

**UPPER MAKEFIELD TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2024

UPPER MAKEFIELD TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA

December 31, 2024

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Upper Makefield Township, 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 Upper Makefield Township (Township), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we

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

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

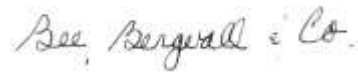
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the historical trend information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing 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's basic financial statements. The combining and individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

Warrington, PA
August 4, 2025

UPPER MAKEFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2024

The following discussion and analysis of the financial statements of Upper Makefield Township, Bucks County Pennsylvania (the Township) provides an overview of the financial activities of the Upper Makefield Township for the year ended December 31, 2024. Please read this management's discussion and analysis in conjunction with the accompanying financial statements and notes which follow in order to obtain a thorough understanding of the Township's financial condition as of December 31, 2024.

FINANCIAL HIGHLIGHTS

- The net position (assets and deferred outflows minus liabilities and deferred inflows) of the Township as of December 31, 2024 was \$73,857,307. Of this amount, \$64,417,877 represents governmental net position and, \$9,439,430 represents business-type net position. Of the net position balance, \$9,848,299 is unrestricted and available to meet the Township's ongoing obligations in accordance with Township fund designations and fiscal policies.
- The Township's net position increased by \$1,462,575 during the year ended December 31, 2024. The governmental net position increased by \$1,898,093 and the business-type net position decreased by \$435,518.
- The general fund, the Township's primary operating fund, reported an increase in fund balance of \$263,655. As of December 31, 2024 the general fund unassigned fund balance was \$2,964,919 or 39% of total general fund expenditures for the year ended December 31, 2024.
- The Township's governmental and business-type cash and cash equivalents decreased by \$987,335 during 2024.
- The Township expended \$1,366,007 for various capital projects and capital purchases.
- The Township accepted dedication of a conservation easement with an estimated value of \$1,234,000.
- The Township paid \$463,757 principal and \$13,713 interest on outstanding General Obligation Bonds and Notes during 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Township's financial statements are composed of this Management's Discussion and Analysis (MD&A) and the basic financial statements. The MD&A provides analysis and overview of the Township's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also includes required and other supplementary information as listed in the table of contents.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

UPPER MAKEFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2024

The *statement of net position* presents financial information on all of the Township's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works—highways and streets, culture and recreation, community development, debt service and other. The business-type activities of the Township include sanitary sewer and water operations.

The governmental activities of the Township include:

- General Government
- Public Safety
- Highways and Streets
- Culture and Recreation
- Community Development
- Debt Service
- Other

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Upper Makefield Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balance of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

UPPER MAKEFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2024

Upper Makefield Township maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Riparian funds, which are considered to be major funds.

Data from the other governmental funds (Liquid Fuels, Open Space, Fire, Rev-Run, Op./Maint., ARPA, Park & Rec, 3-Year Cap, Capital Reserve, Tree, and Building Construction) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for all Township funds. A budgetary comparison has been provided for the general and riparian buffer and restoration funds to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide and fund financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 29 and 30 of this report.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Township's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and are presented immediately following the required supplementary information on pensions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Upper Makefield Township, assets exceeded liabilities by \$73,857,307 at the close of the most recent fiscal year. This represents a \$1,462,575 or 2.0% increase from the previous year.

A significant portion of the Township's net position (86.5%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, and net of accumulated depreciation, it should be noted that the resources needed to repay this debt may be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

UPPER MAKEFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2024

THE TOWNSHIP AS A WHOLE

The following table reflects the condensed statement of net position:

Table 1
Statements of Net Position – December 31, 2024

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and Other Assets	\$ 9,297,495	\$ 9,809,960	\$ 1,802,811	\$ 1,916,758	\$ 11,100,306	\$ 11,726,718
Capital Assets	56,289,765	54,779,065	7,695,981	8,007,152	63,985,746	62,786,217
Total Assets	<u>65,587,260</u>	<u>64,589,025</u>	<u>9,498,792</u>	<u>9,923,910</u>	<u>75,086,052</u>	<u>74,512,935</u>
Deferred Outflows of Resources	<u>687,133</u>	<u>1,469,666</u>	<u>-</u>	<u>-</u>	<u>687,133</u>	<u>1,469,666</u>
Current Liabilities	497,045	729,562	59,362	48,962	556,407	778,524
Noncurrent Liabilities	<u>785,157</u>	<u>1,393,087</u>	<u>-</u>	<u>-</u>	<u>785,157</u>	<u>1,393,087</u>
Total Liabilities	<u>1,282,202</u>	<u>2,122,649</u>	<u>59,362</u>	<u>48,962</u>	<u>1,341,564</u>	<u>2,171,611</u>
Deferred Inflows of Resources	<u>574,314</u>	<u>1,416,258</u>	<u>-</u>	<u>-</u>	<u>574,314</u>	<u>1,416,258</u>
Net Assets						
Net investment in capital assets	56,147,796	54,151,370	7,695,981	8,007,152	63,843,777	62,158,522
Restricted	165,231	301,783	-	-	165,231	301,783
Unrestricted	<u>8,104,850</u>	<u>8,066,631</u>	<u>1,743,449</u>	<u>1,867,796</u>	<u>9,848,299</u>	<u>9,934,427</u>
Total Net Assets	<u>\$ 64,417,877</u>	<u>\$ 62,519,784</u>	<u>\$ 9,439,430</u>	<u>\$ 9,874,948</u>	<u>\$ 73,857,307</u>	<u>\$ 72,394,732</u>

An additional portion of the Township's net position (\$165,231 or .2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$9,848,299 may be used to meet the Township's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental activities. The Township's net position increased by \$1,462,575 or 2.0% during the current fiscal year.

UPPER MAKEFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2024

The following chart shows the revenues and expenses of the governmental activities:

Table 2
Change in Net Position - 2024

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues:						
Program revenues:						
Charges for services	\$ 884,657	\$ 821,840	\$ 764,372	\$ 762,735	\$ 1,649,029	\$ 1,584,575
Grants and contributions	2,695,046	858,872	-	-	2,695,046	858,872
General revenues:						
Taxes	7,651,415	7,694,425	-	-	7,651,415	7,694,425
Cable franchise fees	211,442	217,076	-	-	211,442	217,076
Interest	131,766	94,223	5,800	3,777	137,566	98,000
Miscellaneous	21,821	25,838	-	-	21,821	25,838
Gain/Loss on sale of assets	34,161	18,958	-	-	34,161	18,958
Total Revenues	<u>11,630,308</u>	<u>9,731,232</u>	<u>770,172</u>	<u>766,512</u>	<u>12,400,480</u>	<u>10,497,744</u>
Expenses:						
General government	1,321,578	1,420,218	-	-	1,321,578	1,420,218
Public safety	6,070,137	5,792,803	-	-	6,070,137	5,792,803
Public Works - Highways and streets	2,131,385	1,506,965	-	-	2,131,385	1,506,965
Public Works - Water and sewer system	-	-	1,205,690	1,029,889	1,205,690	1,029,889
Culture and recreation	3,461	196,745	-	-	3,461	196,745
Community development	5,000	13,000	-	-	5,000	13,000
Interest on long-term debt	13,713	35,479	-	-	13,713	35,479
Other	120,477	48,460	-	-	120,477	48,460
Unallocated depreciation	66,464	59,672	-	-	66,464	59,672
Total Expenses	<u>9,732,215</u>	<u>9,073,342</u>	<u>1,205,690</u>	<u>1,029,889</u>	<u>10,937,905</u>	<u>10,103,231</u>
Change in Net Position	1,898,093	657,890	(435,518)	(263,377)	1,462,575	394,513
Net Position - Beginning of Year	<u>62,519,784</u>	<u>61,861,894</u>	<u>9,874,948</u>	<u>10,138,325</u>	<u>72,394,732</u>	<u>72,000,219</u>
Net Position - End of Year	<u>\$ 64,417,877</u>	<u>\$ 62,519,784</u>	<u>\$ 9,439,430</u>	<u>\$ 9,874,948</u>	<u>\$ 73,857,307</u>	<u>\$ 72,394,732</u>

UPPER MAKEFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2024

Revenue Overview

For the fiscal year ended December 31, 2024, revenues for governmental activities totaled \$11,630,307 an increase of \$1,899,075 or approximately 19.5% from 2023. The real estate tax millages were: general fund at 4.2 mills, fire fund at .75 mills, open space fund at 1.0 mills, and building construction fund at .5 mills. Sources of revenue for the fiscal year 2024 are comprised of the following items:

“Earned Income Tax” is the largest Township revenue source totaling \$5,207,892 (45% of total revenues) in 2024. Next is grants and contributions \$2,695,046 (25%), real estate taxes at \$2,443,523 (21%), followed by charges for services \$884,657 (8%). Other revenues include cable franchise fees generating \$211,442 and other revenues generating \$187,747.

Expense Overview

For the 2024 fiscal year, expenses for government activities totaled \$9,732,215, an increase of \$695,627 over 2023 expenses. The largest areas of expense in 2024 were, in order, Public Safety, Public Works, General Government, and Culture and Recreation.

The change in net position reflects the difference between total revenues and total expenses. For governmental activities in fiscal 2024, revenues \$11,630,307 were more than expenses \$9,732,215 by \$1,898,093 resulting in an increase in net position by that amount. The year ended with a total net position of \$64,417,877.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the Township’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township’s financing requirements. In particular, *Restricted, Committed, Assigned and Unassigned Fund Balances* may serve as a useful measure of a Township’s net resources available for spending at the end of the fiscal year. However, the *Restricted, Committed* and the *Assigned* are ear-marked for specific purposes.

As of the end of the current fiscal year, the Township’s governmental funds reported combined ending fund balances of \$7,585,529, a decrease of \$188,577 or 2.4% in comparison with the prior year. Of the total, \$2,964,919 constitutes *unassigned fund balance*. The remainder of fund balance is *restricted* \$165,231, or *committed* \$4,455,379 to indicate that it is not available for new spending because it has already been reserved for other Township capital projects, purchases and contractual obligations, repayment of debt service, or taxes levied and collected for specific purposes, per Township Code.

The **General Fund** is the Township’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Real estate tax millage for this fund in 2024 was 4.2 mills. The general fund total fund balance increased by \$263,655. The Township’s total expenses (net of transfers) were under budget by \$258,573.

UPPER MAKEFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2024

The **Riparian Buffer and Restoration Fund** is to account for revenues and expenditures committed to grants to others for Riparian Buffer Restoration. At the end of 2024, the balance in this fund was \$2,825,718.

Special Revenue Funds

Special Revenues Funds are comprised of the following minor funds:

Liquid Fuels Fund

This fund accounts for revenues and expenditures of Commonwealth Liquid Fuels Grant funds. At the end of 2024 the balance in this fund was \$87,741.

The Open Space Fund is used to account for revenues and expenditures for the Township's open space programs and debt service. Real estate tax millage for this fund in 2024 was 1.0 mills. At the end of 2024, the balance in this fund was \$4,376.

Fire Fund

This fund accounts for revenues and expenditures for Township volunteer fire protection. Real estate taxes, and interest totaling \$176,340 were collected by the Township for support of Upper Makefield and Lingohocken Fire Companies. Real estate tax millage for this fund in 2024 was .75 mills.

Rev. Run Emergency Services Fund

This fund accounts for revenues and expenditures for emergency services. Contributions and interest totaling \$13,929 were collected by the Township. In addition, a transfer from the general fund of \$485,000 was received by this fund.

Operation and Maintenance Fund

This fund accounts for deposits from specific homeowners for possible future expenditures related to their septic systems.

ARPA Fund

This fund accounts for revenues and expenses related to the outbreak of COVID-19.

Capital Projects Funds

Capital Project Funds are comprised of the following minor funds:

Park and Recreation Fund

This fund accounts for revenues and expenditures associated with the Township's park and recreation programs. A transfer from the general fund totaling \$60,000 was received by this fund.

Park and Recreation 3-Year Capital Fund

This fund accounts for revenues and expenditures associated with the Township's park and recreation Capital projects. Miscellaneous revenues and interest totaling \$5,443 were collected by the Township.

UPPER MAKEFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2024

Capital Reserve Fund

This fund accounts for revenues and expenditures associated with the Township's other capital projects. Transfers from the General fund totaling \$748,000 were received by this fund for the following capital purchases/construction:

- Police vehicles and equipment \$139,143.
- Public works vehicles and equipment \$198,445.
- General government generator \$122,880.

Tree Bank Fund

This fund accounts for revenues and expenditures for the preservation of trees within the Township. At the end of 2024 the balance in this fund was \$60,027.

Debt Service Fund

Building Construction Fund

This fund accounts for revenues and expenditures for a portion of debt service associated with the construction of the Township's administrative offices. Real estate tax millage for this fund for 2024 was .5 mills. At the end of 2024 the balance in this fund was \$15,377.

Proprietary Funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements. Proprietary funds are used to report the same functions as business-type activities in the government-wide financial statements. The Township uses proprietary funds to account for the sanitary sewer and water operations for five housing developments located in the Township.

Fiduciary Funds. As mentioned earlier, fiduciary funds are resources held for the benefit of parties outside the government. These include:

Police Pension Trust Fund

This fund is used to account for resources required to be held in trust for the members and beneficiaries of the Township's defined benefit pension plan—the Police Pension Fund. The Township may be eligible for Act 205 assistance in the form of state aid.

Non-Uniform Pension Trust Fund

This fund is used to account for resources required to be held in trust for the members and beneficiaries of the Township's defined benefit pension plan—the Non-Uniformed Pension Fund. The Township may be eligible for Act 205 assistance in the form of state aid.

Agency Funds

These funds are used to account for subdivision/land development, and all other types of escrows held by the Township in a custodial capacity.

UPPER MAKEFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2024

General Fund Budgetary Highlights

The following table presents budget versus actual (cash basis) for the general fund:

	GENERAL FUND			
	<u>Budgeted Amounts</u>		Actual on	Variance with
	<u>Original</u>	<u>Final</u>	<u>Cash Basis</u>	<u>Final Budget</u>
Revenues				
Taxes				
Real estate taxes	\$ 946,000	\$ 946,000	\$ 1,031,977	\$ 85,977
Transfer tax	700,000	700,000	824,590	124,590
Earned income tax	4,750,000	4,750,000	4,885,496	135,496
Fees, licenses and permits	234,800	234,800	238,354	3,554
Fines and forfeitures	19,800	19,800	25,497	5,697
Interest	10,300	10,300	46,192	35,892
Intergovernmental revenues	382,550	382,550	455,458	72,908
Charges for service	686,355	686,355	804,446	118,091
Miscellaneous income	<u>32,800</u>	<u>32,800</u>	<u>58,087</u>	<u>25,287</u>
Total Revenues	<u>7,762,605</u>	<u>7,762,605</u>	<u>8,370,097</u>	<u>607,492</u>
Expenditures				
General government	1,042,493	1,042,493	1,104,494	(62,001)
Public safety	3,564,195	3,564,195	3,672,497	(108,302)
Public works	1,269,413	1,269,413	953,221	316,192
Culture and recreation	-	-	-	-
Community development	5,000	5,000	5,000	-
Miscellaneous	<u>1,841,617</u>	<u>1,841,617</u>	<u>1,728,933</u>	<u>112,684</u>
Total Expenditures	<u>7,722,718</u>	<u>7,722,718</u>	<u>7,464,145</u>	<u>258,573</u>
Excess of Revenues over (under) Expenditures	<u>39,887</u>	<u>39,887</u>	<u>905,952</u>	<u>866,065</u>
Other Financing Sources (Uses)				
Transfers in	-	-	42,616	42,616
Transfers out	<u>(1,387,000)</u>	<u>(1,387,000)</u>	<u>(1,355,163)</u>	<u>31,837</u>
Total Other Financing Sources (Uses)	<u>(1,387,000)</u>	<u>(1,387,000)</u>	<u>(1,312,547)</u>	<u>74,453</u>
Net Change in Fund Balance	(1,347,113)	(1,347,113)	(406,595)	940,518
Fund Balance - Beginning			<u>2,942,346</u>	
Fund Balance - Ending			<u>\$ 2,535,751</u>	

REVENUES:

Total Revenues in the General Fund were \$607,492 over budget. Highlights include:

Tax Revenues

- Real Estate Taxes - were over budget by \$85,977.
- Transfer Taxes – were over budget by \$124,590.
- Earned Income Taxes (EIT) - were over budget by \$135,496 and decreased by \$554,332 from 2023.

Intergovernmental Revenues

- Were over budget by \$72,908.

Charges for Services

- Were over budget by \$118,091.

UPPER MAKEFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2024

EXPENSES:

Total Expenses in the General Fund were \$258,573 under budget.

General Government

- In total came in over budget by \$62,001. This is due to higher engineering costs.

Public Safety

- In total came in over budget by \$108,302. This is due to higher engineering costs.

Public Works

- In total came in under budget by \$316,192. This is due to lower-than-expected bid prices for the 2024 roads project.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Township's investment in capital assets for its governmental activities as of December 31, 2024, amounts to \$56,147,796 (*net of debt*). This investment in capital assets includes: land, building and infrastructure improvements, equipment and furniture. The increase in the Township's investment in capital assets for the current fiscal year was substantially as a result of vehicle and equipment purchases, and road repaving projects. The capital assets of the Township are presented in the chart below:

	Beginning Balance <u>1/1/24</u>	Net Additions (Deletions) <u>2024</u>	Ending Balance <u>12/31/24</u>
Non-Depreciable Assets			
Land	\$ 1,487,583	\$ -	\$ 1,487,583
Conservation Easements	36,192,271	1,234,000	37,426,271
Other Capital Assets			
Land improvements	2,071,373	-	2,071,373
Buildings and improvements	6,475,367	150,288	6,625,655
Equipment and furniture	3,850,612	206,123	4,056,735
Infrastructure	22,920,532	673,959	23,594,491
Less: accumulated depreciation on capital assets	<u>(18,218,673)</u>	<u>(753,670)</u>	<u>(18,972,343)</u>
Totals	<u>\$ 54,779,065</u>	<u>\$ 1,510,700</u>	<u>\$ 56,289,765</u>

UPPER MAKEFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2024

Outstanding Debt as of December 31, 2024

On May 13, 2011 the Township issued General Obligation Note, Series 2011, in the amount of \$4,950,000. The 2011 note is scheduled to mature in annual increments of \$291,176 starting December 1, 2011 through December 1, 2025. The note bears an interest rate of 2.50% until June 1, 2016 and thereafter on each subsequent five-year anniversary date where the rate will reset to 1.90% in excess of the tax-free equivalent of the five-year U.S. Treasury Rate then in effect, however, the rate shall not exceed 5.50%.

On April 15, 2015 the Township issued General Obligation Bonds, Series 2015, in the amount of \$9,050,000. The bonds are scheduled to mature in annual increments starting December 15, 2015 through December 15, 2025. The bonds bear interest at various rates from 2.0% to 4.0%.

More information and schedules of payment can be found on pages 49 and 50.

<u>Year of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance January 1, 2024</u>	<u>Additions and Payments</u>	<u>Balance December 31, 2024</u>
2011	\$ 4,950,000	1.9%-5.5%	2024	\$ 358,757	\$ (358,757)	\$ -
2015	9,050,000	2.0%-4.0%	2025	225,000	(105,000)	120,000
						<u>\$ 120,000</u>

INTERIM MANAGER'S DISCUSSION

The following is a list of projected highlights for the Township as of August 4, 2025: The Township did not increase property taxes for 2025.

The Township continues to place emphasis on properly funding the Capital Reserve Fund, transferring \$700,000 from the General Fund into the CRF this year.

The Township will continue to meet its State mandated MMO obligations for all its Pension programs. For 2025 the Township will transfer \$200,000 into the Police and \$70,000 into the Non-Uniformed Pension programs, in addition to the State Grant.

\$70,000 is allocated for the Upper Makefield Fire Co. and Lingohocken Fire Co. volunteer recruitment and retention programs.

The Township continues to conduct discussions with the Upper Makefield Fire Co. to properly identify staffing shortages and needs.

The Township is in the 10th year of an 11-year Police Department contract.

The Township is in the 7th year of a Public Works contract with Teamsters Local #107, and will begin negotiations for a new labor agreement 2026.

UPPER MAKEFIELD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2024

The Enclave Sewer Plants membrane system failed resulting in a substantial increase in hauling requirements and costs which were not budgeted in 2025. The new membrane system is now in place and operational. Additionally, unbudgeted hauling costs are estimated to be at least \$100,000. The Township was able to finance this unexpected obligation from the Enclave Capital Reserve Fund.

Other than those issues listed in the MD&A, and in the Notes to the Basic Financial Statements, there are no facts currently known to management that would materially impact the financial statements either favorably or unfavorably at this time.

CONTACTING THE TOWNSHIP FINANCIAL MANAGEMENT

This financial report is designed to provide taxpayers, customers, investors, and creditors with a general overview of Township finances and to demonstrate the Township's accountability for the financial resources it receives. Question concerning this report or requests for additional information should be directed to Lisa Panzer, finance Director, Upper Makefield Township, 1076 Eagle Road, Newtown, PA 18940, telephone (215) 968-3340, or visit the Township's website at www.uppermakefield.org.

UPPER MAKEFIELD TOWNSHIP

STATEMENT OF NET POSITION

December 31, 2024

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 7,204,076	\$ 1,615,569	\$ 8,819,645
Taxes receivable	1,977,246	-	1,977,246
Accounts receivable	116,173	174,589	290,762
Prepaid expenses	-	12,653	12,653
Total Current Assets	<u>9,297,495</u>	<u>1,802,811</u>	<u>11,100,306</u>
Noncurrent Assets			
Capital Assets			
Land	1,487,583	-	1,487,583
Conservation easements	37,426,271	-	37,426,271
Other capital assets, net of depreciation	17,375,911	7,695,981	25,071,892
Total Capital Assets	<u>56,289,765</u>	<u>7,695,981</u>	<u>63,985,746</u>
 TOTAL ASSETS	 <u>65,587,260</u>	 <u>9,498,792</u>	 <u>75,086,052</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows of resources for pensions	687,133	-	687,133
Total deferred outflows of resources	<u>\$ 687,133</u>	<u>\$ -</u>	<u>\$ 687,133</u>

	Governmental Activities	Business-Type Activities	Total
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 164,129	\$ 59,362	\$ 223,491
Accrued payroll	190,797	-	190,797
Interest payable	150	-	150
Bonds and notes payable, current	141,969	-	141,969
Compensated absences, current	-	-	-
Total Current Liabilities	<u>497,045</u>	<u>59,362</u>	<u>556,407</u>
Noncurrent Liabilities			
Bonds and notes payable, long-term	-	-	-
Net Pension Liability	379,984	-	379,984
Compensated absences, net of current maturity	405,173	-	405,173
Total Noncurrent Liabilities	<u>785,157</u>	<u>-</u>	<u>785,157</u>
 TOTAL LIABILITIES	 <u>1,282,202</u>	 <u>59,362</u>	 <u>1,341,564</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Intergovernmental revenues	255,903	-	255,903
Deferred inflows of resources for pensions	318,411	-	318,411
Total deferred inflows of resources	<u>574,314</u>	<u>-</u>	<u>574,314</u>
<u>NET POSITION</u>			
Net investment in capital assets	56,147,796	7,695,981	63,843,777
Restricted	165,231	-	165,231
Unrestricted	8,104,850	1,743,449	9,848,299
TOTAL NET POSITION	<u>\$ 64,417,877</u>	<u>\$ 9,439,430</u>	<u>\$ 73,857,307</u>

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

UPPER MAKEFIELD TOWNSHIP

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

		Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Fees, Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
	Expenses						
GOVERNMENTAL ACTIVITIES							
General government & administration	\$ 1,321,578	\$ 476,335	\$ 62,463	\$ -	\$ (782,780)	\$ -	\$ (782,780)
Public safety - police	4,279,058	27,256	211,270	-	(4,040,532)	-	(4,040,532)
Public safety - fire & ambulance	1,029,664	-	147,719	-	(881,945)	-	(881,945)
Public safety - code & zoning	761,415	339,282	-	-	(422,133)	-	(422,133)
Public works (highways & streets)	2,131,385	39,578	373,539	656,980	(1,061,288)	-	(1,061,288)
Culture and recreation	3,461	2,206	6,825	-	5,570	-	5,570
Community development	5,000	-	-	1,234,000	1,229,000	-	1,229,000
Interest on long-term debt	13,713	-	-	-	(13,713)	-	(13,713)
Other	120,477	-	2,250	-	(118,227)	-	(118,227)
Unallocated depreciation	66,464	-	-	-	(66,464)	-	(66,464)
Total Governmental Activities	9,732,215	884,657	804,066	1,890,980	(6,152,512)	-	(6,152,512)
BUSINESS-TYPE ACTIVITIES							
Public works (sewer system)	164,394	132,431	-	-	-	(31,963)	(31,963)
Public works (water and sewer systems)	1,041,296	631,941	-	-	-	(409,355)	(409,355)
Total Business-Type Activities	1,205,690	764,372	-	-	-	(441,318)	(441,318)
Total Primary Government	\$ 10,937,905	\$ 1,649,029	\$ 804,066	\$ 1,890,980	(6,152,512)	(441,318)	(6,593,830)
General Revenues							
Taxes:							
Real estate taxes					1,589,888	-	1,589,888
Transfer taxes					853,635	-	853,635
Earned income taxes					5,207,892	-	5,207,892
Cable franchise fees					211,442	-	211,442
Interest					131,766	5,800	137,566
Miscellaneous					21,821	-	21,821
Gain on sale of capital assets					34,161	-	34,161
Total General Revenues					8,050,605	5,800	8,056,405
Change in Net Position							
Net Position - Beginning					62,519,784	9,874,948	72,394,732
Net Position - Ending					\$ 64,417,877	\$ 9,439,430	\$ 73,857,307

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

UPPER MAKEFIELD TOWNSHIP

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2024

	<u>General</u>	<u>Riparian Buffer and Restoration Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,548,846	\$ 2,825,718	\$ 1,829,512	\$ 7,204,076
Accounts receivable	116,173	-	-	116,173
Taxes receivable	1,963,145	-	14,101	1,977,246
Total Assets	<u>\$ 4,628,164</u>	<u>\$ 2,825,718</u>	<u>\$ 1,843,613</u>	<u>\$ 9,297,495</u>
<u>LIABILITIES</u>				
Payroll withholdings	\$ 13,095	\$ -	\$ -	\$ 13,095
Accrued payroll	177,702	-	-	177,702
Accounts payable	119,666	-	44,463	164,129
Total Liabilities	<u>310,463</u>	<u>-</u>	<u>44,463</u>	<u>354,926</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue for:				
Real estate taxes	7,949	-	4,258	12,207
Earned income taxes	1,032,877	-	-	1,032,877
Intergovernmental revenue	255,903	-	-	255,903
Other revenues	56,053	-	-	56,053
Total Deferred				
Inflows of Resources	<u>1,352,782</u>	<u>-</u>	<u>4,258</u>	<u>1,357,040</u>
<u>FUND BALANCES</u>				
Restricted:				
Debt service	-	-	19,753	19,753
Highways & streets	-	-	87,741	87,741
Local fire companies	-	-	57,737	57,737
Committed:				
Grants to others	-	2,825,718	68,323	2,894,041
Parks & recreation	-	-	27,405	27,405
Capital projects	-	-	1,533,933	1,533,933
Unassigned	2,964,919	-	-	2,964,919
Total Fund Balances	<u>2,964,919</u>	<u>2,825,718</u>	<u>1,794,892</u>	<u>7,585,529</u>
Total Liabilities, Deferred				
Inflows and Fund Balances	<u>\$ 4,628,164</u>	<u>\$ 2,825,718</u>	<u>\$ 1,843,613</u>	<u>\$ 9,297,495</u>

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

UPPER MAKEFIELD TOWNSHIP

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

December 31, 2024

TOTAL GOVERNMENTAL FUND BALANCES			\$ 7,585,529
Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.			
Cost of capital assets		\$ 75,262,108	
Accumulated depreciation		<u>(18,972,343)</u>	56,289,765
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.			
Accounts receivable		56,053	
Real estate tax receivable		12,207	
Earned income tax receivable		<u>1,032,877</u>	1,101,137
Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
Net pension liability		(379,984)	
Net difference between projected and actual earnings on pension plan investments		224,661	
Change in assumptions		406,241	
Differences between expected and actual experience on pension plan liability		<u>(262,180)</u>	(11,262)
Long term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Those liabilities consist of the following:			
Bonds and notes payable		(141,969)	
Accrued interest on bonds payable		(150)	
Compensated absences		<u>(405,173)</u>	<u>(547,292)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES			<u>\$ 64,417,877</u>

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

UPPER MAKEFIELD TOWNSHIP

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

For the Year Ended December 31, 2024

	General Fund	Riparian Buffer Restoration Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Real estate taxes	\$ 1,037,363	\$ -	\$ 548,757	\$ 1,586,120
Transfer taxes	853,635	-	-	853,635
Earned income taxes	4,939,655	-	-	4,939,655
Licenses and permits	239,012	-	-	239,012
Fines and forfeitures	27,256	-	-	27,256
Interest and rents	46,192	57,441	6,164	109,797
Intergovernmental revenues	1,102,556	-	335,915	1,438,471
Charges for service	798,614	-	2,206	800,820
Miscellaneous revenue	58,232	-	20,325	78,557
Total Revenues	<u>9,102,515</u>	<u>57,441</u>	<u>913,367</u>	<u>10,073,323</u>
Expenditures				
Current:				
General government	1,370,129	-	124,950	1,495,079
Public safety	4,843,367	-	913,459	5,756,826
Public works	1,187,340	-	1,166,184	2,353,524
Culture and recreation	-	-	53,019	53,019
Community development	5,000	-	-	5,000
Miscellaneous	120,477	-	-	120,477
Debt Service				
Principal	-	-	463,757	463,757
Interest	-	-	14,218	14,218
Total Expenditures	<u>7,526,313</u>	<u>-</u>	<u>2,735,587</u>	<u>10,261,900</u>
Excess of Revenues over (under) Expenditures	<u>1,576,202</u>	<u>57,441</u>	<u>(1,822,220)</u>	<u>(188,577)</u>
Other Financing Sources (Uses)				
Transfer in	42,616	-	1,355,163	1,397,779
Transfer out	(1,355,163)	(42,616)	-	(1,397,779)
Total Other Financing Sources (Uses)	<u>(1,312,547)</u>	<u>(42,616)</u>	<u>1,355,163</u>	<u>-</u>
Net Change in Fund Balance	263,655	14,825	(467,057)	(188,577)
Fund Balance - Beginning	2,701,264	2,810,893	2,261,949	7,774,106
Fund Balance - Ending	<u>\$ 2,964,919</u>	<u>\$ 2,825,718</u>	<u>\$ 1,794,892</u>	<u>\$ 7,585,529</u>

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

UPPER MAKEFIELD TOWNSHIP

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

For the Year Ended December 31, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (188,577)
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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 outlay	\$ 2,600,008	
Depreciation expense	<u>(1,089,308)</u>	1,510,700

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

301,017

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

Amortization of bond premium	21,969	
Interest payable	505	
Repayment of debt	<u>463,757</u>	486,231

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

Net pension liability and deferred items	(285,627)	
Compensated absences	<u>74,349</u>	<u>(211,278)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>1,898,093</u>
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The notes to the financial statements are an integral part of this statement.

UPPER MAKEFIELD TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - CASH BASIS - BUDGET AND ACTUAL

For the Year Ended December 31, 2024

	GENERAL FUND			
	<u>Budgeted Amounts</u>		Actual on	Variance with
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Real estate taxes	\$ 946,000	\$ 946,000	\$ 1,031,977	\$ 85,977
Transfer tax	700,000	700,000	824,590	124,590
Earned income tax	4,750,000	4,750,000	4,885,496	135,496
Fees, licenses and permits	234,800	234,800	238,354	3,554
Fines and forfeitures	19,800	19,800	25,497	5,697
Interest	10,300	10,300	46,192	35,892
Intergovernmental revenues	382,550	382,550	455,458	72,908
Charges for service	686,355	686,355	804,446	118,091
Miscellaneous income	32,800	32,800	58,087	25,287
Total Revenues	<u>7,762,605</u>	<u>7,762,605</u>	<u>8,370,097</u>	<u>607,492</u>
Expenditures				
General government	1,042,493	1,042,493	1,104,494	(62,001)
Public safety	3,564,195	3,564,195	3,672,497	(108,302)
Public works	1,269,413	1,269,413	953,221	316,192
Culture and recreation	-	-	-	-
Community development	5,000	5,000	5,000	-
Miscellaneous	1,841,617	1,841,617	1,728,933	112,684
Total Expenditures	<u>7,722,718</u>	<u>7,722,718</u>	<u>7,464,145</u>	<u>258,573</u>
Excess of Revenues over (under) Expenditures	<u>39,887</u>	<u>39,887</u>	<u>905,952</u>	<u>866,065</u>
Other Financing Sources (Uses)				
Transfers in	-	-	42,616	42,616
Transfers out	(1,387,000)	(1,387,000)	(1,355,163)	31,837
Total Other Financing Sources (Uses)	<u>(1,387,000)</u>	<u>(1,387,000)</u>	<u>(1,312,547)</u>	<u>74,453</u>
Net Change in Fund Balance	(1,347,113)	(1,347,113)	(406,595)	940,518
Fund Balance - Beginning			2,942,346	
Fund Balance - Ending			<u>\$ 2,535,751</u>	

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

UPPER MAKEFIELD TOWNSHIP

RIPARIAN BUFFER AND RESTORATION FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - CASH BASIS - BUDGET AND ACTUAL

For the Year Ended December 31, 2024

	RIPARIAN BUFFER AND RESTORATION FUND			
	<u>Budgeted Amounts</u>		<u>Actual on</u> <u>Cash Basis</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 6,000	\$ 6,000	\$ 57,441	\$ 51,441
Total Revenues	6,000	6,000	57,441	51,441
Expenditures				
Current:				
Community Development	250,000	250,000	-	250,000
Total Expenditures	250,000	250,000	-	250,000
Excess (Deficiency) of Revenues Over Expenditures	(244,000)	(244,000)	57,441	301,441
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	(42,616)	(42,616)
Total Other Financing Sources & Uses	-	-	(42,616)	(42,616)
Net Change in Fund Balances	(244,000)	(244,000)	14,825	258,825
Fund Balance - Beginning			2,810,893	
Fund Balance - Ending			<u>\$ 2,825,718</u>	

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

UPPER MAKEFIELD TOWNSHIP

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2024

	Business-type Activities					Total
	Water & Sewer Enterprise Fund	Water & Sewer Capital Reserve Fund	Dutchess Farm Capital Reserve Fund	Enclave Capital Reserve Fund	Other Enterprise Funds	
Assets						
Current Assets:						
Cash & Cash Equivalents	\$ 22,563	\$ 364,869	\$ 317,196	\$ 579,674	\$ 331,267	\$ 1,615,569
Accounts Receivable	98,271	-	-	-	76,318	174,589
Prepaid Expenses	10,526	-	-	-	2,127	12,653
Total Current Assets	131,360	364,869	317,196	579,674	409,712	1,802,811
Capital Assets						
Water & Sewer System	5,168,597	1,411,084	1,948,200	3,072,645	-	11,600,526
Less: Accumulated Depreciation	(3,183,949)	(309,380)	(219,173)	(192,043)	-	(3,904,545)
Total Capital Assets	1,984,648	1,101,704	1,729,027	2,880,602	-	7,695,981
Total Assets	2,116,008	1,466,573	2,046,223	3,460,276	409,712	9,498,792
Liabilities						
Current Liabilities:						
Accounts Payable	32,041	2,377	-	-	24,944	59,362
Total Liabilities	32,041	2,377	-	-	24,944	59,362
Net Position						
Net Investment in Capital Assets	1,984,648	1,101,704	1,729,027	2,880,602	-	7,695,981
Unrestricted	99,319	362,492	317,196	579,674	384,768	1,743,449
Total Net Position	\$ 2,083,967	\$ 1,464,196	\$ 2,046,223	\$ 3,460,276	\$ 384,768	\$ 9,439,430

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

UPPER MAKEFIELD TOWNSHIP

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

For the Year Ended December 31, 2024

	Water & Sewer Enterprise Fund	Water & Sewer Capital Reserve Fund	Dutchess Farm Capital Reserve Fund	Enclave Capital Reserve Fund	Other Enterprise Funds	Total
Operating Revenues:						
Charges for Services:						
Resident User Fees	\$ 434,146	\$ -	\$ -	\$ -	\$ 330,226	\$ 764,372
Total Operating Revenues	<u>434,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,226</u>	<u>764,372</u>
Operating Expenses:						
Licensed Operator	139,556	-	-	-	118,180	257,736
Administrative	55,229	-	-	-	28,104	83,333
Depreciation	146,119	39,530	48,705	76,817	-	311,171
Materials & Supplies	17,110	-	-	-	58,826	75,936
Engineering	16,632	-	-	-	17,439	34,071
Legal	648	-	-	-	-	648
General Liability	13,500	-	-	-	22,500	36,000
Pollution Liability	15,922	-	-	-	3,217	19,139
Testing	17,533	-	-	-	15,739	33,272
Electric	65,089	-	-	-	53,179	118,268
Fuel	902	-	-	-	523	1,425
Repairs & Maintenance	82,492	-	-	-	28,169	110,661
Telephone	3,477	-	-	-	3,226	6,703
Sludge Removal	55,099	-	-	-	20,097	75,196
General Expense	1,117	-	-	-	1,117	2,234
Capital Projects	-	38,284	-	1,613	-	39,897
Total Operating Expenses	<u>630,425</u>	<u>77,814</u>	<u>48,705</u>	<u>78,430</u>	<u>370,316</u>	<u>1,205,690</u>
Net Operating Income	(196,279)	(77,814)	(48,705)	(78,430)	(40,090)	(441,318)
Non Operating Revenue:						
Interest	816	622	478	876	3,008	5,800
Total Non Operating Revenues	<u>816</u>	<u>622</u>	<u>478</u>	<u>876</u>	<u>3,008</u>	<u>5,800</u>
Other Financing Sources (Uses)						
Transfers In	-	-	10,000	17,525	-	27,525
Transfers Out	-	-	-	-	(27,525)	(27,525)
Total Other Financing Sources & Uses	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>17,525</u>	<u>(27,525)</u>	<u>-</u>
Change in Net Position	(195,463)	(77,192)	(38,227)	(60,029)	(64,607)	(435,518)
Net Position - January 1	<u>2,279,430</u>	<u>1,541,388</u>	<u>2,084,450</u>	<u>3,520,305</u>	<u>449,375</u>	<u>9,874,948</u>
Net Position - December 31	<u>\$ 2,083,967</u>	<u>\$ 1,464,196</u>	<u>\$ 2,046,223</u>	<u>\$ 3,460,276</u>	<u>\$ 384,768</u>	<u>\$ 9,439,430</u>

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

UPPER MAKEFIELD TOWNSHIP

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended December 31, 2024

	Water & Sewer Enterprise Fund	Water & Sewer Capital Reserve Fund	Dutchess Farm Capital Reserve Fund	Enclave Capital Reserve Fund	Other Enterprise Funds	Total
Cash Flows from/for Operating Activities						
Receipts from Customers	\$ 428,834	\$ -	\$ -	-	\$ 333,441	\$ 762,275
Payments to Suppliers	(465,349)	(35,907)	-	(1,613)	(362,110)	(864,979)
Net Cash Provided (Used) by Operating Activities	(36,515)	(35,907)	-	(1,613)	(28,669)	(102,704)
Cash Flows from/for Noncapital Financing Activities						
Interfund Transfers	-	-	10,000	17,525	(27,525)	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	10,000	17,525	(27,525)	-
Cash Flows for Capital and Related Financing Activities						
Proceeds of Fixed Asset Disposition	-	-	-	-	-	-
Capital Asset Purchases	-	-	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	-	-	-
Cash Flows from Investing Activities						
Contributions from Private Sources	-	-	-	-	-	-
Interest	816	622	478	876	3,008	5,800
Net Cash Provided (Used) by Investing Activities	816	622	478	876	3,008	5,800
Net Increase (Decrease) in Cash and Cash Equivalents	(35,699)	(35,285)	10,478	16,788	(53,186)	(96,904)
Cash and Cash Equivalents - January 1	58,262	400,154	306,718	562,886	384,453	1,712,473
Cash and Cash Equivalents - December 31	\$ 22,563	\$ 364,869	\$ 317,196	\$ 579,674	\$ 331,267	\$ 1,615,569
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	\$ (196,279)	\$ (77,814)	\$ (48,705)	\$ (78,430)	\$ (40,090)	\$ (441,318)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation Expense	146,119	39,530	48,705	76,817	-	311,171
Change in Assets and Liabilities						
Receivables	(5,311)	-	-	-	3,215	(2,096)
Prepaid Expenses	15,922	-	-	-	3,217	19,139
Accounts Payable	3,034	2,377	-	-	4,989	10,400
Net Cash Provided (Used) by Operating Activities	\$ (36,515)	\$ (35,907)	\$ -	\$ (1,613)	\$ (28,669)	\$ (102,704)

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

UPPER MAKEFIELD TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

December 31, 2024

	<u>Pension</u> <u>Trust Funds</u>	<u>Funds</u> <u>Township Escrow</u>
<u>ASSETS</u>		
Cash	\$ -	\$ 1,070,079
Investments, at fair value	15,582,043	-
Total Assets	<u>\$ 15,582,043</u>	<u>\$ 1,070,079</u>
 <u>NET POSITION</u>		
Net Position - Restricted for:		
Pension benefits	15,582,043	-
Custodial Funds	-	1,070,079
Total Net Position	<u>\$ 15,582,043</u>	<u>\$ 1,070,079</u>

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

UPPER MAKEFIELD TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

For the Year Ended December 31, 2024

	Pension <u>Trust Funds</u>	Custodial <u>Funds</u> <u>Township Escrow</u>
Additions		
Contributions		
Employee contributions	\$ 100,365	-
Township contributions	35,801	-
State aid	289,411	-
Escrow receipts	-	254,257
Total Contributions	<u>425,577</u>	<u>254,257</u>
Investment Income		
Interest	346	1,112
Dividends	487,943	-
Realized gains	407,263	-
Unrealized gains	501,682	-
Less investment expense	(58,775)	-
Net Investment Income	<u>1,338,459</u>	<u>1,112</u>
Total Additions	<u>1,764,036</u>	<u>255,369</u>
Deductions		
Benefits	437,267	-
Administrative expenses	16,942	-
Escrow disbursements	-	242,821
Total Deductions	<u>454,209</u>	<u>242,821</u>
Change in Net Position	1,309,827	12,548
Net Position - Restricted		
January 1	14,272,216	1,057,531
December 31	<u>\$ 15,582,043</u>	<u>\$ 1,070,079</u>

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

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

I. Summary of significant accounting policies

A. Reporting entity

The Township of Upper Makefield was incorporated in 1692. The Township operates under a Board of Supervisors-Manager form of government and provides the following services: general township administration, public safety, roads and bridges, recreation and conservation of natural resources. In addition, the Township owns and operates water and sewer systems for five developments located within the Township.

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

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. All fiduciary activities are reported only in the fiduciary fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services which report fees and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

I. Summary of significant accounting policies (Continued)

B. Government-wide and fund financial statements (continued)

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

Fund Financial Statements

Fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Separate statements for each fund category—governmental business-type, and fiduciary—are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

The government-wide statements and the proprietary fund statements report using the *economic resources measurement focus* and the *accrual basis of accounting* generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using the same focus and basis of accounting although internal activity is not eliminated in these statements and any agency funds reported have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues, net of any uncollectible amounts, are recognized in the year for which they are levied while grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

Taxes levied, but collected beyond 60 days after year-end, are recorded as deferred revenue to be recognized as revenue when the taxes are collected. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

I. Summary of significant accounting policies (Continued)

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

Property taxes, earned income taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Basis of Presentation - Fund Accounting and Measurement Focus

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following is a description of the fund types used by the Township in the accompanying basic financial statements.

The Township reports the following major governmental funds:

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

The *Riparian Buffer and Restoration Fund* is used to account for a developer contribution which has been committed to grants to residents to preserve the integrity of the Riparian Water Shed.

The Township reports the following major proprietary funds:

The *Water and Sewer Fund* is used to account for water and sewer services provided by the Township to three developments located within the Township. This activity is financed primarily by user charges. The measurement of financial activity focuses on net income measurement similar to the private sector.

The *Water and Sewer Capital Reserve Fund* is used to account for financial resources to be used for capital improvements associated with the water and sewer facilities owned and operated by the Township.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

I. Summary of significant accounting policies (Continued)

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

The *Dutchess Farm Capital Reserve Fund* is used to account for financial resources to be used for capital improvements associated with a sewer facility owned and operated by the Township.

The *Enclave Capital Reserve Fund* is used to account for financial resources to be used for capital improvements associated with a water and sewer facility owned and operated by the Township.

Proprietary funds distinguish operating (water and sewer charges) from non-operating (interest earned) revenues.

Fiduciary Funds - are used to account for assets held by the Township in a trustee or agent capacity for individuals and/or other funds.

Pension Trust Funds - These funds are used to account for resources required to be held in trust for the members and beneficiaries of the Township's Police Pension Plan and Non-Uniform Pension Plan.

Custodial Funds - These funds are used to account for subdivision/land development, and all other types of escrows held by the Township in a custodial capacity.

Major revenue sources susceptible to accrual include: property taxes, earned income taxes, interest earnings, special assessments, levies, intergovernmental revenues and charges for services. In general, other revenues are recognized when cash is received. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Township; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

During the course of operations, the Township has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

I. Summary of significant accounting policies (Continued)

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

While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

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

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

I. Summary of significant accounting policies (Continued)

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

2. Receivables and payables

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

Investments for the Township are reported at fair value.

At December 31, 2024, all tax and trade receivables were deemed to be fully collectible.

Property taxes are levied as of March 1 on property values assessed as of the same date. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through June 30; and a 10% penalty after July 1. Any unpaid taxes are attached as an enforceable lien on such property as of January 15 of the following year. The Township employs an elected tax collector to collect the property tax levied. Property taxes collected within sixty days subsequent to December 31, 2024 are recognized as revenue for the year ending December 31, 2024.

3. Use of estimates

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

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 (amount not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Prior to January 1, 2004 governmental funds' infrastructure assets were not capitalized.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

I. Summary of significant accounting policies (Continued)

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

4. Capital assets (continued)

These assets are valued prospectively. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20-30
Buildings and improvements	25-40
Water and sewer system	25-40
Infrastructure	20-40
Equipment and furniture	5-10

Intangible Assets: The Township has entered into a program to conserve natural resources of the community by purchasing conservation easements on selected properties. The Township has elected to capitalize all purchased conservation easements. The Township has elected not to depreciate these easements.

5. Compensated absences

The Township allows employees to carry over certain paid time off. Employees can carry over unused sick time up to 1200 hours for Grandfathered Non-Uniformed Personnel, and between 216 and 800 hours for full time Police Officers. All regular full-time employees hired before January 1, 2005, are entitled to apply up to 150 days of banked sick leave toward the determination of a date for early retirement. However, upon retirement or termination, employees are not paid for unused sick time. At December 31, 2024, the liability to the Township for compensated absences was \$405,173. The liability was determined by multiplying the accumulated available sick days, for each employee by the applicable daily rate.

6. Long-term obligations

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

I. Summary of significant accounting policies (Continued)

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

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has the following items that qualifies for reporting in these categories:

1. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an outflow/inflow of resources in the period that the amounts become available.
2. *Difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.
3. *Change in assumptions* is reported in the government-wide statement of net position. A net difference results from an actuarial change in pension assumptions. This amount is deferred and amortized over an eight-year period.
4. *Unavailable revenue - Real estate taxes, earned income taxes and intergovernmental revenue* are reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

I. Summary of significant accounting policies (Continued)

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

8. Net position

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

Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.

	Governmental Activities	Business- Type Activities
Net Investment in Capital Assets		
Capital assets not being depreciated	\$ 38,913,854	\$ -
Capital assets being depreciated, net of accumulated depreciation	17,375,911	7,695,981
Less: Long-term debt outstanding	(141,969)	-
Total Net Investment in Capital Assets	<u>\$ 56,147,796</u>	<u>\$ 7,695,981</u>

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

Restricted for debt service - Open Space Fund	\$ 4,376
Restricted for debt service - Building Construction Fund	15,377
Restricted for road projects - Liquid Fuels Fund	87,741
Restricted for fire protection services - Fire Fund	<u>57,737</u>
Total	<u>\$ 165,231</u>

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

9. Fund balance

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

UPPER MAKEFIELD TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

December 31, 2024

I. Summary of significant accounting policies (Continued)

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

9. Fund balance (continued)

Fund balance for governmental funds consists of the following:

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

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

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

Assigned Fund Balance - includes amounts intended to be used by the Township for specific purposes but do not meet the criteria to be classified as committed. The Board of Supervisors may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

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

When both restricted and unrestricted fund balances are available for use, it is the Township’s policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, assigned fund balances are reduced first, and then unassigned amounts when expenditures incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

I. Summary of significant accounting policies (Continued)

10. New Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*, was issued to improve clarity of reporting requirements for accounting changes and error corrections. This statement was implemented for the year ended December 31, 2024. The statement had no material effect.

GASB Statement No. 101, *Compensated Absences*, was issued to align the recognition and measurement of compensated absences under a unified model. This statement was implemented for the year ended December 31, 2024. The statement had no material effect.

11. Subsequent events

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the statements were available for release. No subsequent events have been recognized or disclosed.

II. Stewardship, compliance, and accountability

A. Budgetary information

The Township follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Thirty days prior to the final supervisors' meeting in December, the Board of Supervisors submits a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenses and the means of financing them.
2. The proposed operating budget is advertised in the newspaper at least thirty days prior to the final budget hearing.
3. At the last Board of Supervisors' meeting in December, the budget is adopted by resolution.
4. Within 30 days of adoption, the approved budget is advertised in the newspaper as being approved and available for inspection.
5. Budgetary data are included in the Township management information system and are employed as a management control device during the year.
6. Budgets for the General, Special Revenue and Capital Projects Funds are adopted substantially on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

II. Stewardship, compliance, and accountability (Continued)

A. *Budgetary information (continued)*

Any budget revisions require the approval of the Board of Supervisors. The Board of Supervisors authorized the use of unallocated fund balance in 2024.

For the year ended December 31, 2024, expenditures exceeded appropriations in the General Fund in the categories of general government, and public safety. These over-expenditures were either financed by interfund transfers or prior-year reserves.

Budget for the General and Riparian Funds are adopted on the cash basis of accounting. The following is a reconciliation of excess (deficiency) of revenues over expenditures from cash basis (budget basis) to modified accrual basis.

	General <u>Fund</u>	Riparian <u>Fund</u>
Change in Fund Balance - Cash Basis	\$ (406,595)	\$ 14,825
Accrued Revenues at December 31, 2023	5,708	-
Accrued Revenues at December 31, 2024	726,536	-
Accrued Expenses at December 31, 2023	235,374	-
Accrued Expenses at December 31, 2024	<u>(297,368)</u>	<u>-</u>
Change in Fund Balance - GAAP Basis	<u>\$ 263,655</u>	<u>\$ 14,825</u>

III. Detailed notes on all funds

A. *Deposits*

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

As of December 31, 2024, the carrying amount of deposits for the government and business-type activities was \$8,765,571 and the bank balance was \$8,897,694. Of the bank balance, \$1,440,572 was covered by federal depository insurance.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

III. Detailed notes on all funds (Continued)

A. Deposits (continued)

Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name as follows:

Uninsured and collateral held by pledging bank's agent but not in the Township's name	\$7,457,122
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As of December 31, 2024, the carrying amount of deposits for fiduciary activities (developer escrows to pay for professional fees associated with specific projects) was \$1,070,079 and the bank balance was \$1,070,079. The following amount was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's agent but not in the Township's name.	\$1,070,079
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Investment Pool - The Township has carrying deposits in external investment pools, held with PLGIT Bank with a carrying amount of \$54,074. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits below. These deposits are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry. The investment in the pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. The Township can withdrawal funds from the external investment pool without limitation or fees upon adequate notice. The investment pool was rated AAAm by Standard & Poor's and has average maturity of less than 30 days. The investment pool operates in accordance with appropriate state laws and regulations.

At year-end balances were as follows:

GOVERNMENTAL ACTIVITIES	<u>Fair Value</u>	<u>Rating</u>	<u>Maturity</u>
Bank Deposits	\$ 8,765,571	not applicable	30 days
Externally Pooled Investments (PLGIT)	<u>54,074</u>	AAAm	30 days
Total Governmental Activities	<u>\$ 8,819,645</u>		
 FIDUCIARY ACTIVITIES	 <u>Fair Value</u>	 <u>Rating</u>	 <u>Maturity</u>
Bank Deposits	<u>\$ 1,070,079</u>	not applicable	30 days

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

III. Detailed notes on all funds (Continued)

B. Investments

Fiduciary Activity (Pension Funds) Investments

Asset Allocation

It is the policy of the Township to allocate pension fund investments as follows: Equity exposure is set at 65% maximum and 35% minimum; the remainder being invested in fixed income securities. The Township police and non-uniformed pension funds are made up of the following investment types:

	Police Pension Plan	Non-Uniformed Pension Plan
Cash and Cash Equivalents	\$ 23,024	\$ 36,198
Mutual Stock Funds	6,035,977	1,867,369
Mutual Bond Funds	<u>5,896,452</u>	<u>1,723,023</u>
Total	<u>\$ 11,955,453</u>	<u>\$ 3,626,590</u>

Custodial Credit Risk Investments

Township pension funds are held and administered by RBC Wealth Management. Custodial credit risk is the risk that, in the event of the failure of RBC Wealth Management, the Township will not be able to recover the value of plan investments or collateral security that are in RBC Wealth Management's possession. The Township does not have an investment policy for custodial credit risk for fiduciary investments. Pension Plan assets exposed to custodial credit risk are insured by both the Securities Investor Protection Corporation for the first \$500,000 of plan assets, and through Lloyds of London for amounts over \$500,000.

Credit Risk

Credit risk is the credit quality rating of debt securities owned by the Township. It is the Township's policy to invest its fiduciary funds in debt security portfolios with a minimum average credit rating of "A".

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

III. Detailed notes on all funds (Continued)

B. Investments (continued)

Credit Risk (continued)

Credit ratings for debt securities and money market funds that are subject to credit risk are as follows:

	Police Pension Plan	Non-Uniformed Pension Plan
Mutual Bond Funds - Aaa	\$ 1,819,852	\$ 527,653
Mutual Bond Funds - Aa	1,237,574	359,590
Mutual Bond Funds - A	588,883	170,835
Mutual Bond Funds - Bbb	963,007	280,075
Mutual Bond Funds - Bb	605,750	182,017
Mutual Bond Funds - B	412,092	123,364
Mutual Bond Funds - Ccc	85,773	25,710
Mutual Bond Funds - Not Rated	133,332	39,138
Mutual Bond Funds - Cash	50,189	14,641
Total	<u>\$ 5,896,452</u>	<u>\$ 1,723,023</u>

Concentration of Credit Risk

Concentration of credit risk is the risk associated with lack of diversification of Township investment portfolios. It is Township's policy to have no individual investment that exceeds 5% of the total assets of the fund. As of December 31, 2024 the Township Pension funds had no holdings which exceeded this percentage.

Interest Rate Risk

Interest rate risk is the risk that changing interest rates will negatively impact the fair value of the Township's investments in debt securities. It is the policy of the Township's plan administrator to utilize credit and duration analysis along with fundamental and technical research to control interest rate risk. Interest rate risk for securities subject to interest rate risk for Township fiduciary activities (pension plans) are as follows:

Investment Maturities (in Years)					
Police Pension Plan	Less than 1	1-5	6-10	More than 10	Total
Mutual Bond Funds	\$ -	\$ 1,124,794	\$ 4,771,658	\$ -	\$ 5,896,452
Total	<u>\$ -</u>	<u>\$ 1,124,794</u>	<u>\$ 4,771,658</u>	<u>\$ -</u>	<u>\$ 5,896,452</u>

Investment Maturities (in Years)					
Non-Uniformed Pension Plan	Less than 1	1-5	6-10	More than 10	Total
Mutual Bond Funds	\$ -	\$ 339,946	\$ 1,383,077	\$ -	\$ 1,723,023
Total	<u>\$ -</u>	<u>\$ 339,946</u>	<u>\$ 1,383,077</u>	<u>\$ -</u>	<u>\$ 1,723,023</u>

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

III. Detailed notes on all funds (Continued)

B. Investments (continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will negatively impact the fair value of Township investments in foreign equities. It is the policy of the Township's plan administrator to invest in foreign equities that are denominated in American Depository Receipts (ADR). Pension plan investments in international ADR stocks are not subject to foreign currency risk since these investments are denominated in U.S. Dollars. As of December 31, 2024 none of the Township's investments are subject to foreign currency risk.

Fair Value Measurement

The Township categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are for significant unobservable inputs. The Township's investments in equities and mutual funds are recurring fair value measurements. These investments are valued using quoted market prices (Level 1 inputs).

C. Receivables

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

		Other Governmental		Other Enterprise		
Receivables:	<u>General</u>	<u>Funds</u>	<u>Water & Sewer</u>	<u>Funds</u>	<u>Total</u>	
Taxes receivable	\$ 1,963,145	\$ 14,101	\$ -	\$ -	\$ 1,977,246	
Other receivables	116,173	-	98,271	76,318	290,762	
Total Receivables	<u>\$ 2,079,318</u>	<u>\$ 14,101</u>	<u>\$ 98,271</u>	<u>\$ 76,318</u>	<u>\$ 2,268,008</u>	

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

III. Detailed notes on all funds (Continued)

D. Capital assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,487,583	\$ -	\$ -	\$ 1,487,583
Conservation easements	<u>36,192,271</u>	<u>1,234,000</u>	<u>-</u>	<u>37,426,271</u>
Total capital assets, not being depreciated	<u>37,679,854</u>	<u>1,234,000</u>	<u>-</u>	<u>38,913,854</u>
Capital assets, being depreciated:				
Land improvements	2,071,373	-	-	2,071,373
Building and building improvements	6,475,367	150,288	-	6,625,655
Equipment and furniture	3,850,612	418,184	(212,061)	4,056,735
Infrastructure	<u>22,920,532</u>	<u>797,536</u>	<u>(123,577)</u>	<u>23,594,491</u>
Total capital assets being depreciated	<u>35,317,884</u>	<u>1,366,008</u>	<u>(335,638)</u>	<u>36,348,254</u>
Less accumulated depreciation for:				
Land improvements	1,208,161	69,046	-	1,277,207
Building and building improvements	3,405,423	171,843	-	3,577,266
Equipment and furniture	2,504,037	312,073	(212,061)	2,604,049
Infrastructure	<u>11,101,052</u>	<u>536,346</u>	<u>(123,577)</u>	<u>11,513,821</u>
Total accumulated depreciation	<u>18,218,673</u>	<u>1,089,308</u>	<u>(335,638)</u>	<u>18,972,343</u>
Total capital assets, being depreciated, net	<u>17,099,211</u>	<u>276,700</u>	<u>-</u>	<u>17,375,911</u>
Governmental activities capital assets, net	<u>\$ 54,779,065</u>	<u>\$ 1,510,700</u>	<u>\$ -</u>	<u>\$ 56,289,765</u>
Business-type activities:				
Capital assets, being depreciated:				
Water and sewer system	\$ 11,600,526	\$ -	\$ -	\$ 11,600,526
Less accumulated depreciation	<u>(3,593,374)</u>	<u>311,171</u>	<u>-</u>	<u>(3,904,545)</u>
Business-type activities capital assets, net	<u>\$ 8,007,152</u>	<u>\$ 311,171</u>	<u>\$ -</u>	<u>\$ 7,695,981</u>

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

III. Detailed notes on all funds (Continued)

D. Capital assets (continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 2,701
Public safety	233,314
Highway and streets	693,099
Culture and recreation	93,730
Unallocated	<u>66,464</u>
Total depreciation expense-governmental activities	<u>\$ 1,089,308</u>
Business-type activities	
Water and sewer system	<u>\$ 311,171</u>

E. Interfund transfers

The Township uses unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended December 31, 2024, consisted of the following amounts:

Governmental Activities			Business-type Activities		
	<u>Transfer in</u>	<u>Transfer out</u>		<u>Transfer in</u>	<u>Transfer out</u>
General Fund	\$ 42,616	\$ 1,355,163	Dutchess Farm Capital Reserve Fund	\$ 10,000	\$ -
Riparian Fund	-	42,616	Enclave Capital Reserve Fund	17,525	-
Non-major Funds	<u>1,355,163</u>	<u>-</u>	Non-major Funds	<u>-</u>	<u>27,525</u>
Total	<u>\$ 1,397,779</u>	<u>1,397,779</u>	Total	<u>\$ 27,525</u>	<u>\$ 27,525</u>

Interfund transfers are primarily a result of:

- (1) to fund capital projects and acquisitions
- (2) to fund park and recreation programs
- (3) to fund local fire companies
- (4) to fund the local emergency services company

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

III. Detailed notes on all funds (Continued)

F. Long-term debt

On May 13, 2011 the Township issued General Obligation Note, Series 2011, in the amount of \$4,950,000 (electoral). The proceeds of this note were to refinance the remaining balance of the General Obligation Note, Series 2007 (electoral). The 2011 note is scheduled to mature in annual increments of \$291,176 starting December 1, 2011 through December 1, 2025. The note bears an interest rate of 2.5% until June 1, 2016 and thereafter on each subsequent five-year anniversary date where the rate will reset to 1.90% in excess of the tax-free equivalent of the five-year U.S. Treasury Rate then in effect, however, the rate shall not exceed 5.50%.

On April 15, 2015 the Township issued General Obligation Bonds, Series 2015, in the amount of \$9,050,000 consisting of; \$8,326,000 (electoral), and \$724,000 (non-electoral). The proceeds of the bonds were used to advance refund \$8,560,000 of the remaining balance of \$11,125,000 of General Obligation Bonds, Series 2006. The remainder proceeds were used to pay closing costs to establish an escrow account for the payment of the remaining balance of the 2006 bonds. The bonds are scheduled to mature in annual increments starting December 15, 2015 through December 15, 2025. The bonds bear interest at various rates from 2.0% to 4.0%.

All outstanding debt is backed by the full faith and credit of the Township. At December 31, 2024, the Township has \$120,000 of non-electoral debt outstanding. The Township is in compliance with all significant requirements of the various note covenants. The Township is not obligated in any manner for special assessment debt.

Debt Service

Amounts outstanding at December 31, 2024 are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Government-type activities	2.0%-4.0%	<u>\$ 120,000</u>

Annual debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	<u>\$ 120,000</u>	<u>\$ 4,510</u>
Total	<u>\$ 120,000</u>	<u>\$ 4,510</u>

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

III. Detailed notes on all funds (Continued)

F. Long-term debt (continued)

Long-term liability activity for the year ended December 31, 2024 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental activities:					
Long-term debt	\$ 583,757	\$ -	\$ (463,757)	\$ 120,000	\$ 120,000
Unamortized bond premium	43,938	-	(21,969)	21,969	21,969
Total bond payable	627,695	-	(485,726)	141,969	141,969
Net Pension liability	682,045	-	(302,061)	379,984	-
Compensated absences	479,523	-	(74,350)	405,173	-
Governmental activity					
Long-term liabilities	<u>\$ 1,789,263</u>	<u>\$ -</u>	<u>\$ (862,137)</u>	<u>\$ 927,126</u>	<u>\$ 141,969</u>

Debt service for the general obligation bonds and note are funded from primarily from real estate taxes. Any liabilities for compensated absences are generally liquidated by the general fund.

IV. Other information

A. Deferred Compensation Plan

The Township offers 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 unforeseen emergency. Contributions are invested with outside trustees; RBC Wealth Management for non-uniform employees and American Funds for uniform employees. Accordingly, the assets and the corresponding liability are not reported in the financial statements.

B. Employee retirement systems and pension plans

The Township sponsors two single employer defined benefit pension plans, the Police Pension Plan and the Non-Uniform Employees' Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements. The most recent valuation was as of January 1, 2023. Details below are from the valuation.

The plans provide pensions for full-time employees of the Township. As of December 31, 2024, pension plan membership consists of:

	<u>Police</u>	<u>Non-Uniform</u>
Inactive employees (or their beneficiaries) currently receiving benefits	10	6
Inactive employees entitled to benefits but not yet receiving them	2	3
Active employees	<u>17</u>	<u>10</u>
	<u>29</u>	<u>19</u>

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

IV. Other information (Continued)

B. Employee retirement systems and pension plans (continued)

Plan Descriptions

The Upper Makefield Township Police Pension Plan (the Plan) is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 18, as amended, adopted pursuant to Act 600. The Plan was amended and restated by Ordinance No. 181, effective January 1, 1994. The Plan covers all full-time members of the police department. An employee enters the Plan upon employment. The Plan is governed by the Board of Supervisors of which may amend plan provisions, and which is responsible for the management of Plan Assets. The Plan is administered by Township employees. The Board of Supervisors has delegated the authority to manage certain Plan assets to RBC Wealth Management.

The Upper Makefield Township Non-Uniformed Employees' Pension Plan (the Plan) is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 141, as amended, effective August 3, 1988. The Plan covers all full-time non-uniformed Township employees hired before January 2, 2012. An employee enters the Plan upon employment. The Plan is governed by the Board of Supervisors which may amend Plan provisions, and which is responsible for the management of Plan assets. The Township is administered by Township employees. The Board of Supervisors has delegated the authority to manage certain Plan assets to RBC Wealth Management.

Benefits Provided

Police Pension Plan: The pension plan provides members and their beneficiaries' retirement, death, and disability benefits. All fulltime Officers are eligible for participation and are fully vested after 12 years of service. The normal retirement date is age 50 and 25 years of service. The normal retirement benefit is a monthly benefit equal to 50% of gross pay averaged over the last 36 months of employment. Disability benefits are equal to 50% of the member's salary at the time the disability was incurred, offset by social security disability benefits received for the same injury. Death benefits are equal to 50% of the pension the participant was entitled to receive at the time of death. In addition, the Plan provides for a DROP benefit (the normal retirement benefit is deposited into a separate account and credited with interest during the period of DROP participation, for a maximum of 3-years).

Non-Uniform Pension Plan: The pension plan provides members and their beneficiaries' retirement and death benefits. All fulltime employees are eligible for participation and are fully vested after 8 years of service. The normal retirement date is age 65. The normal retirement benefit is a monthly benefit equal to 2.0% of average monthly compensation, multiplied by years of credit service. Average monthly compensation is base salary averaged over the last 36 months of service. The death benefit after 8 years of service is a lump sum payment equal to the present value of the accrued benefit at death.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

IV. Other information (Continued)

B. Employee retirement systems and pension plans (continued)

Measurement Focus and Basis of Accounting

Basis of Accounting: Both Pension Plan financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Employer and member contributions are recognized as when due pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with terms of the Plans. Other expenses are recognized when the corresponding liabilities are incurred.

The net appreciation/(depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. The entire expense of plan administration is charged against the earnings of the plans. Investment earnings are reduced for investment management fees, portfolio evaluation, custodial services, and actuarial services, as required by Commonwealth statutes.

Method Used to Value Investments: Both Pension Plan investments are reported at fair value. Fair value is based on quoted market values. Securities that are traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Contributions Required and Contributions Made

Member contributions are determined on an annual basis. For the year ended December 31, 2024, the Police member contributions were 5% of covered payroll. Non-Uniform members were not required to contribute. Contributions are determined on an annual basis. Administrative costs and investment costs of the Plan are financed through an addition to the Actuarially Determined Employer Contribution.

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

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

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$289,412 for the pensions for the year ended December 31, 2024.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

IV. Other information (Continued)

B. Employee retirement systems and pension plans (continued)

Investments

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

Rate of Return: For the measurement date December 31, 2024, the annual money-weighted rate of return on plan investments, net of investment expense was 10.3% for the police pension plan and 10.3% for the non-uniform pension plan.

Net Pension Liability

The components of the net pension liability of the Township for the measurement date of December 31, 2024 were as follows:

	<u>Police</u>	<u>Non-Uniform</u>
Total pension liability	\$ 12,282,894	\$ 3,679,133
Plan fiduciary net position	<u>(11,955,453)</u>	<u>(3,626,590)</u>
Net pension liability	<u>\$ 327,441</u>	<u>\$ 52,543</u>
Plan fiduciary net position as a percentage of the total pension liability	97.3%	98.6%

Actuarial Assumptions: For both plans the total pension liability for the Valuation date of January 1, 2023 was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Non-Uniform</u>
Inflation	2.75%	2.75%
Salary Increases	5.0% including inflation	5.0% including inflation
Investment Rate of Return	6.75%	6.75%

Mortality rates for the plans were based on the following:

Police: 2010 Public Retirement Plans – Public Safety employees mortality tables.

Non-Uniformed: 2010 Public Retirement Plans – General Employees mortality tables.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

IV. Other information (Continued)

B. Employee retirement systems and pension plans (continued)

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2022.

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 not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

	Target	Long-term Expected
<u>Asset Class</u>	<u>Allocation</u>	<u>Real Rate of Return</u>
Equities	35-60%	4.25% - 9.27%
Fixed Income	25-45%	0.88% - 4.32%
Alternative	5-15%	
Other	5-15%	
Cash	<u>0-10%</u>	0.47% - 1.07%
Total Portfolio	<u>100.0%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost-plus plan expenses, as well as amortization of the unfunded liability.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

IV. Other information (Continued)

B. Employee retirement systems and pension plans (continued)

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Police Pension Plan</u>			
Balance at December 31, 2023	\$ 11,427,971	\$ 10,901,072	\$ 526,899
Changes for the year:			
Service cost	424,090	-	424,090
Interest	788,151	-	788,151
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	245,025	(245,025)
Contributions - employee	-	100,365	(100,365)
Net investment income	-	1,121,827	(1,121,827)
Benefit payments, including refunds of employee contributions	(357,318)	(357,318)	-
Administrative expense	-	-	-
Other changes	-	(55,518)	55,518
Net Changes	<u>854,923</u>	<u>1,054,381</u>	<u>(199,458)</u>
Balance at December 31, 2024	<u>\$ 12,282,894</u>	<u>\$ 11,955,453</u>	<u>\$ 327,441</u>

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Non-Uniform Pension Plan</u>			
Balance at December 31, 2023	\$ 3,526,290	\$ 3,371,144	\$ 155,146
Changes for the year:			
Service cost	65,812	-	65,812
Interest	237,472	-	237,472
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	-	-	-
Contributions - employer	-	80,188	(80,188)
Contributions - employee	-	-	-
Net investment income	-	349,219	(349,219)
Benefit payments, including refunds of employee contributions	(150,441)	(150,441)	-
Administrative expense	-	-	-
Other changes	-	(23,520)	23,520
Net Changes	<u>152,843</u>	<u>255,446</u>	<u>(102,603)</u>
Balance at December 31, 2024	<u>\$ 3,679,133</u>	<u>\$ 3,626,590</u>	<u>\$ 52,543</u>

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

IV. Other information (Continued)

B. Employee retirement systems and pension plans (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of participating entities calculated using the discount rate of 6.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1%	Current	1%
	Decrease	Discount	Increase
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
Net Pension Liability			
Police	\$ 1,983,097	\$ 327,441	\$ (1,028,061)
Non-Uniform	\$ 356,311	\$ 52,543	\$ (210,816)

Deferred Outflows and Inflows of Resources: For the measurement date ended December 31, 2024, the Township recognized pension expense of \$499,196 for the Police Pension Plan and \$111,644 for the Non-Uniform Pension Plan. For the measurement date ended December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Police</u>		
Differences between expected and actual experience	\$ 56,231	\$ 285,430
Changes in assumptions	385,131	-
Contributions by employer after measurement date	-	-
Difference between projected and actual earnings on pension plan investments	<u>955,995</u>	<u>786,473</u>
Total	<u>\$ 1,397,357</u>	<u>\$ 1,071,903</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Non-Uniform</u>		
Differences between expected and actual experience	\$ -	\$ 32,981
Changes in assumptions	21,110	-
Contributions by employer after measurement date	-	-
Difference between projected and actual earnings on pension plan investments	<u>305,800</u>	<u>250,661</u>
Total	<u>\$ 326,910</u>	<u>\$ 283,642</u>

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

IV. Other information (Continued)

B. Employee retirement systems and pension plans (continued)

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

Year Ended December 31:	Police	Non-Uniform
2025	\$ 197,432	\$ 55,013
2026	261,271	83,191
2027	(190,851)	(69,710)
2028	(48,848)	(25,226)
2029	40,234	-
Thereafter	66,216	-
Total	<u>\$ 325,454</u>	<u>\$ 43,268</u>

Payable to the Pension Plans: For the Measurement Date of December 31, 2024, there were no amounts payable for contributions to either pension plan.

DROP Balance: As of December 31, 2024 there was a DROP balance of \$33,142 included in the Police Pension Plan net position restricted for pensions.

C. Risk management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township uses the following insurance policies to minimize these risks.

The Township participates in a public entity risk pool (Delaware Valley Property & Liability Trust–DVPLT) operated as a common risk management and insurance program for municipalities. DVPLT retains the first \$1,000,000 of each general, public officials, police professional liability and automobile liability and assumes the first \$500,000 of each first-party property loss. Reinsurance coverage is through commercial companies. DVPLT also serves as group purchaser of boiler and machinery and crime and public officials’ policies for its members. The calculation of premium contributions, loss assessments and any redistribution or surplus is predicated on each participant’s individual loss history. An experience modification factor is applied to annual membership contributions.

UPPER MAKEFIELD TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

IV. Other information (Continued)

C. Risk management (continued)

The insurance expense for the year ended December 31, 2024 was \$156,477. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2024 there were no additional assessments due or anticipated. Instead, the pool declared a dividend of which the Township's share was \$3,454.

The Township is also a member of the Delaware Valley Workers' Compensation Trust (DVWCT), a risk retention pool. The Township's insurance expense for the year ended December 31, 2024 was \$89,329. At December 31, 2024, there were no additional assessments due or anticipated. Instead, the pool declared a dividend of which the Township's share was \$610,836. As a result of the 2023 payroll audit, the Township paid \$2,519.

The Township is also a member of the Delaware Valley Health Insurance Trust, a public entity risk pool operated for the benefit of approximately 30 municipalities. Trust underwriting and rate-setting policies are established after consultation with independent insurance consultants. Any member may withdrawal from the Trust by giving written notice to the Executive Committee. The insurance expense for the year ended December 31, 2024 was \$746,224 for medical and dental coverage.

The Township continues to carry insurance for all other risks of loss. There has been no significant reduction in insurance coverage from the previous year in any of the Township's policies. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this insurance coverage in any of the past five years.

D. Contingent liabilities

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

**REQUIRED
SUPPLEMENTARY INFORMATION**

UPPER MAKEFIELD TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

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

	Measurement Year Ending									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 424,090	\$ 403,895	\$ 368,772	\$ 351,211	\$ 295,251	\$ 281,191	\$ 252,831	\$ 240,791	\$ 219,457	\$ 209,007
Interest	788,151	731,622	671,701	615,189	591,850	542,032	516,361	469,210	456,822	414,765
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	73,803	-	(413,192)	-	(327,742)	-	(570,721)	-	(350,140)
Changes of assumptions	-	323,499	-	264,704	-	-	-	328,030	-	-
Benefit payments, including refunds of employee contributions	(357,318)	(280,401)	(180,706)	(172,714)	(166,508)	(134,344)	(97,751)	(46,484)	(100,559)	(47,341)
Net change in total pension liability	854,923	1,252,418	859,767	645,198	720,593	361,137	671,441	420,826	575,720	226,291
Total pension liability - beginning	11,427,971	10,175,553	9,315,786	8,670,588	7,949,995	7,588,858	6,917,417	6,496,591	5,920,871	5,694,580
Total pension liability - ending (a)	<u>\$ 12,282,894</u>	<u>\$ 11,427,971</u>	<u>\$ 10,175,553</u>	<u>\$ 9,315,786</u>	<u>\$ 8,670,588</u>	<u>\$ 7,949,995</u>	<u>\$ 7,588,858</u>	<u>\$ 6,917,417</u>	<u>\$ 6,496,591</u>	<u>\$ 5,920,871</u>
Plan fiduciary net position										
Contributions - employer	\$ 245,025	\$ 254,751	\$ 206,814	\$ 181,345	\$ 167,543	\$ 141,940	\$ 134,610	\$ 116,988	\$ 218,989	\$ 211,931
Contributions - employee	100,365	112,490	108,159	99,691	90,361	88,017	85,350	85,727	76,126	80,924
Net investment income	1,121,827	1,349,208	(1,617,459)	935,446	1,207,323	1,409,274	(471,823)	1,030,241	352,869	(101,988)
Benefit payments, including refunds of employee contributions	(357,318)	(280,401)	(180,706)	(172,714)	(166,508)	(134,344)	(97,751)	(46,484)	(100,559)	(47,341)
Administrative expense	(55,518)	(49,131)	(47,302)	(51,864)	(53,770)	(55,078)	(52,942)	(50,368)	(45,806)	(45,549)
Net change in plan fiduciary net position	1,054,381	1,386,917	(1,530,494)	991,904	1,244,949	1,449,809	(402,556)	1,136,104	501,619	97,977
Plan fiduciary net position - beginning	10,901,072	9,514,155	11,044,649	10,052,745	8,807,796	7,357,987	7,760,543	6,624,439	6,122,820	6,024,843
Plan fiduciary net position - ending (b)	<u>\$ 11,955,453</u>	<u>\$ 10,901,072</u>	<u>\$ 9,514,155</u>	<u>\$ 11,044,649</u>	<u>\$ 10,052,745</u>	<u>\$ 8,807,796</u>	<u>\$ 7,357,987</u>	<u>\$ 7,760,543</u>	<u>\$ 6,624,439</u>	<u>\$ 6,122,820</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 327,441</u>	<u>\$ 526,899</u>	<u>\$ 661,398</u>	<u>\$ (1,728,863)</u>	<u>\$ (1,382,157)</u>	<u>\$ (857,801)</u>	<u>\$ 230,871</u>	<u>\$ (843,126)</u>	<u>\$ (127,848)</u>	<u>\$ (201,949)</u>
Plan fiduciary net position as a percentage of the total pension liability	97.3%	95.4%	93.5%	118.6%	115.9%	110.8%	97.0%	112.2%	102.0%	103.4%
Covered-employee payroll	\$ 2,031,435	\$ 2,140,914	\$ 2,359,706	\$ 2,095,525	\$ 1,875,348	\$ 1,797,203	\$ 1,699,897	\$ 1,694,352	\$ 1,587,652	\$ 1,664,075
Net pension liability as a percentage of covered payroll	16.1%	24.6%	28.0%	-82.5%	-73.7%	-47.7%	13.6%	-49.8%	-8.1%	-12.1%
Annual money-weighted return, net of investment expenses	10.3%	14.2%	-14.7%	9.3%	13.7%	19.2%	-6.1%	15.5%	5.7%	-1.7%

Notes to Schedule:

Change in benefit terms: A Deferred Retirement Option Plan (DROP) benefit was added January 1, 2019.

Changes to Assumptions: 1/1/2013: The mortality table was updated to include a blue-collar adjustment with mortality improvement of 75% of scale AA.

1/1/2017: The interest rate was lowered to 7.25%. The rate of inflation was lowered to 2.75%. The mortality table was updated to RP-2014 Mortality Table.

Mortality Improvement rates derived from the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report. Disability assumption

Changed to rates based on the Social Security Administration's 2010 projection of disability incidence.

1/1/2023: The discount rate was lowered to 6.75%.

UPPER MAKEFIELD TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

Fiscal Year Ended <u>December 31,</u>	Actuarially Determined <u>Contribution</u>	Actual Employer <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contribution as a Percentage of Covered <u>Payroll</u>
2015	\$ 211,932	\$ 211,932	\$ -	\$ 1,664,075	12.74%
2016	218,989	218,989	-	1,587,652	13.79%
2017	116,988	116,988	-	1,694,352	6.90%
2018	134,610	134,610	-	1,669,897	8.06%
2019	131,422	141,940	(10,518)	1,797,203	7.90%
2020	167,543	167,543	-	1,875,348	8.93%
2021	181,345	181,345	-	2,095,525	8.65%
2022	206,814	206,814	-	2,359,706	8.76%
2023	254,751	254,751	-	2,140,914	11.90%
2024	245,025	245,025	-	2,031,435	12.06%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2023
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, open
Remaining amortization period	16 years
Asset valuation method	4-year smoothing
Inflation	2.75%
Salary increases	5.0%, average, including inflation
Investment rate of return	6.75%, net of investment expenses not funded through the MMO, and including inflation
Retirement age	Normal Retirement Age
Mortality	2010 Public Retirement Plans-Public Safety employees mortality tables

UPPER MAKEFIELD TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

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

	Measurement Year Ending									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 65,812	\$ 73,334	\$ 69,141	\$ 76,170	\$ 71,346	\$ 81,350	\$ 68,150	\$ 65,060	\$ 62,405	\$ 66,982
Interest	237,472	228,042	227,901	231,022	248,782	234,956	216,855	201,146	184,454	169,259
Changes of benefit terms	-	-	94,007	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(106,269)	-	(98,039)	-	47,470	-	(55,203)	-	(323,631)
Changes of assumptions	-	68,018	-	67,500	-	-	-	147,464	-	-
Benefit payments, including refunds of employee contributions	(150,441)	(157,740)	(123,342)	(743,696)	(117,964)	(113,314)	(79,278)	(26,892)	(26,587)	(31,432)
Net change in total pension liability	152,843	105,385	267,707	(467,043)	202,164	250,462	205,727	331,575	220,272	(118,822)
Total pension liability - beginning	3,526,290	3,420,905	3,153,198	3,620,241	3,418,077	3,167,615	2,961,888	2,630,313	2,410,041	2,528,863
Total pension liability - ending (a)	<u>\$ 3,679,133</u>	<u>\$ 3,526,290</u>	<u>\$ 3,420,905</u>	<u>\$ 3,153,198</u>	<u>\$ 3,620,241</u>	<u>\$ 3,418,077</u>	<u>\$ 3,167,615</u>	<u>\$ 2,961,888</u>	<u>\$ 2,630,313</u>	<u>\$ 2,410,041</u>
Plan fiduciary net position										
Contributions - employer	\$ 80,188	\$ 77,851	\$ 93,237	\$ 106,344	\$ 104,485	\$ 73,121	\$ 69,232	\$ 80,242	\$ 125,685	\$ 121,251
Contributions - employee	-	-	-	-	-	-	-	-	-	-
Net investment income	349,219	423,581	(514,751)	333,157	467,917	573,675	(189,672)	425,777	144,225	(39,579)
Benefit payments, including refunds of employee contributions	(150,441)	(157,740)	(123,342)	(743,696)	(117,964)	(113,314)	(79,278)	(26,892)	(26,587)	(31,432)
Administrative expense	(23,520)	(22,085)	(22,346)	(26,186)	(26,037)	(26,600)	(26,214)	(25,029)	(22,668)	(22,981)
Net change in plan fiduciary net position	255,446	321,607	(567,202)	(330,381)	428,401	506,882	(225,932)	454,098	220,655	27,259
Plan fiduciary net position - beginning	3,371,144	3,049,537	3,616,739	3,947,120	3,518,719	3,011,837	3,237,769	2,783,671	2,563,016	2,535,757
Plan fiduciary net position - ending (b)	<u>\$ 3,626,590</u>	<u>\$ 3,371,144</u>	<u>\$ 3,049,537</u>	<u>\$ 3,616,739</u>	<u>\$ 3,947,120</u>	<u>\$ 3,518,719</u>	<u>\$ 3,011,837</u>	<u>\$ 3,237,769</u>	<u>\$ 2,783,671</u>	<u>\$ 2,563,016</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 52,543</u>	<u>\$ 155,146</u>	<u>\$ 371,368</u>	<u>\$ (463,541)</u>	<u>\$ (326,879)</u>	<u>\$ (100,642)</u>	<u>\$ 155,778</u>	<u>\$ (275,881)</u>	<u>\$ (153,358)</u>	<u>\$ (152,975)</u>
Plan fiduciary net position as a percentage of the total pension liability	98.6%	95.6%	89.1%	114.7%	109.0%	102.9%	95.1%	109.3%	105.8%	106.3%
Covered-employee payroll	\$ 769,577	\$ 772,081	\$ 720,259	\$ 741,153	\$ 787,073	\$ 756,878	\$ 754,375	\$ 734,633	\$ 684,343	\$ 696,057
Net pension liability as a percentage of covered payroll	6.8%	20.1%	51.6%	-62.5%	-41.5%	-13.3%	20.6%	-37.6%	-22.4%	-22.0%
Annual money-weighted return, net of investment expenses	10.5%	14.2%	-14.5%	8.7%	13.5%	19.4%	-5.9%	15.4%	5.6%	-1.6%

Notes to Schedule:

Change in benefit terms: None since 1/1/2009

Changes to Assumptions: 1/1/2011: The preretirement death benefit is being valued directly using the RP-2000 Combined Healthy Mortality Table and assuming 100% of participants are married with female spouses three years younger than male spouses.

1/1/2013: The mortality table was updated to include a blue-collar adjustment with mortality improvement of 75% of scale AA.

1/1/2017: The interest rate was lowered to 7.25%. The mortality table was updated to RP-2014 Mortality Table. Mortality Improvement rates derived from the Long-Range Demographic Assumptions for the 2015 SSA's Trustee Report. The salary increase was lowered to 4.75%. Inflation was lowered to 2.75%. The turnover assumption was eliminated.

1/1/2021: Interest rate was lowered to 7.00%, salary increase was lowered to 4.50%, inflation was lowered to 2.50%. The mortality table was updated to 2010 Public Retirement Plan-General Employees mortality tables (PubG-2010). Mortality Improvement rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.

1/1/2023: Discount rate was lowered to 6.75%, salary scale reduced from 4.5% to 4.25%

UPPER MAKEFIELD TOWNSHIP

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - NON-UNIFORM PENSION PLAN

Fiscal Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2015	\$ 121,251	\$ 121,251	\$ -	\$ 696,057	17.42%
2016	125,685	125,685	-	671,235	18.72%
2017	80,242	80,242	-	734,633	10.92%
2018	69,232	69,232	-	754,374	9.18%
2019	69,081	73,121	(4,040)	756,878	9.66%
2020	104,485	104,485	-	787,073	13.28%
2021	106,344	106,344	-	741,153	14.35%
2022	93,237	93,237	-	720,259	12.94%
2023	77,851	77,851	-	772,081	10.08%
2024	80,188	80,188	-	769,577	10.42%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2023
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, Open
Remaining amortization period	17 years
Asset valuation method	4-year smoothing
Inflation	2.75%
Salary increases	4.25%, including inflation
Investment rate of return	6.75%, net of investment expenses not funded through the MMO, and including inflation
Retirement age	Normal Retirement Age
Mortality	2010 Public Retirement Plan - General Employees mortality tables

SUPPLEMENTARY INFORMATION SECTION

UPPER MAKEFIELD TOWNSHIP

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2024

	<u>Special Revenue Funds</u>						
	Liquid Fuels	Fire	Open Space Fund	Rev. Run Emergency Services	Operation and Maint.	ARPA	Total Special Revenue
<u>ASSETS</u>							
Cash and cash equivalents	\$ 102,614	\$ 54,456	\$ 2	\$ 68,323	\$ 23,860	\$ 265,771	\$ 515,026
Taxes receivable	-	4,700	6,267	-	-	-	10,967
Total Assets	<u>\$ 102,614</u>	<u>\$ 59,156</u>	<u>\$ 6,269</u>	<u>\$ 68,323</u>	<u>\$ 23,860</u>	<u>\$ 265,771</u>	<u>\$ 525,993</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 14,873	-	-	-	-	6,128	21,001
Total Liabilities	<u>14,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,128</u>	<u>21,001</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenue	-	1,419	1,893	-	-	-	3,312
Total deferred inflows of resources	<u>-</u>	<u>1,419</u>	<u>1,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,312</u>
<u>FUND BALANCES</u>							
Restricted:							
Debt service	-	-	4,376	-	-	-	4,376
Highways & streets	87,741	-	-	-	-	-	87,741
Local fire companies	-	57,737	-	-	-	-	57,737
Committed:							
Grants to others	-	-	-	68,323	-	-	68,323
Parks & recreation	-	-	-	-	-	-	-
Capital projects	-	-	-	-	23,860	259,643	283,503
Total Fund Balances	<u>87,741</u>	<u>57,737</u>	<u>4,376</u>	<u>68,323</u>	<u>23,860</u>	<u>259,643</u>	<u>501,680</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 102,614</u>	<u>\$ 59,156</u>	<u>\$ 6,269</u>	<u>\$ 68,323</u>	<u>\$ 23,860</u>	<u>\$ 265,771</u>	<u>\$ 525,993</u>

Park and Recreation	<u>Capital Projects Funds</u>				Debt Service Fund Building Construction	Total Nonmajor Governmental Funds
	Park 3-Year Cap	Capital Reserve	Tree Bank	Total Capital Projects		
\$ 27,457	\$ 341,122	\$ 872,691	\$ 60,027	\$ 1,301,297	\$ 13,189	\$ 1,829,512
-	-	-	-	-	3,134	14,101
<u>\$ 27,457</u>	<u>\$ 341,122</u>	<u>\$ 872,691</u>	<u>\$ 60,027</u>	<u>\$ 1,301,297</u>	<u>\$ 16,323</u>	<u>\$ 1,843,613</u>
\$ 52	\$ 1,067	\$ 22,343	\$ -	\$ 23,462	\$ -	\$ 44,463
<u>52</u>	<u>1,067</u>	<u>22,343</u>	<u>-</u>	<u>23,462</u>	<u>-</u>	<u>44,463</u>
-	-	-	-	-	946	4,258
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>946</u>	<u>4,258</u>
-	-	-	-	-	15,377	19,753
-	-	-	-	-	-	87,741
-	-	-	-	-	-	57,737
-	-	-	-	-	-	68,323
27,405	-	-	-	27,405	-	27,405
-	340,055	850,348	60,027	1,250,430	-	1,533,933
<u>27,405</u>	<u>340,055</u>	<u>850,348</u>	<u>60,027</u>	<u>1,277,835</u>	<u>15,377</u>	<u>1,794,892</u>
<u>\$ 27,457</u>	<u>\$ 341,122</u>	<u>\$ 872,691</u>	<u>\$ 60,027</u>	<u>\$ 1,301,297</u>	<u>\$ 16,323</u>	<u>\$ 1,843,613</u>

UPPER MAKEFIELD TOWNSHIP

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

	<u>Special Revenue Funds</u>						
	Liquid Fuels	Fire	Open Space Fund	Rev. Run Emergency Services	Operation and Maint.	ARPA	Total Special Revenue
Revenues							
Real estate taxes	\$ -	\$ 176,180	\$ 249,776	\$ -	\$ -	\$ -	\$ 425,956
Interest	2,217	160	314	429	24	1,191	4,335
Intergovernmental revenues	335,915	-	-	-	-	-	335,915
Charges for Service	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	13,500	-	-	13,500
Total Revenues	<u>338,132</u>	<u>176,340</u>	<u>250,090</u>	<u>13,929</u>	<u>24</u>	<u>1,191</u>	<u>779,706</u>
Expenditures							
Current							
General Government	-	-	750	-	-	-	750
Public safety	-	213,939	-	538,986	-	-	752,925
Public works	393,515	-	-	-	-	647,098	1,040,613
Culture and recreation	-	-	-	-	-	-	-
Debt Service							
Principal	-	-	358,757	-	-	-	358,757
Interest	-	-	9,035	-	-	-	9,035
Total Expenditures	<u>393,515</u>	<u>213,939</u>	<u>368,542</u>	<u>538,986</u>	<u>-</u>	<u>647,098</u>	<u>2,162,080</u>
Excess (Deficiency) of Revenues							
Over Expenditures	(55,383)	(37,599)	(118,452)	(525,057)	24	(645,907)	(1,382,374)
Other Financing Sources (Uses)							
Transfers in	-	23,409	38,754	485,000	-	-	547,163
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>23,409</u>	<u>38,754</u>	<u>485,000</u>	<u>-</u>	<u>-</u>	<u>547,163</u>
Net Change in Fund Balance	(55,383)	(14,190)	(79,698)	(40,057)	24	(645,907)	(835,211)
Fund Balance - Beginning	143,124	71,927	84,074	108,380	23,836	905,550	1,336,891
Fund Balance - Ending	<u>\$ 87,741</u>	<u>\$ 57,737</u>	<u>\$ 4,376</u>	<u>\$ 68,323</u>	<u>\$ 23,860</u>	<u>\$ 259,643</u>	<u>\$ 501,680</u>

Park and Recreation	<u>Capital Projects Funds</u>				Debt Service <u>Fund</u> Building Construction	Total Nonmajor Governmental Funds
	Park 3-Year Cap	Capital Reserve	Tree Bank	Total Capital Projects		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,801	\$ 548,757
351	443	840	94	1,728	101	6,164
-	-	-	-	-	-	335,915
2,206	-	-	-	2,206	-	2,206
-	5,000	-	1,825	6,825	-	20,325
<u>2,557</u>	<u>5,443</u>	<u>840</u>	<u>1,919</u>	<u>10,759</u>	<u>122,902</u>	<u>913,367</u>
-	-	124,200	-	124,200	-	124,950
-	-	160,534	-	160,534	-	913,459
-	-	125,571	-	125,571	-	1,166,184
48,311	1,067	-	3,641	53,019	-	53,019
-	-	-	-	-	105,000	463,757
-	-	-	-	-	5,183	14,218
<u>48,311</u>	<u>1,067</u>	<u>410,305</u>	<u>3,641</u>	<u>463,324</u>	<u>110,183</u>	<u>2,735,587</u>
(45,754)	4,376	(409,465)	(1,722)	(452,565)	12,719	(1,822,220)
60,000	-	748,000	-	808,000	-	1,355,163
-	-	-	-	-	-	-
<u>60,000</u>	<u>-</u>	<u>748,000</u>	<u>-</u>	<u>808,000</u>	<u>-</u>	<u>1,355,163</u>
14,246	4,376	338,535	(1,722)	355,435	12,719	(467,057)
13,159	335,679	511,813	61,749	922,400	2,658	2,261,949
<u>\$ 27,405</u>	<u>\$ 340,055</u>	<u>\$ 850,348</u>	<u>\$ 60,027</u>	<u>\$ 1,277,835</u>	<u>\$ 15,377</u>	<u>\$ 1,794,892</u>

UPPER MAKEFIELD TOWNSHIP

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

December 31, 2024

	<u>Police Pension Fund</u>	<u>Non-Uniformed Pension Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Investments, at fair value	<u>\$ 11,955,453</u>	<u>\$ 3,626,590</u>	<u>\$ 15,582,043</u>
 TOTAL ASSETS	 <u>\$ 11,955,453</u>	 <u>\$ 3,626,590</u>	 <u>\$ 15,582,043</u>
 Net Position			
Net Position Restricted for Pension Benefits	<u>\$ 11,955,453</u>	<u>\$ 3,626,590</u>	<u>\$ 15,582,043</u>

UPPER MAKEFIELD TOWNSHIP

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended December 31, 2024

	<u>Police Pension Fund</u>	<u>Non-Uniformed Pension Fund</u>	<u>Total</u>
Additions			
Contributions			
Employee contributions	\$ 100,365	\$ -	\$ 100,365
Township contributions	22,178	13,623	35,801
State Aid	<u>222,846</u>	<u>66,565</u>	<u>289,411</u>
Total Contributions	<u>345,389</u>	<u>80,188</u>	<u>425,577</u>
Investment Income			
Interest	205	141	346
Dividends	375,347	112,596	487,943
Realized gains	284,870	122,393	407,263
Unrealized gains	390,329	111,353	501,682
Less investment expense	<u>(44,880)</u>	<u>(13,895)</u>	<u>(58,775)</u>
Net investment income	<u>1,005,871</u>	<u>332,588</u>	<u>1,338,459</u>
Total Additions	<u>1,351,260</u>	<u>412,776</u>	<u>1,764,036</u>
Deductions			
Benefits	285,809	151,458	437,267
Administrative expenses	<u>11,070</u>	<u>5,872</u>	<u>16,942</u>
Total Deductions	<u>296,879</u>	<u>157,330</u>	<u>454,209</u>
Change in Net Position	1,054,381	255,446	1,309,827
Net Position - Restricted			
For Pension Benefits - January 1	<u>10,901,072</u>	<u>3,371,144</u>	<u>14,272,216</u>
For Pension Benefits - December 31	<u>\$ 11,955,453</u>	<u>\$ 3,626,590</u>	<u>\$ 15,582,043</u>