

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
Financial Statements and Supplementary Information
For the Year Ended December 31, 2024

December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

The Board of Supervisors
Township of Lower Makefield
Yardley, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Lower Makefield, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township of Lower Makefield's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Lower Makefield'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.



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Auditor's 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Adoption of New GASB Statements

In 2024, The Township adopted the provisions of Governmental Accounting Standards Board's Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62, and Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of employer contributions – police and non-uniform pension plans, schedule of investment returns – police and non-uniform pension plans, schedule of changes in the employer's net pension liability and related ratios – police and non-uniform pension plans, schedule of changes in the total OPEB liability and related ratios – administrative, public works, and police OPEB plans, and budgetary comparison information on pages 4-12 and 55-67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in



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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 Township of Lower Makefield's basic financial statements. The nonmajor governmental funds and pension trust and employee benefit funds combining statements, and budgetary comparison for certain major funds ("supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania

February 20, 2026

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2024**

The management of Lower Makefield Township is pleased to present this narrative overview and analysis of the financial activities of Lower Makefield Township for the fiscal year ended December 31, 2024. The information is being presented as a comparative analysis of the previous year.

Lower Makefield Township is a Second-Class Township under Pennsylvania Law. The governing body of the Township is the Board of Supervisors comprised of five (5) members, who are elected at large and serve six (6) year staggered terms. The Board is empowered with legislative functions that include enacting ordinances and resolutions, adopting a budget, levying taxes, providing for appropriations and awarding bids and contracts, and making appointments to various boards and commissions.

FINANCIAL HIGHLIGHTS

- The township established a Road Improvement Fund, supported by a 2-millage rate, to provide dedicated funding for needed road repairs and infrastructure improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's annual financial report consists of several sections. Together, they provide a comprehensive financial look at the Township. The components of the report include the Independent Auditor's Report, Management's Discussion and Analysis, Government-Wide Financial Statements, Fund Financial Statements and Notes to the Basic Financial Statements. This report also contains other Required and Supplementary Information in addition to the basic financial statements.

The Independent Auditor's Report briefly describes the audit engagement and renders an opinion as to the material components of the Township's financial position.

Management's Discussion and Analysis (MD&A), prepared by Township management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The MD&A also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

The basic financial statements include the Statement of Net Position, Statement of Activities, Fund Financial Statements and Notes to the Basic Financial Statements. The Statements of Net Position and Activities focus on entity wide presentation using the accrual basis of accounting. They are designed to be more corporate, as in that all activities are consolidated into a total for the Township.

- The Statement of Net Position focuses on resources available for future operations. This statement presents a snapshot view of the assets the Township owns, the liabilities it owes and the net difference.
- The Statement of Activities focuses on gross and net costs of Township programs and the extent to which such programs rely upon taxes and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by other sources.
- Fund Financial Statements focus separately on major Governmental Funds, Proprietary Funds and Fiduciary Funds. Governmental Funds statements follow the more traditional presentation of financial statements. The Township's major Governmental Funds are presented in their own columns, and the remaining funds are combined into a column "Other Governmental Funds." Statements for the Township's Proprietary and Fiduciary Funds follow the Governmental Funds and include net position, revenues, expenses and changes in net position and cash flows. The Proprietary Funds represent the Township's Sewer, Community Pool, and Golf Funds and can be found in more detail beginning with the Statement of Net Position, Proprietary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2024**

Fiduciary Funds are not reflected in the government-wide statements because the Township cannot use these assets to finance its operations.

- The notes to the Basic Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Township's financial condition.

Other Required Supplementary Information (RSI) is additional information consisting of budgetary comparisons for the General Fund, Special Project Fund, American Rescue Plan Fund, and Sewer Sale Proceeds Fund, as well as pension and OPEB plan information.

REPORTING THE TOWNSHIP AS A WHOLE

Statement of Net Position and Statement of Activities

Our analysis of the Township begins with the Statement of Net Position. One of the most important questions asked about the Township's finances is "What is the Township's overall financial condition as compared to the previous year?" The Statement of Net Positions and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question.

In these statements, we divide the Township into two kinds of activities:

- **Governmental Activities** - Most of the Township's basic services are reported here, including police, public works, planning and zoning, library, parks and recreation, and administration. Real estate and business taxes, fees and charges and grants finance most of these activities.
- **Business-Type Activities** – The Township charges a fee to customers to help it cover most of the cost of certain services it provides. The Township's sewer system, community pool and golf course are reported here.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
ASSETS						
Cash and cash equivalents	\$ 38,661,312	\$ 36,521,702	\$ 7,480,519	\$ 6,796,296	\$ 46,141,831	\$ 43,317,998
Other assets	1,433,469	1,586,564	(189,425)	(512,147)	1,244,044	1,074,417
Capital assets	<u>87,842,337</u>	<u>88,149,663</u>	<u>14,128,393</u>	<u>14,615,116</u>	<u>101,970,730</u>	<u>102,764,779</u>
TOTAL ASSETS	<u>127,937,118</u>	<u>126,257,929</u>	<u>21,419,487</u>	<u>20,899,265</u>	<u>149,356,605</u>	<u>147,157,194</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows	1,695,086	3,410,257	-	-	1,695,086	3,410,257
Deferred OPEB outflows	<u>566,932</u>	<u>567,506</u>	<u>-</u>	<u>-</u>	<u>566,932</u>	<u>567,506</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,262,018</u>	<u>3,977,763</u>	<u>-</u>	<u>-</u>	<u>2,262,018</u>	<u>3,977,763</u>
LIABILITIES						
Other liabilities	2,391,582	2,613,993	3,787,128	3,325,631	6,178,710	5,939,624
Long-term liabilities	<u>22,410,886</u>	<u>24,959,236</u>	<u>116,734</u>	<u>100,868</u>	<u>22,527,620</u>	<u>25,060,104</u>
TOTAL LIABILITIES	<u>24,802,468</u>	<u>27,573,229</u>	<u>3,903,862</u>	<u>3,426,499</u>	<u>28,706,330</u>	<u>30,999,728</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	115,491	116,304	-	-	115,491	116,304
Deferred OPEB inflows	2,893,581	989,315	-	-	2,893,581	989,315
Deferred lease inflows	<u>1,608,912</u>	<u>1,666,476</u>	<u>-</u>	<u>-</u>	<u>1,608,912</u>	<u>1,666,476</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,617,984</u>	<u>2,772,095</u>	<u>-</u>	<u>-</u>	<u>4,617,984</u>	<u>2,772,095</u>
NET POSITIONS						
Invested in capital assets	81,504,200	80,855,856	13,950,970	14,285,219	95,455,170	95,141,075
Restricted	7,205,628	7,025,438	-	-	7,205,628	7,025,438
Unrestricted	<u>12,068,856</u>	<u>12,009,074</u>	<u>3,564,655</u>	<u>3,187,547</u>	<u>15,633,511</u>	<u>15,196,621</u>
TOTAL NET POSITION	<u>\$ 100,778,684</u>	<u>\$ 99,890,368</u>	<u>\$ 17,515,625</u>	<u>\$ 17,472,766</u>	<u>\$ 118,294,309</u>	<u>\$ 117,363,134</u>

Assets in the business type activities column reflect the Township's investment in its sewer system, community pool and golf course. The community pool consists of four swimming pools, a snack bar area and bathhouse. The golf course is an 18-hole premier municipal course with practice facilities, clubhouse, maintenance building and historic manor house.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues						
Charges for services	\$ 3,059,947	\$ 2,107,732	\$ 5,510,598	\$ 5,132,366	\$ 8,570,545	\$ 7,240,098
Operating grants and contributions	3,577,783	5,057,401	-	-	3,577,783	5,057,401
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes	12,643,315	11,304,769	-	-	12,643,315	11,304,769
Real estate transfer taxes	1,399,789	2,161,748	-	-	1,399,789	2,161,748
Local service taxes and per-capita taxes	605,754	209,264	-	-	605,754	209,264
Investment earnings	4,042,583	2,721,278	72,161	344,727	4,114,744	3,066,005
Rent, reimbursement and miscellaneous	1,052,227	1,399,446	21,298	16,723	1,073,525	1,416,169
Gain on defeasance of debt	-	-	-	-	-	-
Gain on sale of sewer system	-	-	-	-	-	-
TOTAL REVENUES	26,381,398	24,961,638	5,604,057	5,493,816	31,985,455	30,455,454
EXPENSES						
General government	7,677,595	7,705,463	-	-	7,677,595	7,705,463
Public safety	10,141,882	9,971,493	-	-	10,141,882	9,971,493
Public works	4,737,109	4,357,307	-	-	4,737,109	4,357,307
Culture and recreation	3,024,122	3,966,382	-	-	3,024,122	3,966,382
Interest on long-term debt	167,374	199,670	-	-	167,374	199,670
Sewer	-	-	-	2,618,600	-	2,618,600
Community pool	-	-	1,242,281	1,541,138	1,242,281	1,541,138
Golf course	-	-	4,063,917	3,526,459	4,063,917	3,526,459
TOTAL EXPENSES	25,748,082	26,200,315	5,306,198	7,686,197	31,054,280	33,886,512
EXCESS (DEFICIENCY) BEFORE TRANSFERS	633,316	(1,238,677)	297,859	(2,192,381)	931,175	(3,431,058)
TRANSFERS						
Transfers in	255,000	605,000	-	-	255,000	605,000
Transfers out	-	-	(255,000)	(605,000)	(255,000)	(605,000)
CHANGE IN NET POSITION	888,316	(633,677)	42,859	(2,797,381)	931,175	(3,431,058)
NET POSITION, BEGINNING (RESTATED)	99,890,368	100,524,045	17,472,766	20,270,147	117,363,134	120,794,192
NET POSITION, ENDING	\$ 100,778,684	\$ 99,890,368	\$ 17,515,625	\$ 17,472,766	\$ 118,294,309	\$ 117,363,134

For the Township of Lower Makefield's governmental activities, total revenues and transfers were higher than total expenses and transfers in 2024. Net position increased by \$888,316 year over year. In 2024, the total primary government's revenues increased year over year by \$1,530,001 or 5.0%, while expenses decreased by \$2,832,232 year over year, or -8.4%. The governmental activities revenues increased year over year by \$1,419,760 or 5.7%, while expenses decreased by \$452,233 year over year, or -1.7%.

For the Township of Lower Makefield's business-type activities, net position increased by \$42,859 in 2024. During the year, the business-type activities reported an increase in revenues totaling \$110,241, or 2.0% and a decrease in expenses of \$2,379,999 or -31.0%.

Governmental Activities

The Township generates governmental revenues from a variety of sources. Total revenues for governmental activities in 2024 was \$26,381,398 and in 2023 was \$24,961,638. Revenue by source is below:

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2024**

Revenue	Amount		% of Total	
	2024	2023	2024	2023
Property taxes	\$ 12,643,315	\$ 11,304,769	48%	45.29%
Real estate transfer tax	1,399,789	2,161,748	5%	8.66%
Local services taxes and per-capita taxes	605,754	209,264	2%	0.84%
Investment earnings	4,042,583	2,721,278	15%	10.90%
Miscellaneous	1,052,227	1,399,446	4%	5.61%
Charges for services	3,059,947	2,107,732	12%	8.44%
Operating grants and contributions	3,577,783	5,057,401	14%	20.26%
Capital grants and contributions	-	-	0%	0.00%
	<u>\$ 26,381,398</u>	<u>\$ 24,961,638</u>	<u>100%</u>	<u>100%</u>

As seen above, revenues increased when comparing 2024 and 2023, by \$1,419,760, or 5.7%. Property taxes increased by \$1,338,546. In December of 2010, the Township approved the enactment of a Local Service Tax, or LST at the legally allowed maximum of \$52 per annum for all people working in the Township borders earning more than \$12,000 per annum. This revenue source yielded \$605,754 in 2024 and \$209,264 in 2023, an increase year over year due to timely payments. Charges for Services increased by \$952,215. Lastly, the Township was able to capture favorable market conditions as their investment earnings increased \$1,321,305 during the year, although those gains were offset by reductions capital grants.

The Township's governmental programs consist of various operating departments, including police, public works, planning and zoning, park and recreation and several administrative departments. Total expenditures for fiscal 2024 were \$25,748,082 and \$26,200,315 for 2023. Expenditures by source were as follows:

Expenses	Amount		% of Total	
	2024	2023	2024	2023
General government	\$ 7,677,595	\$ 7,705,463	30%	29.41%
Public safety	10,141,882	9,971,493	39%	38.06%
Highways and streets	4,737,109	4,357,307	18%	16.63%
Culture and recreation	3,024,122	3,966,382	12%	15.14%
Interest on long-term debt	167,374	199,670	1%	0.76%
	<u>\$ 25,748,082</u>	<u>\$ 26,200,315</u>	<u>100%</u>	<u>100%</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Township of Lower Makefield's investment in capital assets for its governmental and business-type activities as of December 31, 2024, the total was \$101,970,730 and was \$102,764,779 in 2023 (net of accumulated depreciation). Township investment in capital assets includes land and land improvements, building improvements, equipment, vehicles and infrastructure (see next page). Infrastructure includes roadways, bike paths, curbing and sidewalks, storm sewers, basins, bridges and culverts, easements, streetlights and signs.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2024**

Additions to capital assets during 2024 include:

Land	\$ 100,000
Construction in Progress	\$ 183,850
Land Improvements	\$ 443,827
Vehicles	\$ 321,056
Furniture and Equipment	\$ 93,799

	Governmental Activities		Business-Type Activities		Total Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 23,959,951	\$ 23,859,951	\$ 7,751,552	\$ 7,751,552	\$ 31,711,503	\$ 31,611,503
Construction in progress	2,125,405	1,941,555	37,037	37,037	2,162,442	1,978,592
Infrastructure	50,289,307	50,289,307	-	-	50,289,307	50,289,307
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	76,374,663	76,090,813	7,788,589	7,788,589	84,163,252	\$ 83,879,402
Land improvements	11,067,715	10,532,295	8,160,525	8,160,525	19,228,240	18,692,820
Infrastructure	1,512,088	1,512,088	4,473,198	4,473,198	5,985,286	5,985,286
Buildings and improvements	10,955,060	10,955,060	3,187,185	3,187,185	14,142,245	14,142,245
Furniture and equipment	4,391,330	4,297,531	1,119,145	1,119,145	5,510,475	5,416,676
Right-to-use leased vehicles	716,602	604,282	-	-	716,602	604,282
Right-to-use equipment - golf course	-	-	505,068	388,284	505,068	388,284
Vehicles	8,644,147	8,668,407	-	-	8,644,147	8,668,407
TOTAL CAPITAL ASSETS BEING DEPRECIATED	37,286,942	36,569,663	17,445,121	17,328,337	54,732,063	53,898,000
ACCUMULATED DEPRECIATION	(25,819,268)	(24,510,813)	(11,105,317)	(10,501,810)	(36,924,585)	(35,012,623)
TOTAL CAPITAL ASSETS	\$ 87,842,337	\$ 88,149,663	\$ 14,128,393	\$ 14,615,116	\$ 101,970,730	\$ 102,764,779

Depreciable capital assets are depreciated using the straight-line method. Useful lives are as follows:

	<u>Years</u>
Infrastructure	20
Land improvements	5-40
Buildings and improvements	40
Furniture and equipment	5
Plant and pools	4-40
Vehicles	3-10

In the case of road, curb, sidewalk and bike path infrastructure, the Township has elected to use the modified approach. Additional information on the Township's capital assets can be found in Notes A and D in the financial statements.

Total Liabilities

At the end of 2024, the Township had \$6,136,384 in outstanding debt for all Note Payables, Bonds and loans. Total Long-Term Liabilities at the end of 2024 were \$23,511,574, which includes leases, OPEB and pension liabilities and compensated absences.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2024**

Debt

Outstanding debt at year end (net of premiums, discounts, and amortization) for the years ended December 31, 2024 and 2023 is as follows:

<u>Governmental Activities</u>	<u>2024</u>	<u>2023</u>
General Obligation Bonds		
Series of 2016	4,835,000	\$ 5,180,000
Series of 2018	690,000	840,000
Notes Payable		
Series of 2022	283,464	840,111
Equipment Loans	-	64,528
Deferred Amounts	<u>327,920</u>	<u>369,168</u>
	<u>6,136,384</u>	<u>7,293,807</u>
<u>Business-Type Activities</u>		
General Obligation Bonds		
Series A of 2013	<u>-</u>	<u>175,000</u>
<u>Entity-Wide</u>		
Leases	379,176	481,557
Net OPEB obligation	5,587,305	6,152,435
Net pension liability	9,643,306	10,885,191
Compensated absences	<u>1,765,403</u>	<u>1,610,455</u>
Total long-term liabilities	<u>\$ 23,511,574</u>	<u>\$ 26,598,445</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors

The Township of Lower Makefield services an area of seventeen square miles and a population of 33,180 (2020 United States Census). The Township is located in the southeastern portion of Bucks County, just across the river from Trenton, New Jersey and twenty-five miles northeast of Philadelphia. Economically, the Township is largely residential in nature, with some agricultural activity. Commercial development can be found on a limited basis, most of which supports the residential community.

As shown in the data below, the Township of Lower Makefield is considerably wealthier than Bucks County as a whole. Both Bucks County and the Township of Lower Makefield are substantially wealthier than the Commonwealth of Pennsylvania and the nation. Several factors that create this wealth are the higher educational levels of our residents and the Township's ideal location for commuting to New York and Philadelphia, where higher paying jobs can be found.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Lower Makefield Township	Bucks County	Pennsylvania	United States
Per capita income	\$ 79,572	\$ 54,930	\$ 41,234	\$ 41,804
Median family income	168,540	107,826	73,170	74,755
Percentage of population poverty level	3.70%	5.60%	11.80%	12.60%

Source: United States Census Bureau (2020 Census)

The 2025 Budget and Outlook

The total millage for the 2025 budget will be 24.95. The millage breakout is as follows: General Fund 13.88 mills, Debt Service 2.53 mills, Fire Protection 1.10 mills, Fire Hydrants 0.33 mills, Parks and Recreation 2.43 mills, Ambulance and Rescue 0.38 mills, Roadway Improvement (a newly added fund in 2024) 4.00 mills, and Road Machinery 0.30 mills.

The overwhelming majority of the Township's revenue is generated from property tax. Our total collection rate has averaged over 99% each year, and 2024 was no exception. Most property owners pay their taxes during the discount and the face period of collection. In assessing where we were before the pandemic, during the pandemic and now in coming out of the pandemic we see the following collection trend in household collection comparisons:

	Total HH#	HH paying thru Face Period
2023	12,571	12,232
2024	12,524	12,186
2025	12,750	12,406

For budgeting purposes, we estimate a 98% collection rate for the year.

Transfer taxes

The Township continues to meet its budgeted goals for transfer taxes. Through 2024 year-end, we have steadily seen property sales continue as in previous years.

	Total Transfer Tax	Budget
2023	\$ 2,161,748	\$ 1,700,000
2024	\$ 1,399,789	\$ 1,750,000
2025	\$ 1,500,000	\$ 1,500,000

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2024**

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to show the Township's accountability for the monies it receives and disburses. If you have any questions about this report or to request additional financial information, please contact Mega Bhandary, Chief Financial Officer, 1100 Edgewood Road, Yardley, Pennsylvania 19067.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 38,661,312	\$ 7,480,519	\$ 46,141,831
Receivables, net	599,872	4,126	603,998
Taxes receivable	352,868	-	352,868
Inventory	-	123,365	123,365
Prepaid expenses	106,579	57,234	163,813
Interfunds	374,150	(374,150)	-
Capital assets, net	87,842,337	14,128,393	101,970,730
TOTAL ASSETS	127,937,118	21,419,487	149,356,605
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources, pension activity	1,695,086	-	1,695,086
Deferred outflows of resources, OPEB activity	566,932	-	566,932
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,262,018	-	2,262,018
LIABILITIES			
Accounts payable	589,746	739,515	1,329,261
Accrued expenses	524,489	2,478,434	3,002,923
Accrued interest	74,691	-	74,691
Unearned revenue	287,073	474,531	761,604
Security deposit	26,277	-	26,277
Noncurrent liabilities			
Due within one year:			
Bonds, loans, and notes payable	803,464	-	803,464
Leases	85,842	94,648	180,490
Due in more than one year:			
Bonds, loans, and notes payable	5,332,920	-	5,332,920
Leases	115,911	82,775	198,686
Compensated absences	1,731,444	33,959	1,765,403
Other post-employment benefits	5,587,305	-	5,587,305
Net Pension Liability	9,643,306	-	9,643,306
TOTAL LIABILITIES	24,802,468	3,903,862	28,706,330
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, pension activity	115,491	-	115,491
Deferred inflows of resources, OPEB Activity	2,893,581	-	2,893,581
Deferred inflows of resources, leases	1,608,912	-	1,608,912
TOTAL DEFERRED INFLOWS OF RESOURCES	4,617,984	-	4,617,984
NET POSTIONS			
Net Investment in capital assets	81,504,200	13,950,970	95,455,170
Restricted:			
Other governmental funds	7,205,628	-	7,205,628
Unrestricted	12,068,856	3,564,655	15,633,511
TOTAL NET POSTION	\$ 100,778,684	\$ 17,515,625	\$ 118,294,309

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities							
General government	\$ 7,677,595	\$ 2,357,037	\$ 1,168,388	\$ -	\$ (4,152,170)	\$ -	\$ (4,152,170)
Public safety	10,141,882	150,553	316,960	-	(9,674,369)	-	(9,674,369)
Public works	4,737,109	439,519	1,037,607	-	(3,259,983)	-	(3,259,983)
Parks and recreation	3,024,122	112,838	1,054,828	-	(1,856,456)	-	(1,856,456)
Interest on Long-Term Debt	167,374	-	-	-	(167,374)	-	(167,374)
TOTAL GOVERNMENTAL ACTIVITIES	25,748,082	3,059,947	3,577,783	-	(19,110,352)	-	(19,110,352)
Business-type activities							
Community pool fund	1,242,281	1,109,496	-	-	-	(132,785)	(132,785)
Golf course fund	4,063,917	4,401,102	-	-	-	337,185	337,185
TOTAL BUSINESS-TYPE ACTIVITIES	5,306,198	5,510,598	-	-	-	204,400	204,400
TOTAL PRIMARY GOVERNMENT	\$ 31,054,280	\$ 8,570,545	\$ 3,577,783	\$ -	(19,110,352)	204,400	(18,905,952)
GENERAL REVENUES							
Property taxes levied for general purposes					12,643,315	-	12,643,315
Transfer taxes					1,399,789	-	1,399,789
Local services and per capita taxes					605,754	-	605,754
Interest and rents					4,042,583	72,161	4,114,744
Miscellaneous					1,052,227	21,298	1,073,525
TRANSFERS					255,000	(255,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS					19,998,668	(161,541)	19,837,127
CHANGE IN NET POSTION					888,316	42,859	931,175
NET POSITION AT BEGINNING OF YEAR, AS RESTATED					99,890,368	17,472,766	117,363,134
NET POSITION AT END OF YEAR					\$ 100,778,684	\$ 17,515,625	\$ 118,294,309

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	Major Funds								Total	
	General Fund	Capital Reserve Fund	Bond Fund	Debt Service Fund	Special Project Fund	American Rescue Plan Fund	Park and Recreation Fund	Sewer Sales Proceeds Fund		Other Governmental Funds
ASSETS										
CURRENT ASSETS										
Cash	\$ 4,515,805	\$ 39,534	\$ 4,166,024	\$ -	\$ -	\$ -	\$ 210,289	\$ 26,607,522	\$ 3,122,138	\$ 38,661,312
Accounts receivable, net	216,448	-	-	-	-	-	383,114	-	310	599,872
Taxes receivable	236,088	-	-	45,822	-	-	39,745	-	31,213	352,868
Interfund receivable	1,314,901	-	-	361,688	-	-	-	-	-	1,676,589
Prepaid expenses	59,090	-	-	-	-	-	10,700	-	36,789	106,579
TOTAL ASSETS	\$ 6,342,332	\$ 39,534	\$ 4,166,024	\$ 407,510	\$ -	\$ -	\$ 643,848	\$ 26,607,522	\$ 3,190,450	\$ 41,397,220
LIABILITIES										
Accounts payable	\$ 364,630	\$ 144	\$ -	\$ -	\$ 59,442	\$ -	\$ 66,374	\$ -	\$ 99,156	\$ 589,746
Accrued expenses	491,126	-	-	-	-	-	26,479	-	6,884	524,489
Interfund payables	126,897	-	-	294,614	302,711	-	575,990	-	2,227	1,302,439
Unearned revenues	201,986	-	-	20,702	-	-	32,062	-	32,323	287,073
Security deposits	23,627	-	-	-	-	-	1,400	-	1,250	26,277
TOTAL LIABILITIES	1,208,266	144	-	315,316	362,153	-	702,305	-	141,840	2,730,024
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue, leases	1,608,912	-	-	-	-	-	-	-	-	1,608,912
TOTAL DEFERRED INFLOWS OF RESOURCES	1,608,912	-	-	-	-	-	-	-	-	1,608,912
FUND BALANCES										
Nonspendable										
Prepaid items	59,090	-	-	-	-	-	10,700	-	36,789	106,579
Restricted for:										
Capital Projects	-	39,390	4,166,024	-	-	-	-	-	-	4,205,414
Street Lights	-	-	-	-	-	-	-	-	215,554	215,554
Fire Protection	-	-	-	-	-	-	-	-	133,460	133,460
Hydrant Fund	-	-	-	-	-	-	-	-	38,029	38,029
Park and Recreation FIL	-	-	-	-	-	-	-	-	798,558	798,558
Traffic Impact	-	-	-	-	-	-	-	-	212,699	212,699
Regency Bridge	-	-	-	-	-	-	-	-	155,086	155,086
Tree Fund	-	-	-	-	-	-	-	-	321,662	321,662
Highway Aid	-	-	-	-	-	-	-	-	683,421	683,421
Ambulance Rescue	-	-	-	-	-	-	-	-	14,379	14,379
Road Machinery	-	-	-	-	-	-	-	-	110,157	110,157
Sidewalk FIL	-	-	-	-	-	-	-	-	81,646	81,646
Road Improvement	-	-	-	-	-	-	-	-	235,563	235,563
Committed to:										
Budgetary Stabilization	-	-	-	-	-	-	-	26,607,522	-	26,607,522
9-11 Memorial	-	-	-	-	-	-	-	-	(2,823)	(2,823)
Garden of Reflection	-	-	-	-	-	-	-	-	10,548	10,548
Unassigned	3,466,064	-	-	92,194	(362,153)	-	(69,157)	-	3,882	3,130,830
TOTAL FUND BALANCES	3,525,154	39,390	4,166,024	92,194	(362,153)	-	(58,457)	26,607,522	3,048,610	37,058,284
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,342,332	\$ 39,534	\$ 4,166,024	\$ 407,510	\$ -	\$ -	\$ 643,848	\$ 26,607,522	\$ 3,190,450	\$ 41,397,220

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024**

Amounts reported for governmental activities in the statement of net position are different because:

TOTAL GOVERNMENTAL FUND BALANCES	\$	37,058,284
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$113,661,965 and the accumulated depreciation is \$25,819,628.</p>		
		87,842,337
<p>Deferred inflows and outflows of resources related to pension and OPEB activities are not financial resources and therefore are not reported in the governmental funds.</p>		
		(747,054)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>		
Accrued interest		(74,691)
Bonds and notes payable, including premiums		(6,136,384)
Leases		(201,753)
Other post-employment benefits		(5,587,305)
Net pension liability		(9,643,306)
Compensated absences		(1,731,444)
		(17,374,883)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	100,778,684

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Major Funds								Total	
	General Fund	Capital Reserve Fund	Bond Fund	Debt Service Fund	Special Project Fund	American Rescue Plan Fund	Park and Recreation Fund	Sewer Sale Proceeds Fund		Other Governmental Funds
REVENUES										
Real estate taxes	\$ 7,612,385	\$ -	\$ -	\$ 1,431,428	\$ -	\$ -	\$ 1,322,965	\$ -	\$ 2,276,537	\$ 12,643,315
Real estate transfer taxes	1,399,789	-	-	-	-	-	-	-	-	1,399,789
Local services and per capita taxes	605,754	-	-	-	-	-	-	-	-	605,754
Licenses and permits	2,097,337	-	-	-	-	-	-	-	24,210	2,121,547
Fines, forfeits and costs	71,399	-	-	-	-	-	-	-	-	71,399
Interest and rent	770,609	9,178	240,716	4,663	-	8,877	34,551	2,659,694	314,295	4,042,583
Intergovernmental revenues	957,444	10,229	-	-	205	200,510	1,054,828	-	1,354,567	3,577,783
Charges for services	733,348	-	-	-	-	-	-	-	133,653	867,001
Miscellaneous	565,377	-	-	-	-	-	106,714	-	230,782	902,873
TOTAL REVENUES	14,813,442	19,407	240,716	1,436,091	205	209,387	2,519,058	2,659,694	4,334,044	26,232,044
EXPENDITURES										
General government	2,775,908	24,905	-	-	-	200,510	-	-	-	3,001,323
Public safety	7,076,790	19,705	-	-	-	-	-	-	1,200,252	8,296,747
Public works	2,494,380	9,465	-	-	122,117	-	-	-	1,780,457	4,406,419
Parks and recreation	178,778	11,544	-	-	-	-	1,751,911	-	445,971	2,388,204
Capital outlay	-	127,294	-	-	147,078	-	504,258	-	363,902	1,142,532
Insurance	336,821	-	-	-	-	-	-	-	-	336,821
Employee Benefits	3,866,089	-	-	-	-	-	-	-	-	3,866,089
Debt service										
Principal	-	-	-	1,049,216	-	-	-	-	-	1,049,216
Interest	-	-	-	212,032	-	-	-	-	-	212,032
TOTAL EXPENDITURES	16,728,766	192,913	-	1,261,248	269,195	200,510	2,256,169	-	3,790,582	24,699,383
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,915,324)	(173,506)	240,716	174,843	(268,990)	8,877	262,889	2,659,694	543,462	1,532,661
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of fixed assets	22,915	-	-	-	-	-	-	-	59,480	82,395
Transfers in	1,925,082	-	-	-	322,162	-	358,910	-	156,150	2,762,304
Transfers out	(56,150)	(22,789)	(534,927)	-	-	(209,387)	(314,000)	(1,370,051)	-	(2,507,304)
TOTAL OTHER FINANCING SOURCES (USES)	1,891,847	(22,789)	(534,927)	-	322,162	(209,387)	44,910	(1,370,051)	215,630	337,395
NET CHANGE IN FUND BALANCES	(23,477)	(196,295)	(294,211)	174,843	53,172	(200,510)	307,799	1,289,643	759,092	1,870,056
FUND BALANCES AT BEGINNING OF YEAR	3,548,631	235,685	4,460,235	(82,649)	(415,325)	200,510	(366,256)	25,317,879	2,289,518	35,188,228
FUND BALANCES AT END OF YEAR	\$ 3,525,154	\$ 39,390	\$ 4,166,024	\$ 92,194	\$ (362,153)	\$ -	\$ (58,457)	\$ 26,607,522	\$ 3,048,610	\$ 37,058,284

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	1,870,056
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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 outlays		1,142,532
Depreciation expense		(1,449,858)

The issuance of long-term liabilities provide financial resources to governmental funds and contribute to the change in fund balance. However, the issuance of debt does not affect the Statement of Activities since it increases long-term liabilities in the Statement of Net Position. Accordingly, the repayment of principal and the proceeds of bond issuance are reported as an expenditure and revenue in the governmental funds, respectively, but reduce/increase the liability in the Statement of Net Position. The amounts related to the above items that make up differences are:

Principal payments on long-term debt		1,116,175
Principal payments on leases		124,907

Pursuant to the modified accrual basis of accounting, governmental funds do not recognize expenditures for transactions that are not normally paid with expendable available financial resources. Pursuant to the accrual basis of accounting, the Statement of Activities reports expenses and liabilities regardless of when financial resources are available. In addition, interest on long-term debt is not recognized in the governmental funds until due, while it is accrued in the Statement of Activities. The net differences for the items discussed above are:

OPEB expense		(1,339,710)
Pension Expense		(472,473)
Change in accrued interest payable		3,410
Change in bond premium		41,248
Change in accrued compensated absences		(147,971)

Change in net position of governmental activities	\$	<u>888,316</u>
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The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Sewer Fund	Community Pool Fund	Golf Course Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 6,009,316	\$ 16,480	\$ 1,454,723	\$ 7,480,519
Accounts receivable, net	-	-	4,126	4,126
Inventory	-	-	123,365	123,365
Prepaid expenses	-	-	57,234	57,234
TOTAL CURRENT ASSETS	<u>6,009,316</u>	<u>16,480</u>	<u>1,639,448</u>	<u>7,665,244</u>
Capital Assets, Net	-	624,442	13,503,951	14,128,393
TOTAL ASSETS	<u>6,009,316</u>	<u>640,922</u>	<u>15,143,399</u>	<u>21,793,637</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	236,883	5,644	496,988	739,515
Accrued expenses	2,400,000	40,856	71,537	2,512,393
Interfund payable	-	139,359	234,791	374,150
Unearned revenue	-	215	474,316	474,531
Current portion of lease payable	-	-	94,648	94,648
TOTAL CURRENT LIABILITIES	<u>2,636,883</u>	<u>186,074</u>	<u>1,372,280</u>	<u>4,195,237</u>
LONG-TERM LIABILITIES				
Lease payable	-	-	82,775	82,775
Bonds and notes payable	-	-	-	-
TOTAL LONG-TERM LIABILITIES	<u>-</u>	<u>-</u>	<u>82,775</u>	<u>82,775</u>
NET POSITION				
Net investment in capital assets	-	624,442	13,326,528	13,950,970
Unrestricted	3,372,433	(169,594)	361,816	3,564,655
TOTAL NET POSITION	<u>\$ 3,372,433</u>	<u>\$ 454,848</u>	<u>\$ 13,688,344</u>	<u>\$ 17,515,625</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Sewer Fund	Community Pool Fund	Golf Course Fund	Total
OPERATING REVENUES				
Charges for services	\$ -	\$ 1,109,496	\$ 4,401,102	\$ 5,510,598
Miscellaneous	729	20,569	-	21,298
TOTAL OPERATING REVENUES	729	1,130,065	4,401,102	5,531,896
OPERATING EXPENSES				
Operations	-	1,113,324	3,589,363	4,702,687
Depreciation	-	128,957	474,554	603,511
TOTAL OPERATING EXPENSES	-	1,242,281	4,063,917	5,306,198
OPERATING INCOME (LOSS)	729	(112,216)	337,185	225,698
NONOPERATING REVENUES (EXPENSES)				
Earnings on investments	24,241	5,529	48,079	77,849
Interest expense	-	-	(5,688)	(5,688)
TOTAL NONOPERATING REVENUES (EXPENSES)	24,241	5,529	42,391	72,161
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	24,970	(106,687)	379,576	297,859
INTERFUND TRANSFERS				
Transfers in	-	200,000	-	200,000
Transfers out	-	-	(455,000)	(455,000)
TOTAL INTERFUND TRANSFERS	-	200,000	(455,000)	(255,000)
CHANGE IN NET POSITION	24,970	93,313	(75,424)	42,859
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	3,347,463	361,535	13,763,768	17,472,766
NET POSTION AT END OF YEAR	\$ 3,372,433	\$ 454,848	\$ 13,688,344	\$ 17,515,625

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Sewer Fund	Community Pool Fund	Golf Course Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 28,138	\$ 1,130,065	\$ 4,447,620
Cash payments to suppliers	229,553	(1,113,592)	(3,336,327)
Cash payments to employees	-	6,104	49,814
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>257,691</u>	<u>22,577</u>	<u>1,161,107</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Due to other funds	-	(226,951)	(78,105)
Interfund transfers	-	200,000	(455,000)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>(26,951)</u>	<u>(533,105)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	-	(116,783)
Principal paid on capital lease payable	-	-	22,526
Principal paid on long-term debt	-	-	(175,000)
Interest paid on long-term debt	-	-	(5,688)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>(274,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings from investments	<u>24,241</u>	<u>5,529</u>	<u>48,079</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	281,932	1,155	401,136
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	<u>5,727,384</u>	<u>15,325</u>	<u>1,053,587</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	<u>\$ 6,009,316</u>	<u>\$ 16,480</u>	<u>\$ 1,454,723</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 729	\$ (112,216)	\$ 337,185
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	-	128,957	474,554
(Increase) decrease in			
Accounts receivable	27,409	-	5,220
Inventory	-	-	(34,055)
Prepaid expenses	-	-	(16,245)
Increase (decrease) in			
Accounts payable	229,553	(268)	303,336
Accrued expenses	-	6,104	49,814
Unearned revenue	-	-	41,298
Compensated absences	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 257,691</u>	<u>\$ 22,577</u>	<u>\$ 1,161,107</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2024

	Pension Trust and Employee Benefit Funds	Custodial Fund	Total Fiduciary Funds
ASSETS			
Cash and cash equivalents	\$ 189,558	\$ 174,990	\$ 364,548
Investments	31,045,214	-	31,045,214
Accounts receivables	39,176	156,942	196,118
TOTAL ASSETS	31,273,948	331,932	31,605,880
LIABILITIES			
Accounts payable	-	39,541	39,541
TOTAL LIABILITIES	-	39,541	39,541
NET POSITION			
Net position restricted for pensions	30,487,850	-	30,487,850
Net position restricted for other purposes	786,098	-	786,098
Net position restricted for custodial purposes	-	292,391	292,391
TOTAL NET POSITION	\$ 31,273,948	\$ 292,391	\$ 31,566,339

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
STATEMENT CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Pension Trust and Employee Benefit Funds	Custodial Fund	Total Fiduciary Funds
ADDITIONS			
Contributions			
Employer	\$ 698,836	\$ -	\$ 698,836
Member	698,551	-	698,551
State aid	736,112	-	736,112
Developers	-	27,317	27,317
TOTAL CONTRIBUTIONS	<u>2,133,499</u>	<u>27,317</u>	<u>2,160,816</u>
Investment income (loss)			
Net appreciation (depreciation) in fair value of investments	2,643,039	-	2,643,039
Interest income	23,274	-	23,274
Dividend income	758,906	-	758,906
TOTAL INVESTMENT INCOME (LOSS)	<u>3,425,219</u>	<u>-</u>	<u>3,425,219</u>
TOTAL ADDITIONS	<u>5,558,718</u>	<u>27,317</u>	<u>5,586,035</u>
DEDUCTIONS			
Administrative expenses	64,187	-	64,187
Benefits	2,152,799	-	2,152,799
Other	29,237	-	29,237
TOTAL DEDUCTIONS	<u>2,246,223</u>	<u>102,518</u>	<u>2,348,741</u>
CHANGE IN NET POSITION	3,312,495	(75,201)	3,237,294
NET POSITION			
BEGINNING OF YEAR	<u>27,961,453</u>	<u>367,592</u>	<u>28,329,045</u>
END OF YEAR	<u>\$ 31,273,948</u>	<u>\$ 292,391</u>	<u>\$ 31,566,339</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The Township of Lower Makefield (the Township) is located in Bucks County, Pennsylvania, was formed in 1692; exists as a Second-Class Township and is a "local government unit" as defined under the Local Government Unit Debt Act of the General Assembly of the Commonwealth of Pennsylvania.

The five-member governing body of the Township is the Board of Supervisors. A Township manager is appointed by and serves at the direction of the Board of Supervisors to administer the daily operations of the Township. Principal services provided by the Township include public safety, maintenance of the roads and highways, culture and recreation, maintenance of the sewer system and general governmental administration.

The financial statements of the Township have been prepared in conformity with United States generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Township are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

In evaluating the Township as a reporting entity, management has addressed all potential component units for which the Township may or may not be financially accountable and as such, be included in the Township's financial statements. In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Township is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Management has elected not to include the following potential component units in the December 31, 2024 annual financial report:

- Yardley Makefield Fire Company
- Lower Makefield Farmland Preservation, Inc.
- Yardley Makefield Rescue Squad

These entities are under the direction of a separate independent board and organized under a separate charter, and therefore, not included in the annual financial report.

Basis of Presentation and Accounting

The Township's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all non- fiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Government activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges to external customers for support.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund financial statements. Governmental Funds financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the providers have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues for each segment of the business type activities of the Township and for each function or program of the Township's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Administrative overhead charges of the general government are included in the direct expenses. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self- financing or draws from the general revenues of the Township.

As a general rule, the effect of the interfund activity has been eliminated from the government wide financial statements.

Fund Financial Statements

Separate Fund Financial Statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. The focus of Fund Financial Statements is on major funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by the measurement focus. The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within sixty days of the end of the fiscal period. Those revenues generally susceptible to accrual are real estate taxes, real estate transfer taxes, and local services and per capita taxes. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other postemployment benefits, compensated absences, and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which report on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

In applying the susceptible to accrual concept in intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Township. Therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines, forfeitures, and costs, charges for services, rental income, and other miscellaneous income are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position (deficit). The statement of revenues, expenses and changes in net position (deficit) presents increases (i.e., revenues) and decreases (i.e., expenses) in total Net Position. The statement of cash flows provides information about how the Township finances and meets the cash flow needs of its proprietary activities.

Proprietary Funds distinguished operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Funds' ongoing operations. The principal operating revenues of the Township's Enterprise Funds are sewer charges, golf fees, and pool membership fees. Operating expenses for the Township's Enterprise Funds include supplies, administrative costs and depreciation on capital assets. All revenue or expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Township functions or activities. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues, and expenditures or expenses, as appropriate.

The Township has the following funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is based upon the determination of changes in current financial resources, rather than upon net income determination.

The Township reports the following major Governmental Funds:

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund's fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

Capital Reserve Fund (Capital Project Fund) - The Capital Reserve Fund is used to account for financial resources, including bond and loan proceeds, to be used for acquisitions or construction of major capital assets (other than those financed by the Special Project Fund, the 9-11 Memorial Fund, and Proprietary Funds).

Bond Fund - The Bond Fund contains bond proceeds restricted for capital projects.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest and related costs.

Special Project Fund - The Special Project Fund is used to account for non-recurring financial resources that are not part of any other special revenue funds.

American Rescue Plan Fund - The American Rescue Plan Fund is used to account for funding received from the U.S. Federal Government passed through the Pennsylvania Department of Community Development and Economic Development as part of the American Rescue Plan Act of 2022 economic stimulus package.

Park and Recreation Fund - Accounts for the costs associated with operating and maintaining Township parks, recreational facilities, and programs, financed primarily through dedicated revenues and user fees.

Sewer Sale Proceeds Fund - The Sewer Sale Proceeds Fund is used to account for the proceeds from the sale of the sewer system.

The Township reports the following non-major Governmental Funds:

Other Special Revenue Funds - The other special revenue funds of the Township are considered non-major (presented in a single column) and are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Township's Other Special Revenue Funds include: Liquid Fuels, Hydrant, Ambulance Rescue, Fire Protection, 9-11 Memorial, Street Light, Parks and Recreation Fee-in-Lieu, Traffic Impact, Regency Bridge, Tree, Road Machinery, Patterson Farm, and Sidewalk Fee-in-Lieu.

Other Capital Reserve Funds - The Other Capital Reserve Fund consist of the Garden of Reflection Capital Reserve Fund.

Proprietary Funds

Replace with: Proprietary funds are used to account for operations that are organized to be self-supporting through user charges.

The Township reports the following major Proprietary Funds:

Sewer Fund - The Sewer Fund accounts for the activities of the sewer system infrastructure, sewage pumping stations and collection systems.

Community Pool Fund - The Community Pool Fund accounts for the operations of the Township's municipal pool.

Golf Course Fund - The Golf Course Fund accounts for the construction and operation of the Township's municipal golf course.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Township as a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

The Township reports the following Fiduciary Funds:

Component Unit Trust Funds - The Component Unit Trust Funds account for the Township and employees pension plan contributions and provide for the payment of retirement benefits.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Deferred Retirement Option Plan Fund - The Deferred Retirement Option Plan Fund accounts for the assets and liabilities held by the Township in a trustee capacity for policy officers within forty-eight months of retirement. (See Note J).

Custodial Fund - The Custodial Fund accounts for the assets held as an agent for the various developer escrows.

Fiduciary Component Units

The Township's Pension Trust Funds and Deferred Retirement Option Plan Fund were established to provide retirement benefits to eligible retirees of the Township. The Plans are included in the financial reporting entity as fiduciary component units because the Plans are (1) considered to be separate legal entities, (2) the Township Board of Commissioners functions as the governing board of the plans, and (3) the plans impose a financial burden on the Township as it is legally obligated to make contributions to the Plans.

Use of Estimates

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

Cash and Cash Equivalents

The Township considers all highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents.

Investments

Investments are stated at fair value. State statutes authorize the Township to invest in obligations of the United States Treasury, short-term obligations of the United States Government or its agencies or instrumentalities, backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision and insured certificates of deposit.

As of December 31, 2024, only the Township's fiduciary funds held investments.

Interest earnings attributable to the Township's concentration accounts is allocated to the Township's various funds based on the ratio of each participating fund's average balance to the total pooled average balance.

Accounts Receivable

Real estate tax receivables are recognized when levied to the extent that they are available as current assets. Real estate taxes are levied March 1. An elected tax collector bills and collects all real estate taxes and remits them to the Township. Taxes unpaid in the current year are lien January 15 of the succeeding year. Taxes are paid as follows: two percent (2%) discount, March 1 through April 30; face amount May through June 30; and a ten percent (10%) penalty thereafter.

Other fees and assessments include franchise fees, transfer taxes, and street light and solid waste collection assessments and are recognized when billed.

Accounts receivable includes all invoices owed by other governments, individuals and private enterprises for services rendered and/or materials supplied. Revenue is recognized when the invoice is prepared.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

Interfund Transactions

In connection with financing its operations, the Township conducts interfund transactions. Accordingly, to the extent that certain interfund transactions have not been paid or received as of the end of the year, appropriate interfund receivables or payables have been established. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are balances between the governmental activities and the business-type activities (internal balances). Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

Inventory and Prepaid Expenditures/Expenses

Inventories are valued using the average cost method. Inventory in the Golf Course Fund is capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

The balances on hand at the Golf Course Fund as of December 31, 2024, consist of the following:

Inventory - ProShop	\$ 123,365
Prepaid Expenses - Food and beverage	<u>57,234</u>
	<u>\$ 180,599</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide statements and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Deferred Charges

Deferred charges consist of bond and note deferred losses on early retirement of debt, which are amortized over the life of the new debt.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructures (e.g., roads, bridges, curbs, sidewalks, drainage systems and lighting systems) and construction in progress, are reported in the applicable governmental or business type activities columns in the government wide financial statements. The Township defines capital assets as assets with an initial, individual cost equal to or greater than \$5,000 (amount not rounded) or purchased with debt proceeds and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost 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. Interest and real estate taxes incurred during the construction phase of capital assets of business type activities are included as part of the capitalized value of the assets constructed and associated land.

In the case of road, curb, sidewalk and bike path infrastructure, the Township has elected to use the modified approach and the assets are not depreciated.

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

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

	Years
Infrastructure	20
Land improvements	5-40
Plant and pools	4-40
Buildings and building improvements	40
Furniture and equipment	5
Vehicles	3-10

Leases

Lessee

In accordance with GASB 87, right to use leased assets are initially measured at an amount equal to the initial term, less lease incentives, and plus ancillary charges necessary to place the leased asset into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease. If the lease has a purchase option which is reasonably certain of being exercised, the leased asset is depreciated over the useful life of the underlying asset as if the lessee owns the underlying asset, using the lessee's depreciation policy, unless non-depreciable.

Lessor

The Township is the lessor for a noncancellable lease for a portion of the Township's property for communications facilities and cellular attachments. The Township recognizes a lease receivable and a deferred inflow of resources in the government-wide and government fund financial statements.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will at times 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 thus will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for reporting in this category. The deferred pension outflow is reported in the government-wide statement of net position. The deferred OPEB outflow is reported on the government-wide statement of net position.

In addition to liabilities, the statement of net position will at times 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 thus will not be recognized as an inflow of resources (revenue) until that time. The Township has three items that qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the Governmental Funds balance sheet. The Governmental Funds and government-wide statement of net position report unavailable revenue from leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions and OPEB is reported in the government-wide statement of net position.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Compensated Absences, Post-Employment Benefits and Net Pension Liability

The Township accounts for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*, which supersedes GASB Statement No. 16.

Under GASB 101, a liability for compensated absences is recognized when:

1. The leave is attributable to services already rendered;
2. The leave accumulates; and
3. The leave is more likely than not to be used for time off or otherwise paid or settled.

The liability is measured using the employee's pay rate as of the financial statement date, including salary-related payments that are directly and incrementally associated with payments for leave (e.g., employer payroll taxes).

Certain Township employees are entitled to vacation leave based on years of service. Unused vacation leave accumulates and is payable upon separation from employment. Accordingly, the Township records a liability for earned but unused vacation leave as of December 31, 2024. The liability is reported in the government-wide financial statements. In proprietary funds, the liability is reported as accrued expenses or noncurrent liabilities, as applicable.

Police officers are entitled to payment for accumulated sick leave upon retirement, subject to contractual maximums (up to sixty days). Because these benefits are attributable to services already rendered and are more likely than not to be paid upon retirement, the Township recognizes a liability for earned sick leave in the government-wide financial statements.

Compensated absences are generally liquidated by the General Fund.

In addition to compensated absences, certain police and public works employees are entitled to post-retirement health benefits pursuant to collective bargaining agreements. These benefits include thirty-six months of medical, dental, prescription, and life insurance coverage for eligible retirees and their dependents. A collective bargaining settlement agreement (CSA) effective January 1, 2010, extended the eligibility period by an additional sixty months for officers who elected to retire by December 31, 2010.

These benefits are accounted for separately from compensated absences in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. See Note H – Post-Retirement Health Benefits for additional disclosures.

During 2015, the Township implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires recognition of the Net Pension Liability and related deferred outflows and inflows of resources. See Note G – Defined Benefit Pension Plans.

During 2018, the Township implemented GASB Statement No. 75, which requires recognition of the Total OPEB Liability. See Note H – Post-Retirement Health Benefits.

Long-term Obligations

In the government-wide financial statements and Proprietary Funds in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business type activities, or Proprietary Fund statement of net position. Deferred losses on early retirement of debt are deferred and amortized over the life of the bonds. Bond/note premiums and discounts are amortized over the life of the bonds. Bond/notes payable are reported net of the applicable bond premium or discount.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government wide and Proprietary Funds financial statements. Net investment in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets, net of related debt excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, granters or laws or regulations of other governments. All other net position amounts are considered unrestricted. The Township applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Equity

The Township follows GASB Statement No. 54, "*Fund Balance Reporting and Government Fund Type Definitions.*" This statement provides defined fund balance categories to make the nature and extent of the constraints placed upon a government's fund balance more transparent. Fund balances of the government funds are classified as follows:

Non-Spendable - Amounts that cannot be spent because of their form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions of enabling legislation or because of constraints that are externally imposed by creditors, granters, contributors, or the laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Township Board of Supervisors. The Board of Supervisors is the highest decision-making authority of the Township. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Supervisors.

Assigned - Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board of Supervisors delegates the authority. The board has not delegated the authority to assign fund balance.

Unassigned - Amounts available for any purpose.

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

Real Estate Tax Calendar

Property taxes are levied no later than the fourth Monday in March of each year based on assessed values as of the preceding January 1 for all real property located in the Township. Taxpayers are granted discounts if payments are made by April 30 and are subject to penalties if payments are not made by June 30. An elected tax collector monitors, collects and remits property taxes to the Township.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

The Township also annually levies a \$10 per capita tax on all residents over the age of eighteen. In addition, a Local Services Tax on all people employed within the township boundaries with annual salaries over \$12,000 are assessed at a \$52 annual charge. Real estate transfer taxes received by the Township are .5% on the transfer of title of real property in the Township.

The tax collector, who is responsible for collecting taxes on behalf of the Township, County and School District, is an elected official. The Township regards the tax collector's office as a separate entity and, therefore, does not account for its activity in the financial statements.

Adoption of Governmental Accounting Standards Board Statements

In 2024, the Township adopted the required provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, and GASB Statement No. 101, *Compensated Absences*. The adoption of these statements had no effect on previously reported amounts.

Pending Changes in Accounting Principles

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The Township is required to adopt Statement No. 102 for its calendar year 2025 financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The Township is required to adopt Statement No. 103 for its calendar year 2026 financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The Township is required to adopt Statement No. 104 for its calendar year 2026 statements.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. The Township is required to adopt Statement No. 105 for its calendar year 2027 statements.

The Township has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township follows state statute as it relates to custodial credit risk. As of December 31, 2024, the Township's deposit with a carrying value of \$46,506,379 and bank balance of \$46,685,582 were exposed to custodial credit risk as follows:

Insured by FDIC Insurance	\$	500,000
Uninsured		815,470
Uninsured and collateralized with collateral held by pledging bank not in the Township's name		45,370,112
Total Deposits	\$	46,685,582

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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Investments

As of December 31, 2024, the Township had the following investments and maturities in its Pension Trust and Deferred Retirement Option Plan Funds:

Investment Type	12/31/2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Fixed Income Mutual Funds	\$ 11,794,962	\$ 11,794,962	\$ -	\$ -
Total debt securities	11,794,962	11,794,962	-	-
Equity securities				
Equity Mutual funds	19,250,252	19,250,252	-	-
Total equity securities	19,250,252	19,250,252	-	-
Total investments at fair value	<u>\$ 31,045,214</u>	<u>\$ 31,045,214</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Level 1 Measurement — The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quotes prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs.

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect an investment's value. The Township does not have a formal policy regarding interest rate risk. As of December 31, 2024, the Township's investments had the following weighted average maturities:

Investment Type	Investment Maturities			
	Less than One Year	One to Five Years	Five to Ten Years	Total
Fixed income mutual funds	\$ 11,794,962	\$ -	\$ -	\$ 11,794,962

As a means of limiting its expose to fair value losses arising from interest rates, the Township's Pension Trust Funds' investment policy limits investments to the following criteria:

	Minimum	Maximum
Cash	0%	10%
Fixed Income	30%	50%
Equities	50%	70%

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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Restrictions

Fixed income

- Average credit quality -AA, maximum of 10% in BBB.
- Minimum issuer credit quality - investment grade.
- Duration range - 80% to 120% of index duration
- No maturity may exceed 30 years.

Equities

- Mutual funds are acceptable vehicles for equity allocation.
- The allocation may include international and small cap funds.

The Township's Pension Trust Funds met these requirements. All other investments of the Township follow state statute as it relates to interest rate risk.

Credit Risk

The Township's Pension Trust Funds' credit risk policy is described under interest rate risk restrictions.

Concentration of Credit Risk

None of the Township's Pension Trust Funds' investment concentrations exceeded 5%.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivables are comprised of the following:

	Governmental Funds			Total	Proprietary Funds	Fiduciary Funds
	General Fund	Debt Service Fund	Other Governmental Funds			
Real estate taxes	\$ 236,088	\$ 45,822	\$ 70,958	\$ 352,868	\$ -	\$ -
Other fees and assessments	216,448	-	383,424	599,872	-	-
Golf Course	-	-	-	-	4,126	-
Sewer billings	-	-	-	-	-	-
Other	-	-	-	-	-	39,176
Due from developers	-	-	-	-	-	156,942
	<u>\$ 452,536</u>	<u>\$ 45,822</u>	<u>\$ 454,382</u>	<u>\$ 952,740</u>	<u>\$ 4,126</u>	<u>\$ 196,118</u>

Accounts receivable for the sewer billings is reported net of allowance for doubtful accounts of \$499,474. No bad debt expense was recorded for the year ended December 31, 2024.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
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NOTE D - CAPITAL ASSETS

Changes in capital asset activity for the year ended December 31, 2024, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets not subject to depreciation				
Land	\$ 23,859,951	\$ 100,000	\$ -	\$ 23,959,951
Infrastructure	50,289,307	-	-	50,289,307
Construction in Progress	1,941,555	183,850	-	2,125,405
Total Capital Assets not being Depreciated	76,090,813	283,850	-	76,374,663
Capital Assets subject to depreciation				
Infrastructure	1,512,088	-	-	1,512,088
Land Improvements	10,532,295	443,827	-	10,976,122
Building and Improvements	10,955,060	-	-	10,955,060
Vehicles	8,668,407	321,056	(141,043)	8,848,420
Right-to-use leased vehicles	604,282	-	-	604,282
Furniture and equipment	4,297,531	93,799	-	4,391,330
Total Capital Assets being Depreciated	36,569,663	858,682	(141,043)	37,287,302
Accumulated Depreciation	(24,510,813)	(1,449,858)	141,043	(25,819,628)
Total Capital Assets being Depreciated, Net	12,058,850	(591,176)	-	11,467,674
Governmental Activities Capital Assets, Net	\$ 88,149,663	\$ (307,326)	\$ -	\$ 87,842,337
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital Assets not subject to depreciation				
Land	\$ 7,751,552	\$ -	\$ -	\$ 7,751,552
Construction in Progress	37,037	-	-	37,037
Total Capital Assets not being Depreciated	7,788,589	-	-	7,788,589
Capital Assets subject to depreciation				
Land Improvements	8,160,525	-	-	8,160,525
Sewer infrastructure and pools	4,473,198	-	-	4,473,198
Building and Improvements	3,187,185	-	-	3,187,185
Right-to-use leased golf equipment	388,284	116,788	-	505,072
Furniture and equipment	1,119,145	-	-	1,119,145
	17,328,337	116,788	-	17,445,125
Accumulated Depreciation	(10,501,810)	(603,511)	-	(11,105,321)
Total Capital Assets being Depreciated, Net	6,826,527	(486,723)	-	6,339,804
Business-Type Activities Capital Assets, Net	\$ 14,615,116	\$ (486,723)	\$ -	\$ 14,128,393

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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Depreciation/amortization expense was charged to governmental functions and business-type functions as follows:

Governmental Activities

General government	\$	287,425
Public safety		238,228
Public works		288,287
Parks and Recreation		635,918
Total Depreciation Expense	\$	1,449,858

Business-Type Activities

Golf Course Fund	\$	474,554
Pool Fund		128,957
Total Depreciation Expense	\$	603,511

NOTE E – LONG-TERM LIABILITIES

The Following is a summary of long-term liability activity of the Township for the year ended December 31, 2024:

	Principal Outstanding January 1, 2024	Additions	Deletions/ Maturities	Principal Outstanding December 31, 2024	Due Within One Year
Governmental Activities					
General obligation bonds					
Series of 2016	\$ 5,180,000	\$ -	\$ (345,000)	\$ 4,835,000	\$ 360,000
Series of 2018	840,000	-	(150,000)	690,000	160,000
General obligation notes					
Series of 2022	840,111	-	(556,647)	283,464	283,464
Equipment loans	64,528	-	(64,528)	-	-
Deferred amounts					
Bond premiums	369,168	-	(41,248)	327,920	-
Total Bonds, Notes, and Loans	7,293,807	-	(1,157,423)	6,136,384	803,464
Leases	326,660	-	(124,907)	201,753	85,842
Other post-employment benefits	6,152,435		(565,130)	5,587,305	-
Compensated absences	1,583,473	147,971	-	1,731,444	-
Net pension liability	10,885,191	-	(1,241,885)	9,643,306	-
Total Governmental Activities	\$ 26,241,566	\$ 147,971	\$ (3,089,345)	\$ 23,300,192	\$ 889,306
Business-Type Activities					
General obligation bonds					
Series A of 2013	\$ 175,000	\$ -	\$ (175,000)	\$ -	\$ -
Total Bonds, Notes, and Loans	175,000	-	(175,000)	-	-
Leases	154,897	116,783	(94,257)	177,423	94,648
Compensated absences	26,982	6,977	-	33,959	-
Total Business-Type Activities	\$ 356,879	\$ 123,760	\$ (269,257)	\$ 211,382	\$ 94,648

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

The following is a summary of principal outstanding of the Township for the year ended December 31, 2024:

Purpose	Balance Outstanding
Governmental Activities	
<u>General Obligation Note, Series of 2022</u>	
Issued in 2022 for the purpose of reconstruction and improvement of various roads. Principal and interest are due quarterly at a rate of 2.45% through April 2025.	\$ 283,464
<u>General Obligation Bonds, Series of 2016</u>	
Issued in 2016 for the purpose of refunding the townships 2011 general obligation bonds and the remaining proceeds to be used for future capital projects. The bond proceeds will be payable annually-beginning March 2017 at fixed intervals ranging from 2.00% to 5.00% with maturity scheduled for March 2036.	4,835,000
<u>General Obligation Bonds, Series of 2018</u>	
Issued in 2018 for the purpose of refunding the townships 2002 general obligation bonds and 2004 general obligation bonds and the remaining proceeds to be used for the payment of related expenses to replace notes with bonds as permitted by the Debt Act. The bond proceeds will be payable annually beginning December 2018 at fixed intervals, ranging from 1.65% to 3.150% with a maturity scheduled for June 2033.	690,000
Total Governmental Activities	\$ 5,808,464

Debt Service Requirements

A summary of long-term debt service requirements to maturity, including principal and interest are as follows:

Year Ending December 31,	Principal	Interest	Total Debt Service
2025	\$803,464	\$171,413	\$ 974,877
2026	540,000	142,306	682,306
2027	565,000	120,288	685,288
2028	590,000	102,519	692,519
2029	410,000	88,400	498,400
2030-2034	2,035,000	282,694	2,317,694
2035-2038	865,000	28,091	893,091
	\$5,808,464	\$935,711	\$ 6,744,175

The Township is subject to the Local Governmental Unit Debt Act of the Commonwealth of Pennsylvania, which limits the amount of net bonded debt the Township may have outstanding as of any point of time. The Township's bonded indebtedness as of the statement of net assets date is not in excess of statutory limits. The various bond indentures contain limitations and restrictions on annual debt service requirements and maintenance of flow of monies through various sinking funds. Management believes the Township is in compliance with all such significant financial limitations and restriction

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE F - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund transfers are summarized as follows for the year-ended December 31, 2024:

	Transfers In	Transfers Out
Governmental Funds		
General Fund	\$ 1,925,082	\$ 56,150
Capital Reserve Fund	-	22,789
American Rescue Plan Fund	-	209,387
Sewer Sale Proceeds Fund	-	1,370,051
Bond Fund	-	534,927
Special Project Fund	322,162	-
Park and Recreation Fund	358,910	314,000
Other Government Funds	156,150	-
Total Governmental Funds	2,762,304	2,507,304
Enterprise Funds		
Community Pool Fund	200,000	-
Golf Course Fund	-	455,000
	\$ 2,962,304	\$ 2,962,304

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

	Interfund Receivables	Interfund Payables
Governmental Funds		
General Fund	\$ 1,314,901	\$ 126,897
Special Projects Fund	-	302,711
Debt Service Fund	361,688	294,614
Park and Recreation Fund	-	575,990
Other Governmental Funds	-	2,227
Total Governmental Funds	1,676,589	1,302,439
Business-Type Funds		
Pool Fund	-	139,359
Golf Course Fund	-	234,791
Total Business-Type Funds	-	374,150
	\$ 1,676,589	\$ 1,676,589

The purpose of the General Fund interfund receivable is to provide cash for operations to the Special Projects Fund, Debt Service Fund, Other Governmental Funds, Pool Fund and Golf Course Fund.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE G - DEFINED BENEFIT PENSION PLANS

Description of Plans

The Township of Lower Makefield sponsors a single employer defined benefit pension plan for both police officers and non-uniformed employees of the Township. The Plans are presented in the statement of net position and the statement of changes in net position of the fiduciary funds as Component Unit – Trust Funds at December 31, 2024, plan membership consisted of the following:

	Non-Uniform	Police
Active Plan Members	13	35
Retirees and beneficiaries currently receiving benefits	44	30
Terminated employees entitled to benefits but not yet receiving them	5	1
	62	66

Police Pension Plan

The Township sponsors a Public Employee Retirement System (PERS) to provide retirement and disability benefits as well as the return of members' contributions in the event of death. For the year ended December 31, 2024, the plan's assets were managed by RBC Wealth Management.

Benefits Provided

The following table provides information concerning the Township's Police Pension Plan:

Covered Employees:	All full-time uniformed employees.
Normal Retirement Date:	Age 53 and the completion of 25 years of service for all participants.
Disability Retirement Date:	The first day of the month following the date on which the member incurs a total and permanent service-related disability. The Township Supervisors shall determine if a member is eligible to receive a disability benefit under the Plan after securing the opinion of one or more practicing physicians licensed to practice medicine.
Drop Retirement Date:	The first day of the month following eligibility for a normal retirement date.
Vesting:	None for the first 12 years of service; thereafter, 100%.
Retirement Benefit:	The monthly pension shall be 50% of the average compensation of the participant's last 36 months of employment, plus a service increment of \$100 per month, if officer completes 25 years or more of benefit service. The monthly benefit attributable to the contractually limited service increment shall not exceed \$500 per month. The normal retirement benefit is payable monthly during the lifetime of the retired officer.
Death Benefit:	
Pre-Retirement	Upon the death of a member, the beneficiary shall receive a lump sum death benefit equal to a refund of the member's contributions plus interest earned at the

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
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rate of five percent (5%) per annum.

Post-Retirement Survivors Benefit The widow of a member who has attained eligibility for retirement, or a member who retired on pension, shall receive during the spouse's lifetime, seventy-five percent (75%) of the pension the member was receiving or would have been receiving had he been retired at the time of his death.

If no such widow survives, or if the spouse survives and subsequently dies or remarries, then the children under the age of eighteen (18) [or are attending college and have not yet attained age twenty-three (23)], shall be entitled to the same benefit described above.

Disability Benefit Service Related: A disability pension shall be provided to an officer with a total and permanent service-related disability equal to 50% of the officer's average monthly salary at the time of disability, reduced by Social Security disability benefits provided for the same illness or injury.

Deferred Retirement Option Program (DROP) (See Note J)

As of December 31, 2024, one Police Pension Plan member is participating in the DROP and is considered retired for pension purposes. The DROP is in accordance with pre Act 44. Therefore, assets and liabilities associated with the DROP accounts are not included for purposes of GASB 68.

Non-Uniform Pension Plan

The Township sponsors a Public Employee Retirement System (PERS) to provide retirement benefits as well as death and disability benefits. For the year ended December 31, 2024, the plan's assets were managed by RBC Wealth Management.

The following table provides information concerning the Township's Non-Uniform Employees' Pension Plan:

Covered Employees:	All full-time non-uniformed employees. Participation is frozen effective January 1, 2012.
Normal Retirement Date:	The later of the first day of the month following the attainment of age sixty-five (65) or the fifth (5th) anniversary of his date of employment.
Early Retirement Date:	The first day of the month following the latter of the attainment of age fifty-five (55) or the completion of five (5) years of service.
Vesting:	None for the first five years of service; thereafter 100%
Normal Retirement Benefit:	2.0% of the Average Monthly Compensation of a member multiplied by years of benefit service not exceeding thirty (30) years of service. The minimum monthly benefit shall not be less than \$200.00 provided the participant works until the Normal Retirement Date.
Early Retirement Benefit:	The accrued Normal Retirement Benefit actuarially reduced by five-tenths percent (.5%) for each month that a member's Early Retirement Date precedes the Normal Retirement Date.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the amounts necessary to fund the plans.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Summary of Significant Accounting Policies

Basis of Accounting

Pension plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed.

Method Used to Value Investments

Investments are reported at fair value. Market related value of assets is used to determine the indicated contribution.

Financial Reporting

A separate financial statement is not issued on the pension plans.

Contributions

Act 205 requires that annual contributions to the plans be based upon the plan's minimum municipal obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation.

Non-Uniform: In accordance with the plan's governing document, all employees are required to contribute 3% of compensation to the plan.

Police: In accordance with the plan's governing document, employees are required to contribute the following to the plan.

- *Command Officers* – 2% of compensation
- *Non-Command Officers* – 4% of compensation in 2024, 4.5% in 2025 and subsequent years

The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Plan Expenses

Plan expenses are paid from plan assets.

Investments

Investment Policy

The police and non-uniform pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. The investment policy of the plan is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among various investments in domestic equity securities, international equity securities; domestic fixed instruments and other asset classes as may be deemed prudent.

The plan's investment policy establishes that the portfolio may be invested in the following asset classes with the following target asset allocation:

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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Non-Uniform		Police	
Asset Class	Target	Asset Class	Target
Domestic Equity - Large Cap	43.0%	Domestic Equity - Large Cap	47.0%
Domestic Equity - Small Cap	5.0%	Domestic Equity - Small Cap	4.0%
International Equity	13.0%	International Equity	11.0%
Fixed Income	38.0%	Fixed Income	37.0%
Cash	1.0%	Cash	1.0%

Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.21% for the Police Pension Plan and 11.83% for the Non-Uniform Pension 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 liabilities of the Township at December 31, 2024, were as follows:

	Non-Uniform	Police
Total Pension Liability	\$ 12,436,187	\$ 25,960,612
Plan Fiduciary Net Position	10,783,493	17,970,000
Net Pension Liability	<u>\$ 1,652,694</u>	<u>\$ 7,990,612</u>
Plan fiduciary net position as a percentage of the total pension liability	86.7%	69.2%

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biannually. The total pension liability was determined as part of an actuarial valuation at January 1, 2024. Update procedures were used to roll forward to the plan's fiscal year ended December 31, 2024. This report was based upon the plan's actuarial assumptions, asset valuation method, and cost method described below:

Police Pension Plan

- Liabilities - All plan benefits are valued using the entry age normal cost valuation method.
- Economic Assumptions
 - Investment Return – 7.5% per annum, net of investment expenses.
 - Salary Increases - 5.0% compounded annually.
- Demographic Assumptions
 - Mortality
 - Mortality: PUBS-2010 Mortality projected 5 years past the valuation date using Scale MP-2021.
 - Retirement Age - Normal retirement age or age on valuation date if greater.
 - Marital Status - 80% of active members are assumed to be married. Female spouse is assumed to be 3 years younger than male spouse.
 - Form of Annuity - Joint & 75% survivor.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

Non-Uniformed Pension Plan

- Liabilities - All plan benefits are valued using the entry age normal cost valuation method.
- Economic Assumptions
 - Investment Return – 7.5% per annum, net of investment expenses.
 - Salary Increases - 5.0% compounded annually.
- Demographic Assumptions
 - Mortality - PUBG-2010 Mortality projected 5 years past the valuation date using the Scale MP-2021.
 - Termination - T-1 table of the pension Actuary's Handbook.
 - Disability - None assumed.
 - Retirement Age - Normal retirement age, or age on valuation date if greater.
 - Form of Annuity - Single life annuity.

Police and Non-Uniformed Pension Plan

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 of 2.44%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rates of Return</u>
Domestic Equity - Large Cap	5.81%
Domestic Equity - Mid Cap	7.06%
Domestic Equity - Small Cap	7.06%
International Equity	6.64%
Fixed Income	3.51%
Real Estate	4.94%
Cash	1.00%

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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Changes in the Net Pension Liability

Changes in the Police Defined Benefit Pension Plan net pension liability recognized over the measurement period are as follows:

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position (b)	Net Pension Liability
	(a)	(b)	(a-b)
BALANCES AT DECEMBER 31, 2023	\$ 24,643,684	\$ 16,008,007	\$ 8,635,677
Changes for the year			
Service cost	671,689	-	671,689
Interest	1,853,349	-	1,853,349
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	298,583	(298,583)
Contributions - state aid	-	736,112	(736,112)
Contributions - member	-	180,893	(180,893)
Net investment income	-	1,954,515	(1,954,515)
Benefit payments	(1,208,110)	(1,208,110)	-
Administrative expense	-	-	-
Other changes	-	-	-
NET CHANGES	<u>1,316,928</u>	<u>1,961,993</u>	<u>(645,065)</u>
BALANCE AT DECEMBER 31, 2024	<u>\$ 25,960,612</u>	<u>\$ 17,970,000</u>	<u>\$ 7,990,612</u>

Changes in the Non-Uniformed Defined Benefit Plan net pension liability recognized over the measurement period are as follows:

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position (b)	Net Pension Liability
	(a)	(b)	(a-b)
BALANCES AT DECEMBER 31, 2023	\$ 12,183,642	\$ 9,934,128	\$ 2,249,514
Changes for the year			
Service cost	100,565	-	100,565
Interest	893,508	-	893,508
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	400,253	(400,253)
Contributions - state aid	-	-	-
Contributions - member	-	34,081	(34,081)
Net investment income	-	1,156,559	(1,156,559)
Benefit payments	(741,528)	(741,528)	-
Administrative expense	-	-	-
Other changes	-	-	-
NET CHANGES	<u>252,545</u>	<u>849,365</u>	<u>(596,820)</u>
BALANCE AT DECEMBER 31, 2024	<u>\$ 12,436,187</u>	<u>\$ 10,783,493</u>	<u>\$ 1,652,694</u>

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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Discount Rate

The discount rate used to measure the total pension liability is 7.50%. The projections of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the Township recognized pension expense of \$1,473,190 (Police) and \$434,231 (Non-Uniformed). At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Non-Uniformed Pension Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 124,705	\$ -
Total	<u>\$ 124,705</u>	<u>\$ -</u>
<u>Police Pension Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 213,412	\$ 115,491
Changes in assumptions	1,351,231	-
Net difference between projected and actual earnings on pension plan investments	<u>5,738</u>	<u>-</u>
Total	<u>\$ 1,570,381</u>	<u>\$ 115,491</u>
Total - Both Plans	<u>\$ 1,695,086</u>	<u>\$ 115,491</u>

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

	<u>Police</u>	<u>Non-Uniform</u>
Year ending December 31,		
2025	\$ 458,576	\$ 166,913
2026	621,752	289,627
2027	(163,010)	(245,730)
2028	118,425	(86,105)
2029	225,442	-
Thereafter	193,705	-

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liabilities of the Township, calculated using the discount rate of 7.50%, as well as what the Township's net pension liabilities 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability - Police	\$ 11,167,420	\$ 7,990,612	\$ 5,329,298
Net Pension Liability - Non-Uniform	2,756,026	1,652,694	688,059

NOTE H - POST RETIREMENT HEALTH BENEFITS

Plan Description

The Township provides health benefits to eligible employees and retirees through three separate single-employer defined benefit plans for benefits other than pension. The retiree group health plan provides the first thirty months of benefits for eligible retirees and their dependents. Benefit coverage includes medical, dental, prescription, and life insurance.

Plan Membership — At January 1, 2024, plan membership consisted of the following:

	Administrative	Public Works	Police
Inactive plan members, or beneficiaries currently receiving benefits	17	4	17
Active plan members	24	18	40
Total	41	22	57

Investments

The Township does not have a GASB qualified trust, and therefore, there are no investments.

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation at January 1, 2024 with update procedures used to roll forward the plan's fiscal plan year ending December 31, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Administrative Plan

Actuarial Methods

- Liabilities - All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.

Economic Assumptions

- Investment return - There are no invested assets.
- Salary increases - 5% compounded annually.
- Discount rate - 4.28%. The discount rate is based on the S&P 20 year high grade municipal bond rate.

Demographic Assumptions

- Mortality - 2010 Public General Amount Based Mortality Tables for Male and Female Employees projected to 2029 using Scale MP-2021.
- Termination - T-1 Table of Pension Actuary's Handbook.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
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DECEMBER 31, 2024

- Disability - None assumed.
- Retirement is assumed to occur at a minimum of age 65 with 5 years of service.

Public Works Plan

Actuarial Methods

- Liabilities - All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.

Economic Assumptions

- Investment return - There are no invested assets.
- Salary increases - 5% compounded annually.
- Discount rate - 4.28%. The discount rate is based on the S&P 20 year high grade municipal bond rate.

Healthcare Cost Trend Rate

- Non-Medicare Medical and Rx costs are assumed to increase by 6.75% during 2024, reduced by 0.25% per year thereafter to an ultimate level of 4% per year.
- Medicare Medical and Rx costs are assumed to increase by 5% per year.
- Dental and vision costs are assumed to increase by 3% per year.

Demographic Assumptions

- Mortality - 2010 Public General Amount Based Mortality Tables for Male and Female Employees projected to 2029 using Scale MP-2021.
- Termination - T-1 Table of Pension Actuary's Handbook.
- Disability - None assumed.
- Retirement is assumed to occur at a minimum of age 65 with 5 years of service.
- Participation - 100% of retirees, spouses and eligible dependents who are eligible to participate are assumed to do so. No retirees are assumed to participate in Township coverage beyond the Township-paid period.
- 80% of all future retirees are assumed to have a spouse participating in coverage. Female spouses are assumed to be 3 years younger than male spouses.

Police Plan

Actuarial Methods

- Liabilities - All plan benefits are valued using the entry age normal cost valuation method as a level percent of pay.

Economic Assumptions

- Investment return - There are no invested assets.
- Salary increases - 5% compounded annually.
- Discount rate – 4.28%. The discount rate is based on the S&P 20 year high grade municipal bond rate.

Healthcare Cost Trend Rate

- Non-Medicare Medical and Rx costs are assumed an initial rate of 6.75% in fiscal 2024, then 6.50% in fiscal 2025, grading down to the ultimate trend rate of 4.00% in fiscal 2074.
- Medicare Medical and Rx costs are assumed to increase by 5% per year.
- Dental and vision costs are assumed to increase by 3% per year.

Demographic Assumptions

- Mortality - 2010 Public Safety Amount Based Mortality Tables for Male and Female Employees projected to 2029 using Scale MP-2021.
- Termination - T-1 Table of Pension Actuary's Handbook.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

- Disability - 100% of the United Auto Workers Table.
- Retirement is assumed to occur at a minimum of age 55 with 25 years of service.
- Participation - 100% of retirees, spouses and eligible dependents who are eligible to participate are assumed to do so. No retirees are assumed to participate in Township coverage beyond the Township paid period.
- 80% of all future retirees are assumed to have a spouse participating in coverage. Female spouses are assumed to be 3 years younger than male spouses.

Changes in Assumptions: For the Administrative Plan, Public Works Plan and Police Plan, the discount rate changed from 4.00% for the reporting period ended December 31, 2023, to 4.28% for the reporting period ended December 31, 2024.

	Total OPEB Liability		
	Administrative	Public Works	Police
Balance at 1/1/2024	\$ 244,365	\$ 763,835	\$ 5,144,235
Changes for the year:			
Service Cost	6,475	38,479	288,818
Interest	10,062	33,126	212,579
Differences between Expected and actual Experience	7,433	52,029	32,849
Changes in Assumptions and Cost Method	(6,401)	(167,585)	(2,051,602)
Changes in Benefit Terms	-	122,042	1,228,889
Benefit Payments	(13,564)	(52,894)	(305,865)
Net Changes	4,005	25,197	(594,332)
Balance at 12/31/2024	\$ 248,370	\$ 789,032	\$ 4,549,903

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the township, calculated 4.28% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (3.28%) or 1 percent higher (5.28%) than the current rate:

	1% Decrease (3.28%)	Current Discount Rate (4.28%)	1% Increase (5.28%)
Administrative Plan	\$ 281,154	\$ 248,370	\$ 221,387
Public Works Plan	840,800	789,032	742,413
Police Plan	4,915,122	4,549,903	4,214,597

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following is a sensitivity analysis of the net OPEB liability to changes in the healthcare trend rate. The table below presents the total OPEB liability calculated using the current trend rate as well as what the total OPEB liability would be if it were calculating a healthcare trend rate that is 1 percent higher and 1 percent lower than expected.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

	1% Decrease (3.28%)	Current Discount Rate (4.28%)	1% Increase (5.28%)
Administrative Plan	\$ 281,154	\$ 248,370	\$ 221,387
Public Works Plan	840,800	789,032	742,413
Police Plan	4,915,122	4,549,903	4,214,597

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended December 31, 2024, the Township recognized OPEB expense of \$17,552 (Administrative Plan), \$160,524 (Public Works Plan), and \$1,533,957 (Police Plan). At December 31, 2024, The Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		
	Administrative	Public Works	Police
Differences between Expected and actual Experience	\$ 25,533	\$ 46,248	\$ 29,564
Change in Assumptions	24,567	52,818	388,202
Total	\$ 50,100	\$ 99,066	\$ 417,766

	Deferred Inflows of Resources		
	Administrative	Public Works	Police
Differences between Expected and actual Experience	\$ -	\$ 120,582	\$ 187,372
Change in Assumptions	63,735	328,895	2,192,997
Total	\$ 63,735	\$ 449,477	\$ 2,380,369

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

Year Ending December 31,	Administrative	Public Works	Police
2025	\$ 1,015	\$ (33,123)	\$ (196,329)
2026	1,015	(33,123)	(196,329)
2027	128	(33,123)	(196,329)
2028	(6,680)	(37,105)	(196,329)
2029	(5,220)	(41,310)	(196,329)
Thereafter	(3,893)	(172,627)	(980,958)

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE I - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions are invested with an outside trustee, ICMA Retirement Corporation.

On August 21, 2000, the Board of Supervisors passed a resolution to comply with GASB Statements No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, reestablishing the ICMA Retirement Corporation Deferred Compensation Plan and Trust. The resolution directs that the assets of the plan shall be held in trust, with the Township serving as Trustee, for the exclusive benefit of plan participants and their beneficiaries, and the assets shall not be diverted to any other purpose. The assets have been removed from the Township's financial statements.

NOTE J - DEFERRED RETIREMENT OPTION PLAN

The Township sponsors a Deferred Retirement Option Plan (DROP) for members of the police department who have not retired prior to the implementation date (May 2005) of the DROP. Employees may enter into the DROP on the first day of any month following completion of twenty-five years of credited service and attaining the age of fifty-five. When electing to participate in the DROP, the employee must resign from employment no less than twelve months and no more than forty-eight months from the execution of the DROP option. An employee may elect in writing to terminate participation in the DROP any time up to six months before the previously selected resignation date. Once termination is elected, the employee is barred from any future participation in the program.

After the effective date of the DROP option, the employee shall no longer earn or accrue additional years of continuous service for pension purposes. Earnings or increases in earnings thereafter shall not be recognized or used for the calculation or determination of any benefits payable by the Police Pension Fund. The monthly retirement benefits that would have been payable had the employee elected to cease employment and receive a normal retirement benefit shall, upon the employee commencing participation in the DROP, be paid into the separate account established to receive that participant's monthly pension payments. All other contractual benefits shall continue to accrue, with the exception of those provisions relating to the Police Pension Plan.

Upon the termination date set forth in the employee's DROP option notice or such date as the Township separates the employee from employment, the retirement benefits payable to the employee or employee's beneficiary, if applicable, shall be paid to the employee or beneficiary and shall no longer be paid to the employee's DROP account. Within thirty days following termination of an employee's employment, the balance in the employee's DROP account shall be paid to the employee in a single lump-sum payment or, at the employee's option, in any fashion permitted by law.

The Township has entered into an administrative service agreement with The International City Management Association Retirement Corporation (RC). RC acts as investment adviser to the Vantage Trust (the Trust). The Trust is a common law trust governed by an elected Board of Trustees for the commingled investment of retirement funds held by state and local government units for their employees. The Township has adopted the Declaration of Trust of the Trust and agrees to the commingled investments of assets of the DROP within the Trust. Cost of management of the DROP shall be paid directly from the Police Pension Fund and not by the Township.

Any amendments to the DROP Ordinance shall be consistent with the provisions covering deferred retirement option plans set forth in the collective bargaining agreement and shall be binding upon all future DROP participants and existing participants.

No DROP payment shall be made unless and until the Pennsylvania Legislature authorizes the adoption of the DROP program for police officers employed by a Township of the Second Class or a final judicial determination issues from the Pennsylvania Appellate Court that such DROP benefits is lawful for police officers employed by a Township of the Second Class. In the event

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

that either of these two situations occurs, the DROP will be modified only to the extent necessary to become compliant with the maximum then allowed by law for DROP programs. If neither of these occurs by the DROP date, the participant shall receive his full pension benefits as set forth in the Police Pension Ordinance as if no such DROP election were made.

NOTE K - TRANSACTIONS WITH DEVELOPERS

In connection with the development agreements for the construction of residential housing within the Township, the Township receives contributions from developers to finance various infrastructure and related costs and to fund legal, engineering and other costs of administering regulatory responsibilities concerning development of real estate.

The Township also receives developer deposits applicable to plan review and development billing activities. In such instances, the Township is required to hold such deposits in escrow and refund amounts not ultimately required to fund anticipated administrative costs. Potentially refundable deposits are accounted for in Custodial Funds, which reflects a net position balance of \$292,391 as of December 31, 2024.

NOTE L - LEASES, COMMITMENTS AND CONTINGENT LIABILITIES

Lessor - Governmental Activities

In June 2018, the Township entered into a thirty-five year communication easement agreement with a third party over real property currently leased by the Company from the Township. A one-time payment in the sum of \$2,020,000 was made to the Township in advance to execute the agreement for the thirty-five year term. Upon payment, rent for the balance of the thirty-five year period was satisfied. The advance payment to the Township will be recognized as lease revenue over the term of the lease. As of December 31, 2024, \$1,608,912 has yet to be recognized into revenue. This amount is included in deferred inflows of resources from leases on the General Fund Balance Sheet. The Township recognized \$57,564 in lease revenue from this agreement in the year ended December 31, 2024.

Lessee – Governmental

The Township leases various vehicles through separate agreements into 2027. The value of the right-to-use assets as of December 31, 2024 was \$604,282 and had accumulated amortization of \$397,460. As of December 31, 2024, the lease liability was \$201,753. During the year ended December 31, 2024, the Township recognized amortization expense of \$135,394 and interest expense of \$19,256 related to these leases. The leases were discounted using the Township's incremental borrowing rates in effect at the commencement of each lease, which ranged from 2.5% to 10% based on lease term and economic conditions. The future principal and interest lease payments as of December 31, 2024, were as follows:

Year Ending December 31, 2024	Principal	Interest	Total
2025	\$ 85,842	\$ 13,418	\$ 99,260
2026	76,803	7,053	83,856
2027	39,108	961	40,069
	<u>\$ 201,753</u>	<u>\$ 21,432</u>	<u>\$ 223,185</u>

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

Lessee - Business-Type Activities

The Township leases various equipment to be used at the Makefield Highlands Golf Club as needed. The leases extend into 2025. The value of the right-to-use assets as of December 31, 2024, was \$505,068 and had accumulated amortization of \$347,220. As of December 31, 2024, the lease liability was \$177,423. During the year ended December 31, 2024, the Township recognized amortization expense of \$135,538 and interest expense of \$5,833 related to these leases. The leases were discounted using the Township's incremental borrowing rates in effect at the commencement of each lease, which ranged from 2.5% to 10% based on lease term and economic conditions. The future principal and interest lease payments as of December 31, 2024, were as follows:

Year Ending December 31, 2024	Principal	Interest	Total
2025	\$ 94,648	\$ 8,283	\$ 102,931
2026	21,996	4,456	26,452
2027	23,281	3,170	26,451
2028	24,642	1,810	26,452
2029	12,856	370	13,226
	<u>\$ 177,423</u>	<u>\$ 18,089</u>	<u>\$ 195,512</u>

Management agreement

The Township has a management agreement with Highland Golf Management Company, LLC and Spirit Golf, LLC to manage the day-to-day operations of the Makefield Highlands Golf Club. The agreement runs through December 31, 2025 and calls for monthly management fee payments of approximately \$8,357 per month. The remaining future minimum management fee payments are \$100,279 for 2025.

Self-Insured Unemployment Compensation

The Township is self-insured for unemployment compensation coverage. During 2024, the Township made no payments for claims.

Litigation

The Township is not currently involved in any litigation or claims that management believes would have a material effect on the Township's financial position as of December 31, 2024.

NOTE M - RISK MANAGEMENT

The Township is exposed to various risk of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township participates in a public entity risk pool (Delaware Valley Insurance Trust (OVIT) operated as a common risk management and insurance program for municipalities. The Trust retains the first \$250,000 of each general liability, police professional liability and automobile liability loss. OVIT assumes the first \$100,000 of each first party property loss public official liability claim. Reinsurance coverage is through commercial companies. The Trust also serves a group purchaser of boiler and machinery and crime and public official policies for its members.

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

The calculation of premium contributions, loss assessments and any redistribution or surplus is predicated on each participant's individual loss history. An experience modification factor is applied to annual membership contributions.

The Township continues to carry commercial insurance for all other risk of loss, including worker's compensation and employee health and accident insurance. Settled claims resulting from all risks have not exceeded commercial and OVIT insurance coverage in any of the past three years.

NOTE N - SUBSEQUENT EVENTS

The Township has evaluated all subsequent events through the report issuance date of February 20, 2026 and is not aware of items that would require recognition or disclosure in the financial statements

TOWNSHIP OF LOWER MAKEFIELD PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 9,999,840	\$ 9,617,928	\$ (381,912)
Licenses, permits and fees	1,666,183	2,097,337	431,154
Fines, forfeits and costs	52,250	71,399	19,149
Interest and rent	380,655	770,609	389,954
Intergovernmental revenues	820,706	957,444	136,738
Charges for services	1,200,409	733,348	(467,061)
Miscellaneous	259,870	565,377	305,507
Total Revenues	<u>14,379,913</u>	<u>14,813,442</u>	<u>433,529</u>
Expenditures:			
General government	4,648,347	2,775,908	(1,872,439)
Public safety	7,071,256	7,076,790	5,534
Public works	3,157,884	2,494,380	(663,504)
Parks and recreation	-	178,778	178,778
Insurance	-	336,821	336,821
Employee Benefits	-	3,866,089	3,866,089
Total Expenditures	<u>14,877,487</u>	<u>16,728,766</u>	<u>1,851,279</u>
Excess of Revenues over (under) Expenditures	(497,574)	(1,915,324)	2,284,808
Other Financing sources/(uses):			
Proceed from sale of fixed assets	30,000	22,915	(7,085)
Refund from prior year expenditures	37,000	-	(37,000)
Transfers In	495,375	1,925,082	1,429,707
Transfers out	(55,000)	(56,150)	(1,150)
Total Other Financing sources/(uses)	<u>477,375</u>	<u>1,891,847</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (20,199)</u>	<u>\$ (23,477)</u>	<u>\$ 2,284,808</u>

TOWNSHIP OF LOWER MAKEFIELD PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS) - SPECIAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts	Actual	Variance with Final Budget
Revenues			
Intergovernmental revenues	\$ 240,075	\$ 205	\$ (239,870)
Interest Revenue	2,500	-	(2,500)
Total Revenues	<u>242,575</u>	<u>205</u>	<u>(242,370)</u>
Expenditures:			
Public works	3,146,197	122,117	(3,024,080)
Capital outlay	-	147,078	147,078
Total Expenditures	<u>3,146,197</u>	<u>269,195</u>	<u>(2,877,002)</u>
Excess of Revenues over (under) Expenditures	(2,903,622)	(268,990)	2,634,632
Other Financing sources/(uses):			
Transfers In	2,852,197	322,162	(2,530,035)
Total Other Financing sources/(uses)	<u>2,852,197</u>	<u>322,162</u>	<u>(2,530,035)</u>
Net Change in Fund Balance	<u>\$ (51,425)</u>	<u>\$ 53,172</u>	<u>\$ 104,597</u>

**TOWNSHIP OF LOWER MAKEFIELD PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS) - AMERICAN RESCUE PLAN FUND
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and rent	\$ 10,000	\$ 8,877	\$ (1,123)
Intergovernmental revenues	-	200,510	200,510
Total Revenues	<u>10,000</u>	<u>209,387</u>	<u>199,387</u>
Expenditures:			
General government	-	200,510	200,510
Total Expenditures	<u>-</u>	<u>200,510</u>	<u>200,510</u>
Excess of Revenues over (under) Expenditures	10,000	8,877	(1,123)
Other Financing sources/(uses):			
Transfers Out	<u>(142,464)</u>	<u>(209,387)</u>	<u>(66,923)</u>
Total Other Financing sources/(uses)	<u>(142,464)</u>	<u>(209,387)</u>	<u>(66,923)</u>
Net Change in Fund Balance	<u>\$ (132,464)</u>	<u>\$ (200,510)</u>	<u>\$ (68,046)</u>

**TOWNSHIP OF LOWER MAKEFIELD PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS) - SEWER SALE FUND
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Interest and rent	\$ 1,150,000	\$ 2,659,694	\$ 1,509,694
Total Revenues	<u>1,150,000</u>	<u>2,659,694</u>	<u>1,509,694</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	1,150,000	2,659,694	1,509,694
Other Financing sources/(uses):			-
Transfers Out	(1,370,051)	(1,370,051)	-
Total Other Financing sources/(uses)	<u>(1,370,051)</u>	<u>(1,370,051)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (220,051)</u>	<u>1,289,643</u>	<u>\$ 1,509,694</u>

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
NOTES TO BUDGETARY COMPARISON STATEMENTS
DECEMBER 31, 2024**

NOTE A – BUDGETARY INFORMATION

The Township’s process for establishing its annual operating budget involves submission of the budget by the Township Manager to the Board of Supervisors for its approval and adoption. The Township Manager, Finance Director and Budget Review Committee are responsible for the preparation of the annual budget.

The budgetary process consists of the evaluation and review of appropriate requests of the operating directors and various Township departments. Revenue estimates are made throughout the process to determine the amount of Township property taxes and other revenue is required to balance the budget.

The Board of Supervisors is required to introduce the budget for the following year by twenty days prior to the end of the fiscal year, after which it is advertised and reviewed at public hearings held by the Board of Supervisors of the Township. After the close of the public hearings, the Board of Supervisors approves and adopts the budgets on or before December 31, the close of the Township’s fiscal year.

The Township Supervisors may authorize supplemental appropriations for any lawful purpose via resolution. In addition, the Supervisors are permitted to transfer funds from one Township account to another; however, such transfers are not permitted during the first three months of the fiscal year. Appropriations lapse at the close of the fiscal year to the extent by which they have not been expended. It is the Township’s policy to maintain budgetary control at the fund level.

The Township prepares budgets for Governmental Funds on a basis of accounting which is consistent with United States generally accepted accounting principles.

NOTE B – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following major funds had an excess of actual expenditures over budget for the year ended December 31, 2024:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess over Appropriations</u>
General Fund	\$ 14,877,487	\$ 16,728,766	\$ 1,851,279
American Rescue Plan Fund	-	200,510	200,510

The excess expenditures over appropriation were funded by prior year fund balance in the General Fund and excess current year revenues in the American Rescue Plan Fund.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
POLICE PENSION PLAN - SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS**

	Police									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 671,689	\$ 639,704	\$ 519,909	\$ 458,349	\$ 399,965	\$ 380,919	\$ 345,035	\$ 328,605	\$ 324,509	\$ 309,056
Interest	1,853,349	1,760,202	1,649,850	1,486,254	1,307,074	1,243,678	1,195,846	1,128,769	1,066,588	1,020,453
Changes of Benefit Terms	-	13,768	902,284	673,919	-	-	-	-	-	-
Differences Between Actual and Expected Experience, if any	-	284,550	-	(22,155)	-	(244,432)	-	(251,682)	-	-
Assumptions Changes	-	1,265,125	-	688,463	-	-	-	359,941	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,208,110)	(1,171,754)	(841,765)	(885,246)	(846,540)	(855,849)	(613,022)	(657,652)	(794,727)	(741,830)
Net change in Total Pension Liability	1,316,928	2,791,595	2,230,278	2,399,584	860,499	524,316	927,859	907,981	596,370	587,679
Total Pension Liability - Beginning	24,643,684	21,852,089	19,621,811	17,222,227	16,361,728	15,837,412	14,909,553	14,001,572	13,405,202	12,817,523
Total Pension Liability - Ending (a)	<u>\$ 25,960,612</u>	<u>\$ 24,643,684</u>	<u>\$ 21,852,089</u>	<u>\$ 19,621,811</u>	<u>\$ 17,222,227</u>	<u>\$ 16,361,728</u>	<u>\$ 15,837,412</u>	<u>\$ 14,909,553</u>	<u>\$ 14,001,572</u>	<u>\$ 13,405,202</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 298,583	\$ 382,832	\$ 483,943	\$ 350,537	\$ 348,046	\$ 176,743	\$ 223,063	\$ 176,857	\$ 209,735	\$ 281,180
Contributions - State Aid	736,112	687,691	569,850	527,701	526,850	553,014	459,070	449,649	406,842	388,163
Contributions - Member	180,893	167,413	114,934	116,361	92,179	72,666	69,493	61,862	46,495	29,940
Net Investment Income	1,954,515	2,320,660	(2,700,170)	1,972,800	1,695,866	1,958,084	(1,039,024)	1,403,735	473,031	(241,454)
Benefit Payments	(1,208,110)	(1,171,754)	(841,765)	(885,246)	(846,540)	(855,849)	(613,022)	(657,652)	(794,727)	(741,830)
Administrative Expense	-	-	(800)	(6,475)	(800)	(6,268)	(2,210)	(6,050)	(1,000)	(6,707)
Net Change in Plan Fiduciary Position	\$ 1,961,993	\$ 2,386,842	\$ (2,374,008)	\$ 2,075,678	\$ 1,815,601	\$ 1,898,390	(902,630)	1,428,401	340,376	(290,708)
Plan Fiduciary Net Position - Beginning	16,008,007	13,621,165	15,995,173	13,919,495	12,103,894	10,205,504	11,108,034	9,679,633	9,339,257	9,629,965
Plan Fiduciary Net Position - Ending (b)	<u>\$ 17,970,000</u>	<u>\$ 16,008,007</u>	<u>\$ 13,621,165</u>	<u>\$ 15,995,173</u>	<u>\$ 13,919,495</u>	<u>\$ 12,103,894</u>	<u>\$ 10,205,404</u>	<u>\$ 11,108,034</u>	<u>\$ 9,679,633</u>	<u>\$ 9,339,257</u>
Net Pension Liability (a) - (b)	<u>\$ 7,990,612</u>	<u>\$ 8,635,677</u>	<u>\$ 8,230,924</u>	<u>\$ 3,626,638</u>	<u>\$ 3,302,732</u>	<u>\$ 4,257,834</u>	<u>\$ 5,632,008</u>	<u>\$ 3,801,519</u>	<u>\$ 4,321,939</u>	<u>\$ 4,065,945</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.2%	65.0%	62.3%	81.5%	80.8%	74.0%	64.4%	74.5%	69.1%	69.7%
Covered Payroll	\$ 4,574,029	\$ 4,793,196	\$ 4,285,475	\$ 4,044,206	\$ 3,777,569	\$ 3,594,354	\$ 3,363,814	\$ 3,276,201	\$ 3,164,517	\$ 3,083,827
Net Pension Liability as a Percentage of Covered Payroll	174.7%	180.2%	192.1%	89.7%	87.4%	118.5%	167.4%	116.0%	136.6%	131.8%

Notes to schedule

Assumption changes:

In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2017 using Scale AA to the PubS-2010 projected 5 years past the valuation date using most recent MP Scale. In 2023, the interest rate assumption was changed from 8.0% to 7.50%.

Benefit Change:

In 2021, the Normal Retirement Age changed from age 55 and 25 years of service to age 53 and 25 years of service. In 2022, the definition of compensation changed to include overtime. In 2023, the service increment provision was extended for the period 1/1/2023 - 12/31/2026.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS -
POLICE PENSION PLAN
10 YEARS ENDED DECEMBER 31, 2023**

	POLICE PENSION									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 1,034,695	\$ 1,070,523	\$ 1,053,793	\$ 878,238	\$ 874,896	\$ 729,757	\$ 682,133	\$ 626,506	\$ 616,577	\$ 669,343
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION (EXCESS) DEFICIENCY	<u>1,034,695</u>	<u>1,070,523</u>	<u>1,053,793</u>	<u>878,238</u>	<u>874,896</u>	<u>729,757</u>	<u>682,133</u>	<u>626,506</u>	<u>616,577</u>	<u>669,343</u>
	<u>\$ -</u>									
COVERED PAYROLL	<u>\$ 4,574,029</u>	<u>\$ 4,793,196</u>	<u>\$ 4,285,475</u>	<u>\$ 4,044,206</u>	<u>\$ 3,777,569</u>	<u>\$ 3,594,354</u>	<u>\$ 3,363,814</u>	<u>\$ 3,276,201</u>	<u>\$ 3,164,517</u>	<u>\$ 3,083,327</u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	<u>22.6%</u>	<u>22.3%</u>	<u>24.6%</u>	<u>21.7%</u>	<u>23.2%</u>	<u>20.3%</u>	<u>20.3%</u>	<u>19.1%</u>	<u>19.5%</u>	<u>21.7%</u>

NOTES TO SCHEDULE

Assumption changes - In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2017 using Scale AA to the PubS-2010 projected 5 years past the valuation date using most recent MP Scale. In 2023, the interest rate assumption was changed from 8.0% to 7.50%.

Change in benefit terms - In 2021, the Normal Retirement Age changed from age 55 and 25 years of service to age 53 and 25 years of service. In 2022, the definition of compensation changed to include overtime. In 2023, the service increment provision was extended for the period 1/1/2023 - 12/31/2026.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Asset valuation method	Market value of assets
Inflation	2.44%
Salary increases	5.00%
Investment rate of return	7.50%
Retirement age	Normal retirement age
Mortality	
Pre-Retirement:	PubS-2010 Employee Mortality projected 5 years past the valuation date using the most recent projection scale.
Post-Retirement:	PubS-2010 Healthy Retiree Mortality projected 5 years past the valuation date using the most recent projection scale.

**TOWNSHIP OF LOWERMAKEFIELD, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
NON-UNIFORM PENSION PLAN - SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS**

	Non-Uniform									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service Cost	\$ 100,565	\$ 95,776	\$ 118,876	\$ 113,215	\$ 137,318	\$ 130,779	\$ 158,556	\$ 151,006	\$ 189,059	\$ 180,056
Interest	893,508	877,233	891,704	865,477	841,232	812,727	771,817	738,351	721,329	677,694
Changes of Benefit Terms	-	-	-	-	-	-	-	220,140	-	-
Differences Between Actual and Expected Experience, if any	-	(232,608)	-	(468,137)	-	168,807	-	(806,422)	-	-
Assumptions Changes	-	509,585	-	452,753	-	-	-	321,965	-	-
Benefit Payments, Including Refunds of Employee Contributions	(741,528)	(780,053)	(648,597)	(664,430)	(607,567)	(579,911)	(540,124)	(417,055)	(373,431)	(269,183)
Net change in Total Pension Liability	252,545	469,933	361,983	298,878	370,983	532,402	390,249	207,985	536,957	588,567
Total Pension Liability - Beginning	12,183,642	11,713,709	11,351,726	11,052,848	10,681,865	10,149,463	9,759,214	9,551,229	9,014,272	8,425,705
Total Pension Liability - Ending (a)	<u>\$ 12,436,187</u>	<u>\$ 12,183,642</u>	<u>\$ 11,713,709</u>	<u>\$ 11,351,726</u>	<u>\$ 11,052,848</u>	<u>\$ 10,681,865</u>	<u>\$ 10,149,463</u>	<u>\$ 9,759,214</u>	<u>\$ 9,551,229</u>	<u>\$ 9,014,272</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 400,253	\$ 403,262	\$ 411,075	\$ 416,889	\$ 468,595	\$ 381,418	\$ 390,176	\$ 385,095	\$ 404,119	\$ 368,300
Contributions - Member	34,081	32,240	26,669	38,027	41,949	45,274	48,182	53,292	41,322	46,553
Net Investment Income	1,156,559	1,440,514	(1,823,594)	1,373,884	1,201,386	1,439,548	(610,498)	1,126,696	333,001	(207,138)
Benefit Payments	(741,528)	(780,053)	(648,597)	(664,430)	(607,567)	(579,911)	(540,124)	(417,055)	(373,431)	(269,183)
Administrative Expense	-	-	(1,400)	(6,075)	(2,300)	(5,950)	(1,450)	(6,750)	(1,850)	(7,894)
Refund of Member Contributions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Position	849,365	1,095,963	(2,035,847)	1,158,295	1,102,063	1,280,379	(713,714)	1,141,278	403,161	(69,362)
Plan Fiduciary Net Position - Beginning	9,934,128	8,838,165	10,874,012	9,715,717	8,613,654	7,333,275	8,046,989	6,905,711	6,502,550	6,571,912
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,783,493</u>	<u>\$ 9,934,128</u>	<u>\$ 8,838,165</u>	<u>\$ 10,874,012</u>	<u>\$ 9,715,717</u>	<u>\$ 8,613,654</u>	<u>\$ 7,333,275</u>	<u>\$ 8,046,989</u>	<u>\$ 6,905,711</u>	<u>\$ 6,502,550</u>
Net Pension Liability (a) - (b)	<u>\$ 1,652,694</u>	<u>\$ 2,249,514</u>	<u>\$ 2,875,544</u>	<u>\$ 477,714</u>	<u>\$ 1,337,131</u>	<u>\$ 2,068,211</u>	<u>\$ 2,816,188</u>	<u>\$ 1,712,225</u>	<u>\$ 2,645,518</u>	<u>\$ 2,511,722</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.7%	81.5%	75.5%	95.8%	87.9%	80.6%	72.3%	82.5%	72.3%	72.1%
Covered Payroll	\$ 1,133,557	\$ 1,187,577	\$ 1,327,848	\$ 1,438,958	\$ 1,476,752	\$ 1,597,351	\$ 1,696,430	\$ 1,757,346	\$ 1,984,189	\$ 1,965,213
Net Pension Liability as a Percentage of Covered Payroll	145.8%	189.4%	216.6%	33.2%	90.5%	129.5%	166.0%	97.4%	133.3%	127.8%

Notes to schedule

Assumption changes:

In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the PubG-2010 projected 5 years past the valuation date using most recent MP Scale. In 2023, the interest rate assumption was changed from 8.0% to 7.5%.

Benefit Changes:

In 2017, Participants who meet the eligibility of Rule of 80 (minimum of age 60) during January 1, 2017 to December 31, 2018 are eligible for a special early retirement window

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS -
 NON-UNIFORM PENSION PLAN
 10 YEARS ENDED DECEMBER 31, 2023

	NON-UNIFORM									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 400,253	\$ 403,262	\$ 411,075	\$ 416,889	\$ 468,595	\$ 381,418	\$ 390,176	\$ 385,095	\$ 404,119	\$ 368,300
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION (EXCESS) DEFICIENCY	400,253	403,262	411,075	416,889	468,595	381,418	390,176	385,095	404,119	368,300
COVERED PAYROLL	<u>\$ 1,133,557</u>	<u>\$ 1,187,577</u>	<u>\$ 1,327,848</u>	<u>\$ 1,438,958</u>	<u>\$ 1,476,752</u>	<u>\$ 1,597,351</u>	<u>\$ 1,696,430</u>	<u>\$ 1,757,346</u>	<u>\$ 1,984,198</u>	<u>\$ 1,965,213</u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	<u>35.3%</u>	<u>34.0%</u>	<u>31.0%</u>	<u>29.0%</u>	<u>31.7%</u>	<u>23.9%</u>	<u>23.0%</u>	<u>21.9%</u>	<u>20.4%</u>	<u>18.7%</u>

NOTES TO SCHEDULE

Assumption changes - In 2017, the mortality assumption was changed from the RP-2000 Table to the RP-2000 Table projected to 2017 using Scale AA. In 2021, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2017 using Scale AA to the PubS-2010 projected 5 years past the valuation date using most recent MP Scale. In 2023, the interest rate assumption was changed from 8.0% to 7.50%.

Change in benefit terms - In 2017, Participants who meet the eligibility of Rule of 80 (minimum of age 60) during January 1, 2017 to December 31, 2018 are eligible for a special early retirement window.

Methods and assumptions used to determine contribution rates:

Asset valuation method	Market value of assets
Salary increases	5.00%
Investment rate of return	7.50%
Retirement Age	Normal retirement age
Termination	T-1 table actuary handbook
Mortality	
Pre-Retirement:	PubG-2010 Employee Mortality projected 5 years past the valuation date using the most recent projection scale.
Post-Retirement:	PubG-2010 Healthy Retiree Mortality projected 5 years past the valuation date using the most recent projection scale.

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS -
 POLICE AND NON-UNIFORM PENSION PLANS**

	<u>Year</u>	<u>Police</u>	<u>Civilian</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2015	-2.52%	-3.12%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2016	5.12%	5.11%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2017	14.48%	16.30%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2018	-9.30%	-7.64%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2019	19.24%	19.85%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2020	13.94%	14.03%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2021	14.12%	14.30%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2022	-16.71%	-16.94%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2023	17.00%	16.62%
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	2024	12.21%	11.83%

TOWNSHIP OF LOWER MAKEFIELD PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF CHANGES IN THE ADMINISTRATIVE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	\$ 6,475	\$ 4,559	\$ 7,609	\$ 10,123	\$ 10,467	\$ 6,379	\$ 6,075
Interest	10,062	9,968	6,962	6,454	5,685	7,861	7,740
Differences Between Expected and Actual Experience	7,433	-	20,201	-	14,687	-	-
Changes of Assumptions	(6,401)	9,231	(77,349)	(13,003)	47,498	-	-
Benefit Payments	(13,564)	(12,129)	(12,551)	(10,841)	(10,264)	(10,797)	(10,517)
Net Change in Total OPEB Liability	4,005	11,629	(55,128)	(7,267)	68,073	3,443	3,298
Total OPEB Liability - Beginning	244,365	232,736	287,864	295,131	227,058	223,615	220,317
Total OPEB Liability - Ending	<u>\$ 248,370</u>	<u>\$ 244,365</u>	<u>\$ 232,736</u>	<u>\$ 287,864</u>	<u>\$ 295,131</u>	<u>\$ 227,058</u>	<u>\$ 223,615</u>
Covered Payroll	\$ 1,960,212	\$ 1,389,047	\$ 1,389,047	\$ 1,419,922	\$ 1,352,307	\$ 1,004,206	\$ 956,387
Net OPEB Liability as a Percentage of Covered Payroll	12.7%	17.6%	16.8%	20.3%	21.8%	22.6%	23.4%

Notes to Schedule

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

TOWNSHIP OF LOWER MAKEFIELD PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF CHANGES IN THE PUBLIC WORKS TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	\$ 38,479	\$ 38,400	\$ 60,349	\$ 56,314	\$ 56,758	\$ 41,009	\$ 39,056
Interest	33,126	31,585	20,796	23,170	19,561	30,435	28,650
Changes of Benefit Terms	122,042	-	-	-	-	-	-
Differences Between Expected and Actual Experience	52,029	-	(147,171)	-	(17,704)	-	-
Changes of Assumptions	(167,585)	14,614	(219,062)	(21,422)	97,107	-	-
Benefit Payments	(52,894)	(30,068)	(33,199)	(50,755)	(25,622)	(19,653)	(17,648)
Net Change in Total OPEB Liability	25,197	54,531	(318,287)	7,307	130,100	51,791	50,058
Total OPEB Liability - Beginning	763,835	709,304	1,027,591	1,020,284	890,184	838,393	788,335
Total OPEB Liability - Ending	<u>\$ 789,032</u>	<u>\$ 763,835</u>	<u>\$ 709,304</u>	<u>\$ 1,027,591</u>	<u>\$ 1,020,284</u>	<u>\$ 890,184</u>	<u>\$ 838,393</u>
Covered Payroll	\$ 1,607,542	\$ 1,658,757	\$ 1,658,757	\$ 1,403,228	\$ 1,336,408	\$ 1,561,031	\$ 1,486,696
Net OPEB Liability as a Percentage of Covered Payroll	49.1%	46.0%	42.8%	73.2%	76.3%	57.0%	56.4%

Notes to Schedule

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

TOWNSHIP OF LOWER MAKEFIELD PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULE OF CHANGES IN THE POLICE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	\$ 288,818	\$ 269,517	\$ 337,999	\$ 326,133	\$ 328,371	\$ 222,666	\$ 212,063
Interest	212,579	212,426	114,631	113,125	93,634	139,072	131,080
Changes of Benefit Terms	1,228,889	-	-	-	-	-	-
Differences Between Expected and Actual Experience	32,849	-	(224,552)	-	(20,637)	-	-
Changes of Assumptions	(2,051,602)	116,213	(346,486)	(119,084)	544,416	-	-
Benefit Payments	(305,865)	(223,823)	(184,904)	(135,410)	(113,380)	(113,037)	(137,728)
Net Change in Total OPEB Liability	(594,332)	374,333	(303,312)	184,764	832,404	248,701	205,415
Total OPEB Liability - Beginning	5,144,235	4,769,902	5,073,214	4,888,450	4,056,046	3,807,345	3,601,930
Total OPEB Liability - Ending	<u>\$ 4,549,903</u>	<u>\$ 5,144,235</u>	<u>\$ 4,769,902</u>	<u>\$ 5,073,214</u>	<u>\$ 4,888,450</u>	<u>\$ 4,056,046</u>	<u>\$ 3,807,345</u>
Covered Payroll	\$ 6,374,495	\$ 5,606,954	\$ 5,606,954	\$ 4,945,784	\$ 4,710,270	\$ 4,462,044	\$ 4,249,566
Net OPEB Liability as a Percentage of Covered Payroll	71.4%	91.7%	85.1%	102.6%	103.8%	90.9%	89.6%

Notes to Schedule

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

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts	Actual	Variance with Final Budget
Revenues			
Real Estate Taxes	\$ 1,441,168	\$ 1,431,428	\$ (9,740)
Interest and Rent	4,500	4,663	163
Total Revenues	<u>1,445,668</u>	<u>1,436,091</u>	<u>(9,577)</u>
Expenditures:			
Debt Service			
Principal Retirement	1,242,142	1,049,216	(192,926)
Interest	198,144	212,032	13,888
Agent Fees	1,650	-	(1,650)
Total Expenditures	<u>1,441,936</u>	<u>1,261,248</u>	<u>(180,688)</u>
Excess of Revenues over (under) Expenditures	3,732	174,843	171,111
Net Change in Fund Balance	<u>\$ 3,732</u>	<u>174,843</u>	<u>171,111</u>

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - CAPITAL RESERVE FUND
YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts	Actual	Variance with Final Budget
Revenues			
Interest and Rents	\$ -	\$ 9,178	\$ 9,178
Intergovernmental Revenues	343,000	10,229	(332,771)
Total Revenues	<u>343,000</u>	<u>19,407</u>	<u>(323,593)</u>
Expenditures:			
Current:			
General government	45,051	24,905	(20,146)
Public safety	-	19,705	19,705
Public works	555,000	9,465	(545,535)
Parks and recreation	-	11,544	11,544
Capital outlay	-	127,294	127,294
Total Expenditures	<u>600,051</u>	<u>192,913</u>	<u>(407,138)</u>
Excess of Revenues over (under) Expenditures	(257,051)	(173,506)	(730,731)
Other Financing sources/(uses):			
Transfers In	257,051	-	257,051
Transfers Out	(52,920)	(22,789)	(75,709)
Total Other Financing sources/(uses)	<u>204,131</u>	<u>(22,789)</u>	<u>(226,920)</u>
Net Change in Fund Balance	<u>\$ (52,920)</u>	<u>\$ (196,295)</u>	<u>\$ (957,651)</u>

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2024

	Street Light Fund	9-11 Memorial Fund	Fire Protection Fund	Hydrant Fund	Park and Recreation FIL Fund	Traffic Impact Fund	Regency Bridge Fund	Tree Fund	Liquid Fuels Fund	Ambulance Rescue Fund	Road Machinery Fund	Patterson Farm Fund	Sidewalk FIL Fund	Road Improvement Fund	Garden of Reflection Capital Reserve Fund	Total Nonmajor Governmental Funds
Assets																
Cash and Cash Equivalents	\$ 223,804	\$ -	\$ 131,023	\$ 50,356	\$ 798,558	\$ 213,414	\$ 155,086	\$ 322,162	\$ 697,524	\$ 11,144	\$ 107,604	\$ 12,379	\$ 81,646	\$ 306,890	10,548	\$ 3,122,138
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-	310	-	-	-	310
Taxes receivable	(3,275)	-	18,128	5,306	-	-	-	-	-	6,140	4,914	-	-	-	-	31,213
Prepaid Expenses	-	-	36,789	-	-	-	-	-	-	-	-	-	-	-	-	36,789
Total Assets	\$ 220,529	\$ -	\$ 185,940	\$ 55,662	\$ 798,558	\$ 213,414	\$ 155,086	\$ 322,162	\$ 697,524	\$ 17,284	\$ 112,518	\$ 12,689	\$ 81,646	\$ 306,890	\$ 10,548	\$ 3,190,450
Liabilities and Fund Balances																
Liabilities																
Accounts Payable	\$ 4,975	\$ 596	\$ 91	\$ 15,091	\$ -	\$ 715	\$ -	\$ 500	\$ 14,103	\$ -	\$ -	\$ 7,557	\$ -	\$ 55,528	\$ -	\$ 99,156
Accrued Expenses	-	-	6,884	-	-	-	-	-	-	-	-	-	-	-	-	6,884
Interfund Payables	-	2,227	-	-	-	-	-	-	-	-	-	-	-	-	-	2,227
Unearned revenue	-	-	8,716	2,542	-	-	-	-	-	2,905	2,361	-	-	15,799	-	32,323
Security Deposits	-	-	-	-	-	-	-	-	-	-	-	1,250	-	-	-	1,250
Total Liabilities	4,975	2,823	15,691	17,633	-	715	-	500	14,103	2,905	2,361	8,807	-	71,327	-	141,840
Fund Balances																
Nonspendable																
Prepaid Items	-	-	36,789	-	-	-	-	-	-	-	-	-	-	-	-	36,789
Restricted:																
Street Lights	215,554	-	-	-	-	-	-	-	-	-	-	-	-	-	-	215,554
Fire Protection	-	-	133,460	-	-	-	-	-	-	-	-	-	-	-	-	133,460
Hydrant Fund	-	-	-	38,029	-	-	-	-	-	-	-	-	-	-	-	38,029
Park and Recreation FIL	-	-	-	-	798,558	-	-	-	-	-	-	-	-	-	-	798,558
Traffic Impact	-	-	-	-	-	212,699	-	-	-	-	-	-	-	-	-	212,699
Regency Bridge	-	-	-	-	-	-	155,086	-	-	-	-	-	-	-	-	155,086
Tree Fund	-	-	-	-	-	-	-	321,662	-	-	-	-	-	-	-	321,662
Highway Aid	-	-	-	-	-	-	-	-	683,421	-	-	-	-	-	-	683,421
Ambulance Rescue	-	-	-	-	-	-	-	-	-	14,379	-	-	-	-	-	14,379
Road Machinery	-	-	-	-	-	-	-	-	-	-	110,157	-	-	-	-	110,157
Sidewalk FIL	-	-	-	-	-	-	-	-	-	-	-	-	81,646	-	-	81,646
Road Improvement	-	-	-	-	-	-	-	-	-	-	-	-	-	235,563	-	235,563
Committed																
9-11 Memorial	-	(2,823)	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,823)
Garden of Reflection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,548	10,548
Unassigned	-	-	-	-	-	-	-	-	-	-	-	3,882	-	-	-	3,882
Total Fund Balances (Deficit)	215,554	(2,823)	170,249	38,029	798,558	212,699	155,086	321,662	683,421	14,379	110,157	3,882	81,646	235,563	10,548	3,048,610
Total Liabilities and Fund Balances	\$ 220,529	\$ -	\$ 185,940	\$ 55,662	\$ 798,558	\$ 213,414	\$ 155,086	\$ 322,162	\$ 697,524	\$ 17,284	\$ 112,518	\$ 12,689	\$ 81,646	\$ 306,890	\$ 10,548	\$ 3,190,450

TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES- NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Street Light Fund	9-11 Memorial Fund	Fire Protection Fund	Hydrant Fund	Park and Recreation FIL Fund	Traffic Impact Fund	Regency Bridge Fund	Tree Fund	Liquid Fuels Fund	Ambulance Rescue Fund	Road Machinery Fund	Patterson Farm Fund	Sidewalk FIL Fund	Road Improvement Fund	Garden of Reflection Capital Reserve Fund	Total Nonmajor Governmental Funds
Revenues																
Real Estate Taxes	\$ -	\$ -	\$ 598,981	\$ 172,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,807	\$ 211,073	\$ -	\$ -	\$ 1,087,100	\$ -	\$ 2,276,537
Licenses and permits	-	-	24,210	-	-	-	-	-	-	-	-	-	-	-	-	24,210
Interest Earnings	15,977	620	22,134	6,727	62,383	16,058	24,597	24,073	39,737	3,853	1,414	42,534	4,934	48,842	412	314,295
Intergovernmental Revenues	-	-	316,960	-	-	-	-	-	1,037,607	-	-	-	-	-	-	1,354,567
Charges for Services	68,968	-	64,685	-	-	-	-	-	-	-	-	-	-	-	-	133,653
Miscellaneous	-	-	402	-	81,384	33,664	-	102,162	-	-	-	620	12,550	0	-	230,782
Total Revenues	84,945	620	1,027,372	179,303	143,767	49,722	24,597	126,235	1,077,344	210,660	212,487	43,154	17,484	1,135,942	412	4,334,044
Expenditures																
Public Safety	-	-	956,193	-	-	-	-	-	-	203,000	-	41,059	-	-	-	1,200,252
Public Works	53,399	-	-	188,607	-	44,823	-	-	593,249	-	-	-	-	900,379	-	1,780,457
Parks and Recreation	-	71,449	-	-	-	-	301,143	73,379	-	-	-	-	-	-	-	445,971
Capital Outlays	-	-	-	-	183,850	-	-	-	-	-	180,052	-	-	-	-	363,902
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	53,399	71,449	956,193	188,607	183,850	44,823	301,143	73,379	593,249	203,000	180,052	41,059	-	900,379	-	3,790,582
Excess (Deficiency) of Revenues Over Expenditures	31,546	(70,829)	71,179	(9,304)	(40,083)	4,899	(276,546)	52,856	484,095	7,660	32,435	2,095	17,484	235,563	412	543,462
Other Financing Sources (Uses)																
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	-	-	59,480	-	-	-	-	59,480
Transfers In	-	51,150	-	-	-	-	-	-	-	-	-	100,000	-	-	5,000	156,150
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	51,150	-	-	-	-	-	-	-	-	59,480	100,000	-	-	5,000	215,630
Net Changes in Fund Balance	31,546	(19,679)	71,179	(9,304)	(40,083)	4,899	(276,546)	52,856	484,095	7,660	91,915	102,095	17,484	235,563	5,412	759,092
Fund Balances at Beginning of Year	184,008	16,856	99,070	47,333	838,641	207,800	431,632	268,806	199,326	6,719	18,242	(98,213)	64,162	-	5,136	2,289,518
Fund Balances at End of Year	\$ 215,554	\$ (2,823)	\$ 170,249	\$ 38,029	\$ 798,558	\$ 212,699	\$ 155,086	\$ 321,662	\$ 683,421	\$ 14,379	\$ 110,157	\$ 3,882	\$ 81,646	\$ 235,563	\$ 10,548	\$ 3,048,610

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PENSION TRUST AND EMPLOYEE BENEFIT FUNDS
 DECEMBER 31, 2024**

	Pension Trust Funds		Deferred Contribution Plan	Deferred Retirement Option Plan Fund	Total Pension Trust and Employee Benefit Funds
	Police Pension	Non-Uniform Pension			
ASSETS					
Cash and cash equivalents	125,349	\$ 64,209	\$ -	\$ -	\$ 189,558
Investments	17,844,651	10,719,284	1,695,181	786,098	31,045,214
Accounts receivables	-	39,176	-	-	39,176
TOTAL ASSETS	<u>17,970,000</u>	<u>10,822,669</u>	<u>1,695,181</u>	<u>786,098</u>	<u>31,273,948</u>
NET POSITION					
Net position restricted for pensions	17,970,000	10,822,669	1,695,181	-	30,487,850
Net position restricted for other purposes	-	-	-	786,098	786,098
TOTAL NET POSITION	<u>\$ 17,970,000</u>	<u>\$ 10,822,669</u>	<u>\$ 1,695,181</u>	<u>\$ 786,098</u>	<u>\$ 31,273,948</u>

**TOWNSHIP OF LOWER MAKEFIELD, PENNSYLVANIA
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST AND EMPLOYEE BENEFIT FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Pension Trust Funds		Deferred Contribution Plan	Deferred Retirement Option Plan Fund	Total Pension Trust and Employee Benefit Funds
	Police Pension	Non-Uniform Pension			
ADDITIONS					
Contributions					
Employer	\$ 298,583	\$ 400,253	\$ -	\$ -	\$ 698,836
Member	180,893	34,081	-	214,484	429,458
State aid	736,112	-	-	-	736,112
Developers	-	-	-	-	-
TOTAL CONTRIBUTIONS	1,215,588	434,334	-	214,484	1,864,406
Investment income (loss)					
Net appreciation (depreciation) in fair value of investments	1,530,829	891,489	201,503	19,218	2,643,039
Interest income	17,893	5,381	-	-	23,274
Dividend income	463,477	295,429	-	-	758,906
TOTAL INVESTMENT INCOME (LOSS)	2,012,199	1,192,299	201,503	19,218	3,425,219
TOTAL ADDITIONS	3,227,787	1,626,633	201,503	233,702	5,289,625
DEDUCTIONS					
Administrative expenses	28,447	35,740	-	-	64,187
Benefits	1,208,110	741,528	108,494	94,667	2,152,799
Other	29,237	-	-	-	29,237
TOTAL DEDUCTIONS	1,265,794	777,268	108,494	94,667	2,246,223
CHANGE IN NET POSITION	1,961,993	849,365	93,009	139,035	3,043,402
NET POSITION					
BEGINNING OF YEAR	16,008,007	9,973,304	1,333,079	647,063	27,961,453
END OF YEAR	\$ 17,970,000	\$ 10,822,669	\$ 1,426,088	\$ 786,098	\$ 31,004,855