicable	not applicable
Mutual Funds - Real Estate	243,706	not applicable	not applicable
Total Fiduciary Funds	<u>\$ 27,037,018</u>		

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Township's policy regarding its fixed income investments generally limits the maximum maturity of a security to ten years. As of December 31, 2023, the Township did not have any investments maturing beyond the ten-year period. See above maturities.

Credit Risk. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Section 1, Note D. The government does not have a formal investment policy for credit risk. The investments in the external investment pool and the money market funds were rated AAm by Standard & Poor's. See above ratings.

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

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

B. Deposits and investments (continued)

Fair Value Measurements: The Township categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2023:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
GOVERNMENTAL ACTIVITIES			
Externally Pooled Investments (PLGIT)	\$ 25,499,415	\$ -	\$ 25,499,415
Total Governmental Activities	\$ 25,499,415	\$ -	\$ 25,499,415
 FIDUCIARY FUNDS			
Externally Pooled Investments (PLGIT)	\$ 393,683	\$ -	\$ 393,683
Mutual Funds - Equity	20,090,202	20,090,202	-
Mutual Funds - International Equity	1,524,159	1,524,159	-
Mutual Funds - Fixed Income	4,785,268	4,785,268	-
Mutual Funds - Real Estate	243,706	243,706	-
Total Fiduciary Funds	\$ 27,037,018	\$ 26,643,335	\$ 393,683

C. Receivables and due from other governments

Receivables as of year-end for the government's individual major funds, non-major funds, and proprietary funds, are as follows:

	<u>General</u>	<u>Park & Rec Capital</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Sewer</u>	<u>Total</u>
Receivables:						
Taxes receivable	\$ 1,026,924	\$ -	\$ 1,963	\$ 1,700	\$ -	\$ 1,030,587
Other receivable	316,953	200,000	-	12,715	-	529,668
Accounts receivable	-	-	-	-	85,683	85,683
Total Receivables	\$ 1,343,877	\$ 200,000	\$ 1,963	\$ 14,415	\$ 85,683	\$ 1,645,938

EAST NORRITON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

D. Capital assets and right of use assets

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

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,417,243	\$ -	\$ -	\$ 2,417,243
Infrastructure	<u>5,090,699</u>	<u>-</u>	<u>-</u>	<u>5,090,699</u>
Total capital assets, not being depreciated	<u>7,507,942</u>	<u>-</u>	<u>-</u>	<u>7,507,942</u>
Capital assets, being depreciated:				
Site improvements	4,570,457	-	(143,577)	4,426,880
Building and improvements	2,806,727	1,426,334	(158,192)	4,074,869
Machinery and equipment	3,552,892	484,459	-	4,037,351
Vehicles	<u>3,837,621</u>	<u>39,575</u>	<u>(100,335)</u>	<u>3,776,861</u>
Total capital assets being depreciated	<u>14,767,697</u>	<u>1,950,368</u>	<u>(402,104)</u>	<u>16,315,961</u>
Less accumulated depreciation for:				
Site improvements	2,887,174	117,031	(143,577)	2,860,628
Building and improvements	2,609,485	25,690	(158,192)	2,476,983
Machinery and equipment	2,611,151	336,553	-	2,947,704
Vehicles	<u>2,457,191</u>	<u>233,545</u>	<u>(100,335)</u>	<u>2,590,401</u>
Total accumulated depreciation	<u>10,565,001</u>	<u>712,819</u>	<u>(402,104)</u>	<u>10,875,716</u>
Total capital assets, being depreciated, net	<u>4,202,696</u>	<u>1,237,549</u>	<u>-</u>	<u>5,440,245</u>
Governmental activities capital assets, net	<u>\$ 11,710,638</u>	<u>\$ 1,237,549</u>	<u>\$ -</u>	<u>\$ 12,948,187</u>
	Beginning			Ending

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 182,180
Public safety	78,218
Highway and streets	316,906
Culture and recreation	<u>135,515</u>
Total depreciation expense-governmental activities	<u>\$ 712,819</u>

EAST NORRITON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2023 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 33,070	\$ -
Capital projects	-	31,739
Other governmental funds	2,450	-
Sewer	-	3,781
Total	<u>\$ 35,520</u>	<u>\$ 35,520</u>

Interfund balances are primarily a result of:

- (1) reimbursement of expenditures
- (2) allocation of wages and benefits

Interfund transfers:

	<u>Transfer in</u>	<u>Transfer out</u>
General fund	\$ 240,000	\$ -
Capital projects	160,000	2,501,691
Fiscal Recovery	-	160,000
Park and Recreation Capital	1,761,525	-
Other governmental funds	300,000	240,000
Sewer	440,166	-
Total	<u>\$ 2,901,691</u>	<u>\$ 2,901,691</u>

Interfund transfers are primarily a result of:

- (1) to fund capital projects and acquisitions

EAST NORRITON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

F. Financed Purchases

The Township entered into lease agreements as lessee for financing the acquisition of various equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the net present value of future minimum lease payments as of the inception date.

Equipment and vehicles acquired through financed purchases		\$	331,856
Less: accumulated depreciation			<u>(266,540)</u>
Total		\$	<u>65,316</u>

The obligations under financing agreements for the purchase of capital assets are collateralized by the capital asset. Future minimum payments under these financing liabilities are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2024	\$ 53,180	\$ 4,360	\$ 57,540
2025	36,937	2,811	39,748
2026	11,350	1,363	12,713
	<u>\$ 101,467</u>	<u>\$ 8,534</u>	<u>\$ 110,001</u>

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed notes on all funds (Continued)

G. *Long-term debt*

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental activities:					
Capital asset financing liabilities	\$ 153,098	\$ -	\$ (51,631)	\$ 101,467	\$ 53,180
Compensated absences	144,404	16,937	(13,691)	147,650	-
Net pension liability	7,005,374	3,065,158	(5,269,497)	4,801,035	-
Net OPEB liability	<u>2,584,568</u>	<u>130,757</u>	<u>(532,322)</u>	<u>2,183,003</u>	<u>-</u>
Governmental activity					
Long-Term Liabilities	<u>\$ 9,887,444</u>	<u>\$ 3,212,852</u>	<u>\$ (5,867,141)</u>	<u>\$ 7,233,155</u>	<u>\$ 53,180</u>

Debt service for finance purchases of capital assets is funded primarily from taxes for governmental activities and charges for service in the business type activities. Any liabilities for compensated absences or net pension liabilities and OPEB liabilities are generally liquidated by the general fund for governmental activities and the sewer fund for business-type activities.

The Township is a guarantor on a loan payable by the Norriton Fire Engine Company to the Pennsylvania Emergency Management Agency. In 2010. The Fire Engine Company entered into a 15-year loan agreement with PEMA, borrowing a principal balance of \$150,000 for purchase of a fire truck. The Township contributes \$11,583 annually to the Company for assistance in debt payments. The principal balance of the loan is \$19,904 at December 31, 2023.

IV. Other information

A. *Risk management*

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government participates in the Delaware Valley Property & Liability Trust pool, the Delaware Valley Workers' Compensation Trust pool, and the Delaware Valley Health Trust Pool. Settled claims from these risks have not exceeded insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

A. *Risk management (continued)*

The Delaware Valley Property & Liability Trust is a public entity risk pool operated for the benefit of the member entities. Trust underwriting and rate-setting policies are established after consultation with independent insurance consultants. Any member may withdraw from the Trust by giving 150 days written notice to the Executive Committee. The Township paid \$161,387 in contributions to the Trust for coverage year 2023. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2023, there were no additional assessments due or anticipated; instead, the pool declared a dividend of which the Township's share was \$5,778.

The Delaware Valley Workers' Compensation Trust is a public entity risk pool operated for the benefit of approximately 95 member entities. Trust underwriting and rate-setting policies are established after consultation with independent insurance consultants. Any member may withdraw from the Trust by giving 150 days written notice to the Executive Committee. The Township paid \$116,126 in contributions to the Trust for coverage year 2023. The Township received a refund of \$1,255 as a result from a payroll audit of the 2022 coverage year. An audit of the 2023 payroll will be performed in 2024. For the year ended December 31, 2023, the pool declared a dividend of which the Township's share was \$16,517.

The Delaware Valley Health Trust is a public entity risk pool operated for the benefit of approximately 33 municipalities. Trust underwriting and rate-setting policies are established after consultation with independent insurance consultants. Any member may withdraw from the Trust by giving 150 days written notice to the Executive Committee. The insurance expense for the year ended December 31, 2023 was \$1,448,038. There were no additional assessments due or anticipated. At December 31, 2023, the pool did not declare a dividend.

B. *Contingent liabilities and Uncertainties*

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

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

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. *Employee retirement systems and pension plans*

Plan Description and Membership

The Township sponsors two single employer defined benefit pension plans, the Non-Uniformed Pension Plan and the Police Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2023. Details below are from the valuation.

Police Pension Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full-time uniformed police officers of the Township. All full-time members of the Police Force join the plan upon employment.

Non-Uniformed Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full-time permanent, non-uniformed employees of the Township who join the Plan upon employment. This plan was frozen as of December 31, 2020 and all new non-uniformed employees hired after that date will enter into a defined contribution plan.

The Pension Plans are governed by the Board of Supervisors who have established a Retirement Benefits Advisory Board authorized to make recommendations to the Board in its finance and investment-related planning, including review of pension plan finances for both the Police Pension Plan and the Non-Uniform Pension Plan. The Retirement Benefits Advisory Board consists of five members appointed by the Board of Supervisors. The Board meets quarterly for the purpose of reviewing the investment performance with the investment manager. The Board of Supervisors has delegated the authority to manage certain plan assets to Conrad Siegel Investment Advisors.

At December 31, 2023, Defined Benefit Pension Plans consisted of the following:

	<u>Police</u>	Non- <u>Uniformed</u>
Inactive employees (or their beneficiaries) currently receiving benefits (1)	27	33
Inactive employees entitled to benefits but not yet receiving them	2	5
Active employees	<u>26</u>	<u>20</u>
	<u>55</u>	<u>58</u>
DROP	<u>0</u>	<u>0</u>

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Benefits Provided

Police Pension Defined Benefit Pension Plan: The plan provides retirement, death, and disability to the plan members and their beneficiaries. Members who retire at or after age 50 with 25 years of continuous service are eligible for normal retirement and are entitled to 50 percent of the average total monthly compensation during the last 36 months of employment. If a member continues to work after the normal retirement date, the pension benefit does not start until the employee actually retires. The monthly postponed retirement pension benefits is the same as the normal benefit amount. All benefits are vested after twelve years of continued service. If a participant is totally and permanently disabled in the line of duty he is eligible for disability pension. The disability pension is equal to 50% of the member's monthly salary at the time of disability and shall be reduced by any benefits payable under the federal social security laws. If a disabled participant dies before he has received disability benefits in an amount equal to the total contributions made by him to the pension fund, then the unpaid balance shall be paid in a lump sum to his designated beneficiary. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Effective January 1, 2020, a member is eligible for early retirement after completion of 20 years of vesting service. The monthly early retirement is equal to the actuarial equivalent of the benefit accrued at the early retirement date.

A Deferred Retirement Option Plan ("DROP") is available to the Township's police officers who have fulfilled the age and service requirements of the Police Pension Plan as described in the above paragraph. Under the DROP program a participant may elect to defer receipt of normal retirement benefits while continuing employment with the Township for a period of not less than one year nor more than three years. The monthly pension shall be calculated as of the date of participation in the program and shall be accumulated with 4.5 percent annual interest and distributed in a lump sum at retirement. At December 31, 2023, the pension plan had total DROP account balances of \$0 and no accumulated DROP payments payable.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Non-Uniformed Defined Benefit Pension Plan: The plan provides retirement, death and disability benefits to plan members and their beneficiaries. For employees hired before August 1, 2014, a member is eligible for normal retirement at or after attainment of age 58 with ten years of continuous service or after attainment of age 55 and completion of 25 years of continuous service. For employees hired on or after August 1, 2014, a member is eligible for normal retirement at or after attainment of age 62 with ten years of continuous service. For non-management employees, the normal retirement benefit is equal to 1.65% of average monthly compensation multiplied by the number of years and months of benefit service completed, up to a maximum benefit of sixty (60) percent of average monthly compensation. For management employees, the amount of monthly pension is equal to 50% of average monthly compensation, based upon the final five years of employment. If a member continues to work after the normal retirement date, the pension benefit does not start until the employee actual retires. The monthly late retirement pension benefit is equal to the benefit accrued to the late retirement date. Members are eligible for early retirement at age 55 with 10 years of service. The monthly early retirement pension benefit is equal to the actuarial equivalent of the accrued benefit amount multiplied by the percentage specified in the plan. An active member is eligible for a disability benefit if the member is totally and permanently disabled in accordance with the Federal Social Security Act. The disability retirement benefit is equal to the accrued retirement benefit amount and shall commence at normal retirement date. If a member dies prior to retirement, the member's designated beneficiary will receive a monthly pension equal to 50 percent of the member's accrued pension at the time of his death, payable immediately. Benefit provisions are established and amended in accordance with Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

A Deferred Retirement Option Plan ("DROP") was previously available to active members. The DROP program was frozen as of December 31, 2020 and no longer available to non-uniformed employees who had not entered the program as of December 31, 2020. No non-uniformed employees were able to enter the program on or after January 1, 2021. At December 31, 2023, the pension plan had total DROP account balances of \$0 and no accumulated DROP payments payable.

Effective January 1, 2021, the Township transitioned from a defined benefit plan to a defined contribution plan for all non-uniformed employees hired on or after that date. This is a trust management plan with the Township responsible for contributing 5% of eligible employees' wages into the plan. All employees continue to have the option to defer wages through the Township 457b deferred compensation plan.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Measurement Focus and Basis of Accounting

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

Method Used to Value Investments: Pension Plan investments are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Non-Uniform members and all Police members, contribute 5% of their pay. Interest is credited to each member's account annually at 7% annual interest prior to December 31, 2016 and 4.5% interest after January 1, 2017. Contributions are determined on an annual basis. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

The Pension Plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$ 448,747 for the pensions for the year ended December 31, 2023.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

Investments

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

Rate of Return: For the year ended December 31, 2023, the annual money-weighted rate of return on Plan investments, net of investment expense was 11.3% for the Police Plan and 9.48% for the Non-Uniformed Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

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

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 21,917,658	\$ 9,610,529
Plan fiduciary net position	<u>(18,172,711)</u>	<u>(8,554,441)</u>
Net Pension Liability	<u>\$ 3,744,947</u>	<u>\$ 1,056,088</u>
Plan fiduciary net position as a percentage of the total pension liability	82.9%	89.0%

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

	<u>Police</u>	<u>Non-Uniformed</u>
Inflation	3.00%	3.00%
Salary Increases	5.00%	5.00% (average, including inflation)
Investment Rate of Return	7.50%	7.50% (including inflation)
Postretirement Cost of Living Increase	none	none

EAST NORRITON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. Employee retirement systems and pension plans (continued)

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

Effective January 1, 2020, a police member is eligible for early retirement after completion of 20 years of vesting service. The monthly early retirement is equal to the actuarial equivalent of the benefit accrued at the early retirement date.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2020 to December 31, 2021.

The net pension liability for Police was measured as of December 31, 2023 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2023.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 pension plan's target asset allocation as of January 1, 2023 as summarized as follows:

<u>Asset Class</u>	Target <u>Allocation</u>	Long-term Expected <u>Real Rate of Return</u>
Domestic Equity	42.0%	5.5%-7.5%
International Equity	15.0%	4.5%-6.5%
Fixed Income	40.0%	1.0%-3.0%
Real Estate	3.0%	4.5%-6.5%
Cash	0.0%	0.00%

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. *Employee retirement systems and pension plans (continued)*

Discount Rate: The discount rate used to measure the total pension liability was 7.5% for both the Non-Uniformed and Police Pension Plans. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<u>Police Pension Plan</u>			
Balance at December 31, 2022	\$ 21,238,693	\$ 15,904,029	\$ 5,334,664
Changes for the year:			
Service cost	544,422	-	544,422
Interest	1,569,492	-	1,569,492
Change of benefit terms	-	-	-
Differences between expected and actual experience	(278,163)	-	(278,163)
Change of assumptions	-	-	-
Contributions - employer	-	1,116,605	(1,116,605)
Contributions - employee	-	189,685	(189,685)
Net investment income	-	2,119,178	(2,119,178)
Benefit payments, including refunds of employee contributions	(1,156,786)	(1,156,786)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	678,965	2,268,682	(1,589,717)
Balance at December 31, 2023	\$ 21,917,658	\$ 18,172,711	\$ 3,744,947

EAST NORRITON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. *Employee retirement systems and pension plans (continued)*

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Non-Uniformed Pension Plan</u>			
Balance at December 31, 2022	\$ 9,295,720	\$ 7,625,010	\$ 1,670,710
Changes for the year:			
Service cost	262,199	-	262,199
Interest	689,045	-	689,045
Change of benefit terms	-	-	-
Differences between expected and actual experience	(104,861)	-	(104,861)
Change of assumptions	-	-	-
Contributions - employer	-	375,007	(375,007)
Contributions - employee	-	92,853	(92,853)
Net investment income	-	993,145	(993,145)
Benefit payments, including refunds of employee contributions	(531,574)	(531,574)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	<u>314,809</u>	<u>929,431</u>	<u>(614,622)</u>
Balance at December 31, 2023	<u>\$ 9,610,529</u>	<u>\$ 8,554,441</u>	<u>\$ 1,056,088</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of participating entities calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability			
Police	\$ 6,433,807	\$ 3,744,947	\$ 1,509,613
Non-Uniformed	2,048,029	1,056,088	211,314

EAST NORRITON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

C. *Employee retirement systems and pension plans (continued)*

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2023, the Township recognized pension expense of \$967,159 for Police Pension and \$396,750 for Non-Uniformed Pension. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ -	\$ 370,775
Change in assumptions	93,679	-
Net difference between projected and actual earnings on pension plan investments	<u>1,361,278</u>	<u>-</u>
Total	<u>\$ 1,454,957</u>	<u>\$ 370,775</u>
 <u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ -	\$ 98,531
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>697,290</u>	<u>-</u>
Total	<u>\$ 697,290</u>	<u>\$ 98,531</u>

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

Year Ended		
<u>December 31:</u>	<u>Police</u>	<u>Non-Uniformed</u>
2024	\$ 388,947	\$ 169,787
2025	472,447	224,614
2026	551,917	289,089
2027	(249,656)	(84,731)
2028	(39,738)	-
Thereafter	<u>(39,735)</u>	<u>-</u>
Total	<u>\$ 1,084,182</u>	<u>\$ 598,759</u>

Payable to the Defined Benefit Pension Plans: For the year ended December 31, 2023 there were no amounts payable for contributions to the pension plans.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

D. Post-retirement benefits

The Township administers a single-employer defined benefit plan to provide for certain postretirement healthcare benefits (OPEB) to eligible retired police officers. The Plan was established and is governed through Board Resolution and Police Labor Contract, to provide post-retirement medical and dental benefits to uniformed and employees. The plan is funded on a pay-as-you-go basis and there is no irrevocable trust established for the plan. The most recent valuation was as of January 1, 2022.

The plan does not issue a stand-alone financial report.

Membership of the plan consisted of the following at December 31, 2023:

	<u>OPEB</u>
Inactive employees (or their beneficiaries)	
currently receiving benefits	11
Inactive employees entitled to benefits	
but not yet receiving them	0
Active employees	<u>28</u>
	<u>39</u>

Eligibility: Police officers are eligible for retiree health care benefits until the retiree is eligible for Medicare at the earlier of age 50 with 25 years of service or 20 years of service.

Benefits Provided: The plan provides medical and dental insurance benefits to eligible retirees, spouses, and dependents.

Insurance for Retirees and Spouse - For retired officers electing coverage prior to January 1, 2020, the Township agrees to provide one-half the cost of premium for scheduled health insurance coverage of the Township's choice (medical, dental, prescription and vision) for a retiree and spouse until retiree's Medicare eligibility age, given that the Officer retires under the retirement provisions of the East Norriton Township Police Pension Plan (attainment of age 50 and completion of 25 years of service). Any officer retired under the disability provisions of the pension plan shall have this provision extended to not only the Officer's spouse, but also to dependent children. In the event that a retired Officer dies prior to attaining Medicare eligibility age, the Township agrees to continue to provide one-half the cost of premium for health insurance coverage for the widowed spouse until the deceased retiree would have attained Medicare eligibility age.

EAST NORRITON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

D. Post-retirement benefits (continued)

Effective January 1, 2020, the Township agrees to pay 60% of the cost of premium for scheduled health insurance coverage of the Township's choice (medical, dental, prescription and vision) for a retiree and spouse for five years following the date of retirement and then 45% until the retiree's Medicare eligibility age. All Officer's hired after June 1, 2020 will be provided 40% of the cost of premium for scheduled health insurance coverage of the Township's choice (medical, dental, prescription and vision) for a retiree and spouse following the date of retirement until the retiree's Medicare eligibility age.

Any officer who is eligible for medical insurance through other employment or through his or her spouse shall not receive post-retirement health payments.

Insurance for Dependents of Deceased Employees - The Township agrees to provide health insurance coverage of its choice for the spouse and dependent children of an Officer who is either killed or dies while employed by the Township, for a period not to exceed five years after such death. This insurance shall cease upon the remarriage of the spouse of the deceased Officer or expiration of the five-year period, whichever occurs first. If the spouse elects the current PPO-1 coverage, the spouse must pay the difference between the PPO-1 premium rates and the HMO premium rates.

Coordination with Medicare Plan benefits pay primary to Medicare.

Contributions: The Township negotiates the contribution percentage between the Township and employees through union contracts and personnel policy. The required contribution rates of the employer and the members vary depending on the applicable agreement. The funding of these benefits will be covered by annual appropriation by the Township. The Township currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Township. The contribution requirements of plan members have been established and may be amended through Board Resolution and Police Labor Contracts.

EAST NORRITON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

D. Post-retirement benefits (continued)

Net OPEB Liability

The Township’s net OPEB liability was measured as of January 1, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

	<u>OPEB</u>
Total OPEB liability	\$ 2,183,003
Plan fiduciary net position	-
Net OPEB liability	\$ 2,183,003
Plan fiduciary net position as a	
percentage of the total OPEB liability	0%

Actuarial Assumptions: The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>OPEB</u>
Inflation	2.25%
Salary Increases	5.0% (including inflation)
Investment Rate of Return	4.31% (net of OPEB plan investment expense, including inflation)
Healthcare Cost Trend Rates	Medical trend rate is 7% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

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

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study from the period January 1, 2019 to December 31, 2021.

EAST NORRITON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other information (Continued)

D. Post-retirement benefits (continued)

The net OPEB liability was measured as of December 31, 2023 and the total OPEB liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2022. Significant events or changes in assumptions occurred between the valuation date and the fiscal year end: The discount rate increased from 2.25% to 4.31%.

Discount Rate: The discount rate used to measure the total OPEB liability was 4.31 percent, based upon 20-year AA/Aa municipal bond rates, for the plan. No assets have been accumulated in an irrevocable trust, so the municipal rate has been applied to all periods.

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net OPEB <u>Liability</u>
<u>OPEB Plan</u>			
Balance at January 1, 2022	\$ 2,584,568	\$ -	\$ 2,584,568
Changes for the year:			
Service cost	72,773	-	72,773
Interest	57,984	-	57,984
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	(384,108)	-	(384,108)
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(148,214)	-	(148,214)
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	<u>(401,565)</u>	<u>-</u>	<u>(401,565)</u>
Balance at January 1, 2023	<u>\$ 2,183,003</u>	<u>\$ -</u>	<u>\$ 2,183,003</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability calculated using the discount rate of 4.31 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease <u>(3.31%)</u>	Current Discount <u>Rate (4.31%)</u>	1% Increase <u>(5.31%)</u>
Net OPEB liability	\$ 2,367,996	\$ 2,183,003	\$ 2,018,330

EAST NORRITON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

D. Post-retirement benefits (continued)

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 healthcare cost trend rates 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease Valuation Rates	Healthcare Cost Trend Valuation Rates	1% Increase Valuation Rates
Net OPEB liability	\$ 1,980,101	\$ 2,183,003	\$ 2,416,905

OPEB Expense, and Deferred Outflows and Inflows of Resources

For December 31, 2023, the Township reported the following deferred outflows and inflows of resources related to OPEB.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>OPEB Plan</u>		
Differences between expected and actual experience	\$ 196,102	\$ 132,141
Changes in assumptions	269,224	448,545
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	168,681	-
Total	<u>\$ 634,007</u>	<u>\$ 580,686</u>

EAST NORRITON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

D. Post-retirement benefits (continued)

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

<u>Year Ended December 31:</u>	<u>Governmental- Activities OPEB</u>
2024	\$ (12,304)
2025	(12,304)
2026	(12,304)
2027	(12,304)
2028	(12,305)
Thereafter	<u>(53,839)</u>
Total	<u>\$ (115,360)</u>

For the year ended December 31, 2023, the actuarial determined expense for the OPEB Plan was \$118,543.

E. Restricted assets

During 1990, proceeds of the Norris City Cemetery Trust were transferred to the Township. These monies are to be used for the maintenance, upkeep, and repair of the Norris City Cemetery. As of December 31, 2023 general fund assets of \$10,545 have been restricted for this purpose.

Escrow cash deposits - The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2023, \$144,893 represents the balance of these monies held in escrow.

EAST NORRITON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other information (Continued)

F. Joint Ventures

Under a joint resolution authorized by state statutes, the Township joined Plymouth and Whitpain Townships to establish and operate the East Norriton-Plymouth-Whitpain Joint Sewer Authority. The Sewer Authority Board is appointed by each of the three-member government’s governing body. The rates for user charges are approved by the Sewer Authority Board. The legal liability for the general obligation portion of the Sewer Authority’s debt remains with the Joint Sewer Authority.

A complete financial statement is available upon request.

The Township’s treatment cost provided by the Joint Sewer Authority was \$440,166 during the year ended December 31, 2023. The Township maintains no equity interest in the Authority; however, annual contributions are made to the capital improvement program.

G. Opening Net Position

The opening government-wide net position was adjusted as follows:

	Accumulated Depreciation	Net Position
As reported December 31, 2022	\$ 11,311,843	\$ 32,989,269
Correction	<u>(746,842)</u>	<u>746,842</u>
December 31, 2022 - restated	<u>\$ 10,565,001</u>	<u>\$ 33,736,111</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

EAST NORRITON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS - POLICE PENSION PLAN

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability				
Service cost	\$ 544,422	\$ 509,457	\$ 485,197	\$ 405,439
Interest	1,569,492	1,525,441	1,454,461	1,402,735
Changes of benefit terms	-	-	-	57,420
Differences between expected and actual experience	(278,163)	-	(180,331)	-
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,156,786)	(1,200,962)	(955,844)	(1,483,621)
Net change in total pension liability	678,965	833,936	803,483	381,973
Total pension liability - beginning	<u>21,238,693</u>	<u>20,404,757</u>	<u>19,601,274</u>	<u>19,219,301</u>
Total pension liability - ending (a)	<u>\$ 21,917,658</u>	<u>\$ 21,238,693</u>	<u>\$ 20,404,757</u>	<u>\$ 19,601,274</u>
 Plan fiduciary net position				
Contributions - employer	\$ 1,116,605	\$ 1,089,695	\$ 1,077,942	\$ 851,172
Contributions - employee	189,685	173,902	160,444	149,277
Net investment income	2,119,178	(2,620,836)	1,797,548	1,548,170
Benefit payments, including refunds of employee contributions	(1,156,786)	(1,200,962)	(955,844)	(1,483,621)
Administrative expense	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	2,268,682	(2,558,201)	2,080,090	1,064,998
 Plan fiduciary net position - beginning	<u>15,904,029</u>	<u>18,462,230</u>	<u>16,382,140</u>	<u>15,317,142</u>
Plan fiduciary net position - ending (b)	<u>\$ 18,172,711</u>	<u>\$ 15,904,029</u>	<u>\$ 18,462,230</u>	<u>\$ 16,382,140</u>
 Township's net pension liability - ending (a)-(b)	<u>\$ 3,744,947</u>	<u>\$ 5,334,664</u>	<u>\$ 1,942,527</u>	<u>\$ 3,219,134</u>
 Plan fiduciary net position as a percentage of the total pension liability	82.9%	74.9%	90.5%	83.6%
 Covered payroll	\$3,489,497	\$ 3,367,450	\$ 3,223,042	\$ 3,021,417
 Net pension liability as a percentage of covered payroll	107.3%	158.4%	60.3%	106.5%
 Annual money weighted return, net of investment expenses	11.3%	-14.22%	10.58%	10.70%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

Notes to Schedule:

Changes in benefit terms: None since 1/1/23

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 386,132	\$ 393,450	\$ 374,714	\$ 410,899	\$ 391,332
1,393,451	1,267,245	1,216,430	1,104,270	1,040,841
-	-	-	-	-
(102,565)	-	320,087	-	(389,307)
327,874	-	418,103	-	-
<u>(767,218)</u>	<u>(764,914)</u>	<u>(827,733)</u>	<u>(539,388)</u>	<u>(694,180)</u>
1,237,674	895,781	1,501,601	975,781	348,686
<u>17,981,627</u>	<u>17,085,846</u>	<u>15,584,245</u>	<u>14,608,464</u>	<u>14,259,778</u>
<u>\$ 19,219,301</u>	<u>\$ 17,981,627</u>	<u>\$ 17,085,846</u>	<u>\$ 15,584,245</u>	<u>\$ 14,608,464</u>
\$ 826,028	\$ 715,184	\$ 749,645	\$ 706,098	\$ 727,687
133,323	129,139	161,049	147,502	136,620
2,276,113	(830,858)	1,471,741	966,594	(175,723)
(767,218)	(764,914)	(827,733)	(539,388)	(694,180)
-	(35,859)	(34,938)	(5,700)	(8,800)
-	-	-	-	600
<u>2,468,246</u>	<u>(787,308)</u>	<u>1,519,764</u>	<u>1,275,106</u>	<u>(13,796)</u>
<u>12,848,896</u>	<u>13,636,204</u>	<u>12,116,440</u>	<u>10,841,334</u>	<u>10,855,130</u>
<u>\$ 15,317,142</u>	<u>\$ 12,848,896</u>	<u>\$ 13,636,204</u>	<u>\$ 12,116,440</u>	<u>\$ 10,841,334</u>
<u>\$ 3,902,159</u>	<u>\$ 5,132,731</u>	<u>\$ 3,449,642</u>	<u>\$ 3,467,805</u>	<u>\$ 3,767,130</u>
79.7%	71.5%	79.8%	77.7%	74.2%
\$ 2,666,434	\$ 2,539,013	\$ 2,563,390	\$ 3,017,483	\$ 2,732,355
146.3%	202.2%	134.6%	114.9%	137.9%
17.50%	-6.14%	12.34%	9.26%	-1.47%

EAST NORRITON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2014	\$ 532,716	\$ 532,716	\$ -	\$ 2,549,836	20.89%
2015	727,687	727,687	-	2,732,355	26.63%
2016	706,098	706,098	-	3,017,483	23.40%
2017	729,768	749,645	(19,877)	2,563,390	29.24%
2018	683,318	715,184	(31,866)	2,539,013	28.17%
2019	826,028	826,028	-	2,666,434	30.98%
2020	844,175	851,172	(6,997)	3,021,417	28.17%
2021	1,076,887	1,077,942	(1,055)	3,223,042	33.44%
2022	1,089,695	1,089,695	-	3,367,450	32.36%
2023	1,116,605	1,116,605	-	3,489,497	32.00%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	6 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of Market Value
Inflation	3%
Salary increases	5.0%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	It assumes that all members enter the DROP at Normal Retirement Age and remain in the DROP for three years
Mortality	PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement

Changes in benefit terms: None since 1/1/2021

EAST NORRITON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND
RELATED RATIOS - NON-UNIFORMED PENSION PLAN

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability				
Service cost	\$ 262,199	\$ 301,418	\$ 287,065	\$ 157,083
Interest	689,045	667,965	639,377	574,817
Changes of benefit terms	-	-	647,786	-
Differences between expected and actual experience	(104,861)	-	(114,493)	-
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(531,574)	(556,898)	(587,822)	(472,606)
Net change in total pension liability	314,809	412,485	871,913	259,294
Total pension liability - beginning	<u>9,295,720</u>	<u>8,883,235</u>	<u>8,011,322</u>	<u>7,752,028</u>
Total pension liability - ending (a)	<u>\$ 9,610,529</u>	<u>\$ 9,295,720</u>	<u>\$ 8,883,235</u>	<u>\$ 8,011,322</u>
Plan fiduciary net position				
Contributions - employer	\$ 375,007	\$ 406,261	\$ 416,357	\$ 1,897,737
Contributions - employee	92,853	92,718	95,014	102,068
Net investment income	993,145	(1,204,704)	760,046	640,966
Benefit payments, including refunds of employee contributions	(531,574)	(556,898)	(587,822)	(472,606)
Administrative expense	-	-	-	-
Other	-	-	-	-
Net change in plan fiduciary net position	929,431	(1,262,623)	683,595	2,168,165
Plan fiduciary net position - beginning	<u>7,625,010</u>	<u>8,887,633</u>	<u>8,204,038</u>	<u>6,035,873</u>
Plan fiduciary net position - ending (b)	<u>\$ 8,554,441</u>	<u>\$ 7,625,010</u>	<u>\$ 8,887,633</u>	<u>\$ 8,204,038</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 1,056,088</u>	<u>\$ 1,670,710</u>	<u>\$ (4,398)</u>	<u>\$ (192,716)</u>
Plan fiduciary net position as a percentage of the total pension liability	89.0%	82.0%	100.0%	102.4%
Covered payroll	\$ 1,856,350	\$ 1,777,669	\$ 1,729,269	\$ 1,880,210
Net pension liability as a percentage of covered payroll	56.9%	94.0%	-0.3%	-10.2%
Annual money weighted return, net of investment expenses	9.48%	-13.64%	8.84%	11.00%

Notes to Schedule:

Changes in benefit terms: Effective 1/1/21, there were changes in plan eligibility, benefit formula, preretirement death benefit, vesting and DROP.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 149,603	\$ 162,843	\$ 155,089	\$ 136,256	\$ 129,768
559,412	540,812	528,547	505,942	491,548
-	-	-	-	-
(16,493)	-	(130,464)	-	(171,363)
223,987	-	270,077	-	-
<u>(733,135)</u>	<u>(644,313)</u>	<u>(512,445)</u>	<u>(519,641)</u>	<u>(297,519)</u>
183,374	59,342	310,804	122,557	152,434
<u>7,568,654</u>	<u>7,509,312</u>	<u>7,198,508</u>	<u>7,075,951</u>	<u>6,923,517</u>
<u>\$ 7,752,028</u>	<u>\$ 7,568,654</u>	<u>\$ 7,509,312</u>	<u>\$ 7,198,508</u>	<u>\$ 7,075,951</u>
\$ 383,764	\$ 317,716	\$ 311,370	\$ 311,980	\$ 315,228
101,957	97,927	90,445	80,403	78,999
910,890	(344,120)	666,868	439,232	(86,296)
(733,135)	(644,313)	(512,445)	(519,641)	(297,519)
-	(10,851)	(22,434)	-	(9,200)
-	-	-	-	-
<u>663,476</u>	<u>(583,641)</u>	<u>533,804</u>	<u>311,974</u>	<u>1,212</u>
<u>5,372,397</u>	<u>5,956,038</u>	<u>5,422,234</u>	<u>5,110,260</u>	<u>5,109,048</u>
<u>\$ 6,035,873</u>	<u>\$ 5,372,397</u>	<u>\$ 5,956,038</u>	<u>\$ 5,422,234</u>	<u>\$ 5,110,260</u>
<u>\$ 1,716,155</u>	<u>\$ 2,196,257</u>	<u>\$ 1,553,274</u>	<u>\$ 1,776,274</u>	<u>\$ 1,965,691</u>
77.9%	71.0%	79.3%	75.3%	72.2%
\$ 2,015,008	\$ 1,674,814	\$ 1,852,610	\$ 1,613,204	\$ 1,619,489
85.2%	131.1%	83.8%	110.1%	121.4%
17.50%	-8.62%	12.30%	9.25%	-1.53%

EAST NORRITON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2014	\$ 225,902	\$ 225,902	\$ -	\$ 1,531,039	14.75%
2015	315,228	315,228	-	1,619,489	19.46%
2016	311,980	311,980	-	1,613,204	19.34%
2017	311,370	311,370	-	1,852,610	16.81%
2018	317,716	317,716	-	1,674,814	18.97%
2019	383,764	383,764	-	2,015,008	19.05%
2020	397,737	1,897,737	(1,500,000)	1,880,210	100.93%
2021	416,357	416,357	-	1,729,269	24.08%
2022	406,261	406,261	-	1,777,669	22.85%
2023	375,007	375,007	-	1,856,350	20.20%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	4 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of Market Value
Inflation	3%
Salary increases	5.0%, average, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	It assumes that all members enter the DROP at Normal Retirement Age and remain in the DROP for three years
Mortality	PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement

Changes in benefit terms: Effective January 1, 2021, there were changes to plan eligibility, benefit formula, preretirement death benefit, vesting and DROP

EAST NORRITON TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS - POLICE

	Measurement Date January 1,					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 72,773	\$ 88,623	\$ 65,832	\$ 71,664	\$ 74,811	\$ 65,499
Interest	57,984	46,641	68,774	80,673	71,381	77,525
Changes of benefit terms	-	-	16,362	-	-	-
Differences between expected and actual experience	-	239,680	-	(207,653)	-	-
Changes of assumptions	(384,108)	(60,499)	256,383	62,536	(97,804)	94,533
Benefit payments, including refunds of employee contributions	(148,214)	(126,334)	(119,347)	(94,705)	(79,684)	(75,174)
Net change in total OPEB liability	(401,565)	188,111	288,004	(87,485)	(31,296)	162,383
Total OPEB liability - beginning	2,584,568	2,396,457	2,108,453	2,195,938	2,227,234	2,064,851
Total OPEB liability - ending (a)	<u>\$ 2,183,003</u>	<u>\$ 2,584,568</u>	<u>\$ 2,396,457</u>	<u>\$ 2,108,453</u>	<u>\$ 2,195,938</u>	<u>\$ 2,227,234</u>
Plan fiduciary net position						
Contributions - employer	\$ 148,214	\$ 126,334	\$ 119,347	\$ 94,705	\$ 79,684	\$ 75,174
Contributions - employee	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(148,214)	(126,334)	(119,347)	(94,705)	(79,684)	(75,174)
Administrative expense	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's net OPEB liability - ending (a)-(b)	<u>\$ 2,183,003</u>	<u>\$ 2,584,568</u>	<u>\$ 2,396,457</u>	<u>\$ 2,108,453</u>	<u>\$ 2,195,938</u>	<u>\$ 2,227,234</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 3,277,995	\$ 3,363,756	\$ 3,117,589	\$ 3,117,589	\$ 2,930,384	\$ 2,930,384
Net OPEB liability as a percentage of covered payroll	66.6%	76.8%	76.9%	67.6%	74.9%	76.0%

Notes to Schedule:

The discount rate changed from 3.16% to 3.64% in 2018, from 3.64% to 3.26% in 2020, from 3.26% to 1.93% in 2021, from 1.93% to 2.25% in 2022 and from 2.25% to 4.31% in 2023

For Officers hired before 6/1/2020, the Township now pays 60% of the premium cost for the first 5 years and 45% thereafter until retiree's Medicare eligible age.

SUPPLEMENTARY INFORMATION

EAST NORRITON TOWNSHIP

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2023

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	<u>Street Light Tax</u>	<u>Fire Tax</u>	<u>Park and Recreation</u>	<u>Highway Aid</u>	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 101,397	\$ 11,232	\$ 12,677	\$ 785,860	\$ 911,166
Taxes receivable	1,700	-	-	-	1,700
Other receivable	6,792	3,552	1,748	623	12,715
Due from other funds	-	-	-	2,450	2,450
Total Assets	<u>\$ 109,889</u>	<u>\$ 14,784</u>	<u>\$ 14,425</u>	<u>\$ 788,933</u>	<u>\$ 928,031</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 5,180	\$ -	\$ 6,024	\$ 350	\$ 11,554
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>5,180</u>	<u>-</u>	<u>6,024</u>	<u>350</u>	<u>11,554</u>
<u>FUND BALANCES</u>					
Restricted:					
Street light	104,709	-	-	-	104,709
Fire	-	14,784	-	-	14,784
Culture and recreation	-	-	8,401	-	8,401
Highways and streets	-	-	-	788,583	788,583
Unassigned	-	-	-	-	-
Total Fund Balances	<u>104,709</u>	<u>14,784</u>	<u>8,401</u>	<u>788,583</u>	<u>916,477</u>
Total Liabilities and Fund Balances	<u>\$ 109,889</u>	<u>\$ 14,784</u>	<u>\$ 14,425</u>	<u>\$ 788,933</u>	<u>\$ 928,031</u>

||

EAST NORRITON TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	<u>Street Light Tax</u>	<u>Fire Tax</u>	<u>Park and Recreation</u>	<u>Highway Aid</u>	
Revenues					
Taxes:					
Property	\$ 28,076	\$ 272,879	\$ 308,898	\$ -	\$ 609,853
Street light assessment	79,256	-	-	-	79,256
Investment income	6,963	7,790	4,306	35,724	54,783
Intergovernmental revenues	-	109,811	-	416,946	526,757
Charges for services	-	18,050	163,601	-	181,651
	<u>114,295</u>	<u>408,530</u>	<u>476,805</u>	<u>452,670</u>	<u>1,452,300</u>
Expenditures					
Current:					
Public safety	-	414,284	-	-	414,284
Highways and streets	67,556	-	-	241,971	309,527
Culture and recreation	-	-	582,601	-	582,601
Debt service					
Principal	-	-	-	31,377	31,377
Interest	-	-	-	3,239	3,239
Total Expenditures	<u>67,556</u>	<u>414,284</u>	<u>582,601</u>	<u>276,587</u>	<u>1,341,028</u>
Excess (Deficiency) of Revenues Over Expenditures	46,739	(5,754)	(105,796)	176,083	111,272
Other Financing Sources (Uses)					
Proceeds from sale of assets	-	-	-	54,400	54,400
Transfers in	-	-	300,000	-	300,000
Transfers out	(50,000)	-	(190,000)	-	(240,000)
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>-</u>	<u>110,000</u>	<u>54,400</u>	<u>114,400</u>
Net Change in Fund Balance	(3,261)	(5,754)	4,204	230,483	225,672
Fund Balance - Beginning	<u>107,970</u>	<u>20,538</u>	<u>4,197</u>	<u>558,100</u>	<u>690,805</u>
Fund Balance - Ending	<u>\$ 104,709</u>	<u>\$ 14,784</u>	<u>\$ 8,401</u>	<u>\$ 788,583</u>	<u>\$ 916,477</u>

EAST NORRITON TOWNSHIP

COMBINING STATEMENT OF NET POSITION

FIDUCIARY FUNDS

	Police Pension <u>Trust Fund</u>	Non-Uniformed Pension <u>Trust Fund</u>	Non-Uniformed Defined Contribution	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 65,208	\$ 52,525	\$ 4,296	\$ 122,029
Investments, at fair value:				
Mutual Funds - Equity	13,652,381	6,407,621	30,200	20,090,202
Mutual Funds - International Equity	1,037,302	486,857	-	1,524,159
Mutual Funds - Fixed Income	3,252,193	1,526,383	6,692	4,785,268
Mutual Funds - Real Estate	<u>165,629</u>	<u>77,736</u>	<u>341</u>	<u>243,706</u>
Total Investments	<u>18,107,505</u>	<u>8,498,597</u>	<u>37,233</u>	<u>26,643,335</u>
Total Assets	<u>\$ 18,172,713</u>	<u>\$ 8,551,122</u>	<u>\$ 41,529</u>	<u>\$ 26,765,364</u>
 <u>LIABILITIES</u>				
Accounts payable	<u>\$ 54,900</u>	<u>\$ 73,975</u>	<u>\$ -</u>	<u>\$ 128,875</u>
Total Liabilities	<u>54,900</u>	<u>73,975</u>	<u>-</u>	<u>128,875</u>
 <u>NET POSITION</u>				
Net Position - Restricted for:				
Pension benefits	<u>18,117,813</u>	<u>8,477,147</u>	<u>41,529</u>	<u>26,636,489</u>
Total Net Position	<u>\$ 18,117,813</u>	<u>\$ 8,477,147</u>	<u>\$ 41,529</u>	<u>\$ 26,636,489</u>

EAST NORRITON TOWNSHIP

COMBINING STATEMENT OF CHANGES IN NET POSITION

FIDUCIARY FUNDS

	Police Pension <u>Trust Fund</u>	Non-Uniformed Pension <u>Trust Fund</u>	Non-Uniformed <u>Defined Contributio</u>	<u>Total</u>
Additions				
Contributions				
Employee contributions	\$ 189,685	\$ 92,853	\$ -	\$ 282,538
Employer contributions	667,858	375,007	18,171	1,061,036
State aid	<u>448,747</u>	<u>-</u>	<u>-</u>	<u>448,747</u>
Total Contributions	<u>1,306,290</u>	<u>467,860</u>	<u>18,171</u>	<u>1,792,321</u>
Investment Income				
Net appreciation (depreciation) in fair value of investments	1,712,432	800,266	3,333	2,516,031
Interest and dividend income	<u>432,004</u>	<u>205,462</u>	<u>750</u>	<u>638,216</u>
Total investment earnings	2,144,436	1,005,728	4,083	3,154,247
Less investment expense	<u>(28,997)</u>	<u>(14,379)</u>	<u>-</u>	<u>(43,376)</u>
Net Investment Income	<u>2,115,439</u>	<u>991,349</u>	<u>4,083</u>	<u>3,110,871</u>
 Total Additions	 <u>3,421,729</u>	 <u>1,459,209</u>	 <u>22,254</u>	 <u>4,903,192</u>
Deductions				
Benefits	1,156,786	531,574	-	1,688,360
Administrative expenses	<u>4,261</u>	<u>15,929</u>	<u>-</u>	<u>20,190</u>
Total Deductions	<u>1,161,047</u>	<u>547,503</u>	<u>-</u>	<u>1,708,550</u>
 Change in Net Position	 2,260,682	 911,706	 22,254	 3,194,642
Net Position - Restricted for Pension Benefits:				
Beginning of Year	<u>15,857,131</u>	<u>7,565,441</u>	<u>19,275</u>	<u>23,441,847</u>
End of Year	<u>\$ 18,117,813</u>	<u>\$ 8,477,147</u>	<u>\$ 41,529</u>	<u>\$ 26,636,489</u>