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**LOWER SAUCON TOWNSHIP**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2023**



# LOWER SAUCON TOWNSHIP

## TABLE OF CONTENTS

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<b>Independent Auditors' Report</b>	1 - 3
<b>Management's Discussion and Analysis</b>	4 - 12
<b>Financial Statements</b>	
<b><i>Governmental-wide Financial Statements</i></b>	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet - All Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds	16
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Statement of Revenues Received, Expenditures Paid and Changes in Fund Balance - Budget and Actual - General Fund	19
<b>Notes to Financial Statements</b>	20 - 42
<b>Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards</b>	43 - 44
<b><i>Required Supplemental Information</i></b>	
Schedule of Changes in Net Pension Liability, Related Ratios, and Investment Returns - Police Pension Plan	45
Schedule of Pension Contributions – Police Pension Plan	46
Schedule of Changes in Net Pension Liability, Related Ratios, and Investment Returns - Non-Uniformed Pension Plan	47
Schedule of Pension Contributions – Non-Uniformed Pension Plan	48
<b><i>Individual Fund Statements</i></b>	
General Fund	49 - 52
Special Tax Fund	53
Capital Fund	54
Developers Escrow Fund	54
Sewage Enforcement Escrow Fund	55
On-Site Sewage Enforcement Escrow Fund	55
Grading Escrow Fund	55

# Hutchinson, Gillahan & Freeh

Operating as a Division of MVA Audit PLLC

June 23, 2024

Township Council  
Lower Saucon Township  
3700 Old Philadelphia Pike  
Bethlehem, PA 18015

## INDEPENDENT AUDITOR'S REPORT

### ***Opinion***

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lower Saucon Township as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lower Saucon Township as of December 31, 2023 cash basis, and, where applicable, cash flows and budgetary comparison of the General fund for the year then ended in accordance with the basis of accounting as described in Note 2(B).

### ***Basis for Opinion***

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 Lower Saucon 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.

### ***Basis of Accounting***

We draw attention to Note 2(B) of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### ***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.

## **Lower Saucon Township**

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 Lower Saucon 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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 Lower Saucon 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 Lower Saucon 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Lower Saucon Township has presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the basic financial statements.

Lower Saucon Township has presented the Schedule of Changes in Net Pension Liability, Related Ratios, and Investment Returns and Schedule of Pension Contributions for the Pension Plans that accounting principles generally accepted in the United States of America has determined is required to be part of the

## Lower Saucon Township

basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lower Saucon Township's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the basis of accounting described in the notes to the financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2024, on our consideration of Lower Saucon Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lower Saucon Township's internal control over financial reporting and compliance.

Respectfully submitted,

*Hutchinson, Gillahan & Freeh*  
*and*  
*MVA Audit PLLC*

June 23, 2024

# LOWER SAUCON TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) REQUIRED SUPPLEMENTARY INFORMATION (RSI)

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For the Year Ended December 31, 2023

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This discussion and analysis of Lower Saucon Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the Township's financial performance as a whole. The reader should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Township's financial performance.

The Discussion and Analysis does not include the discretely presented component unit Lower Saucon Authority. The Township management is not involved in the operations of the Authority; therefore, they are unable to provide any meaningful information as it relates to the operations of the Authority.

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

### ***FINANCIAL HIGHLIGHTS***

The Township's overall financial position, as reflected in total net assets, decreased by \$193,182 including special and extraordinary items.

As of December 31, 2023 and 2022, the outstanding debt of Lower Saucon Township is \$0 and \$0, respectively.

### ***FINANCIAL STATEMENTS***

The financial statements consist of three parts: Management's Discussion and Analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of Lower Saucon Township. The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the Township's overall financial status.

# LOWER SAUCON TOWNSHIP

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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For the Year Ended December 31, 2023

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Table 1 shows how the required parts of the Financial Section are arranged and relate to one another:

**Table 1 - Required Components of Lower Saucon Township's Financial Report**

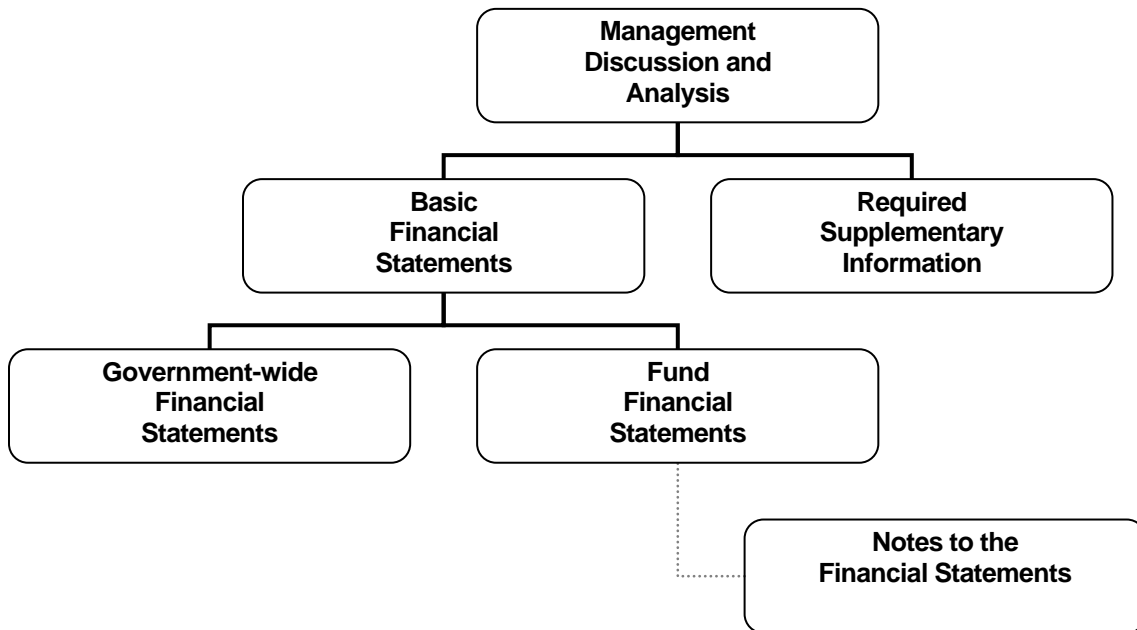


Table 2 summarizes the major features of the Township's financial statements, including the portion of the Township they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**Table 2**

**Major Features of Lower Saucon Township's Government-wide and Fund Financial Statements**

<b>Fund Statements</b>			
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire Township (except fiduciary funds)	The activities of the Township that are not proprietary or fiduciary	Instances in which the Township is the trustee or custodian to someone else's resources – Developers Escrow Fund, Sewage Enforcement Escrow Fund, On-Site Sewage Enforcement Escrow Fund and Grading Escrow Fund
Required financial statements	Statement of net position Statement of activities	Balance Sheet, Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position, Statement of changes in fiduciary net position
Accounting basis and measurement focus	Modified cash basis	Modified cash basis	Modified cash basis
Type of asset/liability information	Cash and Investments and Interfund receivables and payables	Cash and Investments and Interfund receivables and payables	Cash and Investments and Interfund receivables and payables
Type of inflow-outflow information	All Revenues received and all expenses paid in the time period when cash is received, or expenses paid	All Revenues received and all expenses paid in the time period when cash is received, or expenses paid	All Revenues received and all expenses paid in the time period when cash is received, or expenses paid



**OVERVIEW OF FINANCIAL STATEMENTS**

***Government-wide Statements***

The government-wide statements report information about the Township as a whole using the modified cash basis, which is a comprehensive basis of accounting other than accounting principles, generally accepted in the United States of America. The statement of net assets includes only cash, investments and interfund receivables and payables. All of the current year's revenues and expenses are accounted for in the statement of activities when revenues are received rather than earned and expenses are paid rather than when incurred.

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

Over time, increases or decreases in the Township's net assets are an indication of whether its financial health is improving or deteriorating, respectively, based upon the basis of accounting used.

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

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

*Governmental Activities*

All of the Township's basic services are included here, such as General Government, Public Safety, Public Works and Parks. Property Taxes, Earned Income Taxes and Other Public Taxes finance most of these activities.

*Business-Type Activities*

The Township does not have any business-type activities.

The Township's fund financial statements, which begin on page 13, provide detailed information about the most significant funds - not the Township as a whole.

*Governmental Funds*

Most of the Township's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified cash basis of accounting. Under this method revenues are recognized when received rather than earned and expenses are recognized when paid rather than when incurred. The governmental fund statements provide a detailed short-term view of the Township's operations and services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

*Fiduciary Funds*

In August 2005, all of the plan assets for the uniform and non-uniform pension funds were transferred to the PA State Association of Boroughs Municipal Retirement Trust. These activities have been excluded from the Township's financial statements because the Township cannot use these assets to finance their operations. The Developer's Escrow Fund, the Sewage Enforcement Escrow Fund, the On-Site Sewage Maintenance Escrow Fund and the Grading Escrow Fund are the only custodial funds of the Township.

**FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE**

The Township's total net position (Table 3) was \$33,752,964 at December 31, 2023.

**Table 3 - Net Position  
Year Ended December 31, 2023 and 2022**

	2023			2022		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current and other assets	\$ 33,795,407	\$ -	\$ 33,795,407	\$ 33,988,545	\$ -	\$ 33,988,545
Current and other liabilities	\$ 42,443	\$ -	\$ 42,443	\$ 42,398	\$ -	\$ 42,398
<b>Net Position</b>						
Capital projects	5,080,268	-	5,080,268	5,019,234	-	5,019,234
Restricted	14,430,532	-	14,430,532	13,812,954	-	13,812,954
Unrestricted	14,242,164	-	14,242,164	15,113,959	-	15,113,959
<b>Total net position</b>	<b>\$ 33,752,964</b>	<b>\$ -</b>	<b>\$ 33,752,964</b>	<b>\$ 33,946,147</b>	<b>\$ -</b>	<b>\$ 33,946,147</b>

Most of the Township's net assets are invested in cash and cash equivalents.

The results of this year's operations as a whole are reported in the Statement of Activities on page 14. All expenses are reported in the first column. The two largest revenues are provided by landfill revenue and general public taxes.

Table 4 takes the information from the statements, rearranges it slightly, so that you can see our total revenues and expenses for the year.

**Table 4 – Change in Net Position**  
**Year Ended December 31, 2023 and 2022**

	2023			2022		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<b>REVENUES</b>						
<i>Program Revenues</i>						
Charges for services	\$ 2,910,638	\$ -	\$ 2,910,638	\$ 2,921,526	\$ -	\$ 2,921,526
Operating grants and contributions	678,247	-	678,247	1,496,886	-	1,496,886
Capital grants and contributions	719,142	-	719,142	510,634	-	510,634
<i>General Revenues:</i>						
Property taxes	2,329,731	-	2,329,731	2,303,164	-	2,303,164
Other taxes	3,889,077	-	3,889,077	4,264,393	-	4,264,393
Grants, subsidies & contributions not	16,179	-	16,179	37,040	-	37,040
Investment earnings	1,245,213	-	1,245,213	309,330	-	309,330
Other revenue	137,579	-	137,579	81,532	-	81,532
<b>Total revenues</b>	11,925,806	-	11,925,806	11,924,505	-	11,924,505
<b>EXPENSES</b>						
<i>Governmental Activities</i>						
General government	1,693,017	-	1,693,017	1,740,637	-	1,740,637
Public safety	4,426,599	-	4,426,599	4,036,944	-	4,036,944
Health and human services	4,763	-	4,763	4,848	-	4,848
Public works	4,803,371	-	4,803,371	2,362,772	-	2,362,772
Culture and recreation	718,088	-	718,088	203,802	-	203,802
Community development	43,130	-	43,130	265,615	-	265,615
Insurance	119,206	-	119,206	127,794	-	127,794
Employee benefits	310,814	-	310,814	278,628	-	278,628
<b>Total expenses'</b>	12,118,988	-	12,118,988	9,021,040	-	9,021,040
<b>Increase (Decrease) in Net Position</b>	<b>\$ (193,182)</b>	<b>\$ -</b>	<b>\$ (193,182)</b>	<b>\$ 2,903,465</b>	<b>\$ -</b>	<b>\$ 2,903,465</b>

**DEBT ADMINISTRATION**

As of January 1, 2023, the Township had a total outstanding debt of \$0. As of December 31, 2023, the Township had a total outstanding debt of \$0.

**General Fund Budget**

The Township adopts an annual budget for its General Fund. This adoption, by law, occurs prior to December 31 of each year for the subsequent year. A comprehensive budgetary comparison (Table 5), original to final is provided in this report. Below is a summarized version of the budget comparison.

**Table 5 - Budgetary Comparison 2023 and 2022**

<b>2023</b>				
	<b>Budgeted</b>	<b>Budget</b>	<b>Actual</b>	<b>Variances with</b>
	<b>Original</b>	<b>Amounts Final</b>	<b>(Budgetary</b>	<b>Final Budget</b>
			<b>Basis)</b>	<b>Positive</b>
				<b>(Negative)</b>
Revenues	\$ 8,837,788	\$ 8,837,788	\$ 9,997,772	\$ 1,159,984
Expenditures	<u>8,562,570</u>	<u>11,761,611</u>	<u>10,869,566</u>	<u>892,045</u>
Net change in fund balance	275,218	(2,923,823)	(871,794)	2,052,029
Fund balance - January 1, 2023	<u>(275,218)</u>	<u>2,923,823</u>	<u>15,113,958</u>	<u>12,190,135</u>
Fund balance - December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,242,164</u>	<u>\$ 14,242,164</u>
<b>2022</b>				
	<b>Budgeted</b>	<b>Budget</b>	<b>Actual</b>	<b>Variances with</b>
	<b>Original</b>	<b>Amounts Final</b>	<b>(Budgetary</b>	<b>Final Budget</b>
			<b>Basis)</b>	<b>Positive</b>
				<b>(Negative)</b>
Revenues	\$ 8,458,757	\$ 8,458,757	\$ 10,161,534	\$ 1,702,777
Expenditures	<u>7,819,462</u>	<u>10,456,201</u>	<u>8,759,841</u>	<u>1,696,360</u>
Net change in fund balance	639,295	(1,997,444)	1,401,693	3,399,137
Fund balance - January 1, 2022	<u>(639,295)</u>	<u>1,997,444</u>	<u>13,712,266</u>	<u>11,714,822</u>
Fund balance - December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,113,959</u>	<u>\$ 15,113,959</u>

## ***Economic Factors and Next Year's Budgets and Rates***

### **FINANCIAL HIGHLIGHTS**

General Fund receipts were \$725,474 more than expenses in 2023, we received \$353,937 more in Landfill Host Fees than budgeted, \$162,027 more from our Enabling Taxes, and \$479,780 more in interest income from our investments, due to the Federal Reserve steadily increasing interest rates.

Council continues to appropriate funding in both the Operational Reserve and Capital funds to address future funding sources but also acknowledges the need to improve facilities and services. Management and staff continue to monitor General Fund revenue and expenses to ensure we are in compliance with the Township's Fund Balance Policy approved by Council. Staff works to provide Council with cost-effective ways to improve and maintain services for our residents.

At the direction of Council, Lower Saucon Township increased the police department workforce authorizing the hiring of an additional four officers to ensure full staffing coverage 24/7 without use of part time officers.

Council did approve the transfer of funding from reserves to invest in road improvements such as Steel City and Cherrywood paving projects as well as culvert replacements at Reading Dr and Black River Road. Also, Council approved park infrastructure development and improvements, namely at Easton Road Ballfield, Town Hall Park development, and Polk Valley Park. We allocated funds from the American Rescue Funds towards specific expenses, \$500,000 of these funds will go towards park infrastructure development of Easton Road Ballfield. Also approved were improvements to Town Hall Park with playground replacements, the trail replacement and pickleball installation at Polk Valley Park. Council also approved a grant submission for improvements at Southeastern Park.

In 2023, some of the previous awarded grants were closed including police equipment purchases and closing the grant open for the Heller Homestead Widows House Window replacement project.

Lower Saucon Township also has three housing developments in process; Long Ridge, Steel Club, and Spring Valley developments. Each of which will add significant amount of housing to Lower Saucon. Council also rezoned several key areas in the Township to promote businesses to come to the Township which will have a financial impact on the Township going forward

The Township received \$490,124 in State Liquid Fuel funding which was \$8,786 more than anticipated. With that funding, roadwork was completed totaling \$203,040, salt and cinders for snow plowing purposes the Township spent \$43,762, and the Township ordered the equipment that was budgeted. Due to inventory and production issues vehicles and large vehicle were approved and ordered quickly due to time delays in delivery.

In 2023, the Open Space Earned Income Tax (EIT) generated \$48,266 to be used toward the purchase and maintenance of open space properties. This amount represents delinquent receipts of earned income tax from the previous referendum. The Township has over 11.5 million in the fund for future acquisitions and any other expenses permitted under Act 115 and Township ordinances.

Lower Saucon Township Council continues to support the local Fire Volunteer Companies as they are in the process of merging. Decreasing the tax millage to .75 mills; the Township holds \$1,337,500 to help support the purchase of equipment for Lower Saucon Fire Rescue. The Fire Company ordered a pumper truck that will take 2 ½ years upon delivery which totaled 1.3 million.

Lower Saucon Township Council strives to build Lower Saucon Township into a thriving, safe community providing many features to benefit our residents.

### **Contacting the Township Financial Management**

The Township's financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show Township Council's accountability for the money it receives. If you have questions, please contact the Acting Township Manager, Cathy Gorman, 3700 Old Philadelphia Pike, Bethlehem, PA 18015, phone (610) 865-3291, email: [manager@lowersaucontownship.org](mailto:manager@lowersaucontownship.org).

## **FINANCIAL STATEMENTS**

# LOWER SAUCON TOWNSHIP

## STATEMENT OF NET POSITION MODIFIED CASH BASIS

As of December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 29,376,662	\$ -	\$ 29,376,662	\$ 3,576,646
Investments	4,418,745	-	4,418,745	596,266
Internal balances	-	-	-	-
Other receivables	-	-	-	-
<b>Total current assets</b>	<b>33,795,407</b>	<b>-</b>	<b>33,795,407</b>	<b>4,172,912</b>
<b>Non-Current Assets:</b>				
Restricted cash and cash equivalents	-	-	-	13,402
<b>Total non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,402</b>
<b>Total assets</b>	<b>\$ 33,795,407</b>	<b>\$ -</b>	<b>\$ 33,795,407</b>	<b>\$ 4,186,314</b>
<b>Deferred outflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Internal balances	\$ -	\$ -	\$ -	-
Other payables	42,443	-	42,443	-
Due to developers	-	-	-	14,270
<b>Total current liabilities</b>	<b>42,443</b>	<b>-</b>	<b>42,443</b>	<b>14,270</b>
<b>Total liabilities</b>	<b>42,443</b>	<b>-</b>	<b>42,443</b>	<b>14,270</b>
<b>Deferred inflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Position</b>				
Reserved for capital projects	5,080,268	-	5,080,268	-
Restricted	14,430,532	-	14,430,532	-
Unrestricted	14,242,164	-	14,242,164	4,172,044
<b>Total net position</b>	<b>\$ 33,752,964</b>	<b>\$ -</b>	<b>\$ 33,752,964</b>	<b>\$ 4,172,044</b>

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances, if any, are eliminated in the "total" column (GASB Statement No. 34, para. 58).

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



# LOWER SAUCON TOWNSHIP

## STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

As of December 31, 2023

Functionas/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 1,693,017	\$ 72,340	\$ 6,700	\$ -	\$ (1,613,977)	\$ -	\$ (1,613,977)
Public safety	4,426,599	226,848	162,598	-	(4,037,153)	-	(4,037,153)
Health and human services	4,763	-	-	-	(4,763)	-	(4,763)
Public works	4,803,371	2,561,115	-	719,142	(1,523,114)	-	(1,523,114)
Culture and recreation	718,088	50,335	-	-	(667,753)	-	(667,753)
Community development	43,130	-	-	-	(43,130)	-	(43,130)
Miscellaneous	-	-	-	-	-	-	-
Insurance	119,206	-	-	-	(119,206)	-	(119,206)
Employee benefits	310,814	-	508,949	-	198,135	-	198,135
<b>Total governmental activities</b>	<u>12,118,988</u>	<u>2,910,638</u>	<u>678,247</u>	<u>719,142</u>	<u>(7,810,961)</u>	<u>-</u>	<u>(7,810,961)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
No activities	-	-	-	-	-	-	-
<b>Total primary government</b>	<u>\$ 12,118,988</u>	<u>\$ 2,910,638</u>	<u>\$ 678,247</u>	<u>\$ 719,142</u>	<u>\$ (7,810,961)</u>	<u>\$ -</u>	<u>\$ (7,810,961)</u>
<b>COMPONENT UNITS:</b>							
Lower Saucon Authority	<u>\$ 2,303,984</u>	<u>\$ 2,057,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ (246,654)</u>
<b>GENERAL REVENUES:</b>							
Property taxes levied for general purposes, net					\$ 2,329,731	\$ -	\$ 2,329,731
Other taxes for general purposes					3,889,077	-	3,889,077
Grants, subsidies, & contributions not restricted					16,179	-	16,179
Investment earnings					1,245,213	-	1,245,213
Miscellaneous income					<u>137,579</u>	<u>-</u>	<u>137,579</u>
<b>Total general revenues, special items</b>					<u>7,617,779</u>	<u>-</u>	<u>7,617,779</u>
<b>Extraordinary items and transfers</b>					<u>-</u>	<u>-</u>	<u>133,322</u>
<b>Change in net position</b>					(193,182)	-	(193,182)
<b>Net position - beginning</b>					<u>33,946,146</u>	<u>-</u>	<u>33,946,146</u>
<b>Net position - ending</b>					<u>\$ 33,752,964</u>	<u>\$ -</u>	<u>\$ 33,752,964</u>
							<u>\$ 4,172,044</u>

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

# LOWER SAUCON TOWNSHIP

## BALANCE SHEET – MODIFIED CASH BASIS ALL GOVERNMENTAL FUNDS

As of December 31, 2023

	General Fund	Special Tax Fund	Capital Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,340,960	\$ 11,913,583	\$ 5,122,119	\$ 29,376,662
Investments	1,901,796	2,516,949	-	4,418,745
Due from other funds	-	-	-	-
Other receivables	-	-	-	-
<b>Total assets</b>	<b>\$ 14,242,756</b>	<b>\$ 14,430,532</b>	<b>\$ 5,122,119</b>	<b>\$ 33,795,407</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-
Other payables	592	-	41,851	42,443
<b>Total liabilities</b>	<b>592</b>	<b>-</b>	<b>41,851</b>	<b>42,443</b>
 <b>Fund Balances</b>				
- Nonspendable	-	-	-	-
- Restricted	-	14,430,532	-	14,430,532
- Committed	-	-	-	-
- Assigned	-	-	5,080,268	5,080,268
- Unassigned	14,242,164	-	-	14,242,164
<b>Total fund balances</b>	<b>14,242,164</b>	<b>14,430,532</b>	<b>5,080,268</b>	<b>33,752,964</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,242,756</b>	<b>\$ 14,430,532</b>	<b>\$ 5,122,119</b>	<b>\$ 33,795,407</b>

**Reconciliation to Statement of Net Assets:**

Amounts recorded for governmental activities in the statement of net assets are the same as the amounts recorded in all governmental funds, since both financial statements are prepared on the modified cash basis of accounting.

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

# LOWER SAUCON TOWNSHIP

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS ALL GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

REVENUES	General Fund	Special Tax Fund	Capital Fund	Total Governmental Funds
Taxes	\$ 5,715,786	\$ 387,751	\$ -	\$ 6,103,537
Licenses and permits	117,768	-	-	117,768
Fines and forfeits	42,781	-	-	42,781
Intergovernmental	470,618	490,125	219,640	1,180,383
Charges for services	2,820,982	-	29,410	2,850,392
Investment earnings	501,988	505,038	238,188	1,245,214
Miscellaneous	110,117	32	-	110,149
<b>Total revenues</b>	<u>9,780,040</u>	<u>1,382,946</u>	<u>487,238</u>	<u>11,650,224</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	1,684,405	2,660	5,952	1,693,017
Public safety	4,086,697	138,813	201,089	4,426,599
Health and human services	4,763	-	-	4,763
Public works	2,676,672	583,515	1,543,184	4,803,371
Culture and recreation	172,009	-	546,079	718,088
Community development	-	43,130	-	43,130
Miscellaneous	-	-	-	-
Insurance	119,206	-	-	119,206
Employee benefits	310,814	-	-	310,814
<b>Debt Services:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>9,054,566</u>	<u>768,118</u>	<u>2,296,304</u>	<u>12,118,988</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>725,474</u>	<u>614,828</u>	<u>(1,809,066)</u>	<u>(468,764)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refund of prior year outflows	217,555	-	-	217,555
Refund of prior year inflows	-	-	-	-
Sales of fixed assets	177	2,750	55,100	58,027
Loan proceeds	-	-	-	-
Interfund transfers in	-	-	1,815,000	1,815,000
Interfund transfers out	(1,815,000)	-	-	(1,815,000)
<b>Total other financing sources</b>	<u>(1,597,268)</u>	<u>2,750</u>	<u>1,870,100</u>	<u>275,582</u>
<b>Net change in fund balances</b>	(871,794)	617,578	61,034	(193,182)
<b>Fund balances - beginning</b>	<u>15,113,958</u>	<u>13,812,954</u>	<u>5,019,234</u>	<u>33,946,146</u>
<b>Fund balances - ending</b>	<u>\$ 14,242,164</u>	<u>\$ 14,430,532</u>	<u>\$ 5,080,268</u>	<u>\$ 33,752,964</u>

**Reconciliation to Statement of Net Assets:**

Amounts recorded for governmental activities in the statement of net assets are the same as the amounts recorded in all governmental funds, since both financial statements are prepared on the modified cash basis of accounting.

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

# LOWER SAUCON TOWNSHIP

## STATEMENT OF FIDUCIARY NET POSITION – MODIFIED CASH BASIS FIDUCIARY FUNDS

As of December 31, 2023

	Custodial			
	Sewage Enforcement Escrow Fund	On-Site Sewage Maintenance Escrow Fund	Developers Escrow Fund	Grading Escrow Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 54,039	\$ 11,464	\$ 340,981	\$ 16,931
Investments	-	-	-	-
Due from other funds	-	-	-	766
Other receivables	-	-	-	-
<b>Total assets</b>	<b>\$ 54,039</b>	<b>\$ 11,464</b>	<b>\$ 340,981</b>	<b>\$ 17,697</b>
<b>LIABILITIES</b>				
Due to other funds	\$ 766	\$ -	\$ -	\$ -
Due to developers	-	-	-	-
Pension fund liability	-	-	-	-
Accrued investment expense	-	-	-	-
<b>Total liabilities</b>	<b>766</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>				
Restricted for:				
Individuals, organizations and other governments	53,273	11,464	340,981	17,697
<b>Total net position</b>	<b>\$ 53,273</b>	<b>\$ 11,464</b>	<b>\$ 340,981</b>	<b>\$ 17,697</b>

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

# LOWER SAUCON TOWNSHIP

## STATEMENT OF FIDUCIARY NET POSITION – MODIFIED CASH BASIS FIDUCIARY FUNDS

As of December 31, 2023

	Custodial			
	Sewage Enforcement Escrow Fund	On-Site Sewage Maintenance Escrow Fund	Developers Escrow Fund	Grading Escrow Fund
<b>ADDITIONS</b>				
Receipts from developers	\$ 64,332	\$ -	\$ 313,030	\$ -
Receipts from escrow owners	-	-	-	33,552
Interest earnings	-	444	-	-
<b>Total additions</b>	<u>64,332</u>	<u>444</u>	<u>313,030</u>	<u>33,552</u>
<b>DEDUCTIONS</b>				
Legal	\$ 513	\$ -	\$ 57,507	\$ -
Engineering	37,783	-	124,761	15,643
Applicant refunds	23,544	-	89,048	212
Miscellaneous	-	-	1	-
<b>Total deductions</b>	<u>61,840</u>	<u>-</u>	<u>271,317</u>	<u>15,855</u>
<b>Net increase (decrease) in fiduciary net position</b>	<b>\$ 2,492</b>	<b>\$ 444</b>	<b>\$ 41,713</b>	<b>\$ 17,697</b>
<b>Net position - beginning</b>	<u>50,781</u>	<u>11,020</u>	<u>299,268</u>	<u>-</u>
<b>Net position - ending</b>	<b><u>\$ 53,273</u></b>	<b><u>\$ 11,464</u></b>	<b><u>\$ 340,981</u></b>	<b><u>\$ 17,697</u></b>

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

# LOWER SAUCON TOWNSHIP

## STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - MODIFIED CASH BASIS GENERAL FUND

For the Year Ended December 31, 2023

	Budget Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Budget to Modified Cash Difference	Actual Amounts Modified Cash Basis
	Original	Final				
<b>RESOURCES (INFLOWS):</b>						
Taxes	\$ 5,549,500	\$ 5,549,500	\$ 5,715,786	\$ 166,286	\$ -	\$ 5,715,786
Licenses and permits	114,250	114,250	117,768	3,518	-	117,768
Fines and forfeits	52,800	52,800	42,781	(10,019)	-	42,781
Intergovernmental	415,478	415,478	470,618	55,140	-	470,618
Charges for services	2,479,660	2,479,660	2,820,982	341,322	-	2,820,982
Miscellaneous	3,600	3,600	110,117	106,517	-	110,117
Interest received	22,000	22,000	501,988	479,988	-	501,988
Refund of prior year outflows	200,000	200,000	217,555	17,555	-	217,555
Sales of fixed assets	500	500	177	(323)	-	177
Transfers from other funds	-	-	-	-	-	-
<b>Total Resources</b>	<b>8,837,788</b>	<b>8,837,788</b>	<b>9,997,772</b>	<b>1,159,984</b>	<b>-</b>	<b>9,997,772</b>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>						
<b>General Government:</b>						
Legal	211,180	452,060	429,281	22,779	-	429,281
Mayor, legislative, borough manager	603,026	613,791	596,855	16,936	-	596,855
Finance and accounting	294,315	299,698	273,662	26,036	-	273,662
Data processing	60,820	60,820	45,094	15,726	-	45,094
Engineering	194,636	194,636	159,804	34,832	-	159,804
Buildings and plant	253,655	253,655	179,709	73,946	-	179,709
<b>Public Safety:</b>						
Police	3,374,546	3,708,088	3,427,814	280,274	-	3,427,814
Fire	410,782	410,782	414,581	(3,799)	-	414,581
Inspections	267,638	273,021	242,216	30,805	-	242,216
Other	5,000	5,000	2,086	2,914	-	2,086
<b>Health and Human Services:</b>						
Dog control	8,900	8,900	4,763	4,137	-	4,763
<b>Public Works:</b>						
Public works administration	87,824	90,324	90,324	-	-	90,324
Sanitation and recycling	11,000	11,000	17,564	(6,564)	-	17,564
Street maintenance and lighting	1,638,486	2,739,074	2,568,784	170,290	-	2,568,784
<b>Culture and Recreation:</b>						
Parks	182,540	182,540	160,729	21,811	-	160,729
Library	160,000	160,000	11,280	148,720	-	11,280
<b>Non-Departmental:</b>						
Miscellaneous	20,000	20,000	-	20,000	-	-
Debt service	-	-	-	-	-	-
Insurance	269,851	269,851	119,206	150,645	-	119,206
Employee benefits	191,371	191,371	310,814	(119,443)	-	310,814
Contingencies	-	-	-	-	-	-
Refund of prior year inflows	2,000	2,000	-	2,000	-	-
Transfer to other funds	315,000	1,815,000	1,815,000	-	-	1,815,000
<b>Total charges to appropriations</b>	<b>8,562,570</b>	<b>11,761,611</b>	<b>10,869,566</b>	<b>892,045</b>	<b>-</b>	<b>10,869,566</b>
Excess (Deficiency) of Inflows Over Outflows	275,218	(2,923,823)	(871,794)	2,052,029	-	(871,794)
<b>Fund balance - January 1, 2023</b>	<b>(275,218)</b>	<b>2,923,823</b>	<b>15,113,958</b>	<b>12,190,135</b>	<b>-</b>	<b>15,113,958</b>
<b>Fund balance - December 31, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,242,164</b>	<b>\$ 14,242,164</b>	<b>\$ -</b>	<b>\$ 14,242,164</b>

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

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

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Year Ended December 31, 2023

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### **Note 1 - Description of the Township and Reporting Entity**

The Township of Lower Saucon was incorporated in 1743 and adopted its first Administrative Code on September 20, 1976, under the provision of Act 62 of 1972, Public Law 184, as amended (Home Rule Charter). The Township operates under a council-manager form of government and provides the following services as authorized by its Administrative Code: Public Safety-Police, Highways and Streets, Sanitation, Health and Social Services, Culture - Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

#### ***Reporting Entity***

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

Lower Saucon Township is a municipal corporation governed by an elected council. As required by generally accepted accounting principles, these financial statements are to present Lower Saucon Township (the primary government) and organizations for which the primary government is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the Township in that the Township approved the budget, the issuance of debt, or the levying of taxes. The Lower Saucon Township has one component unit. The Lower Saucon Township Authority is a component unit.

#### ***Component Units***

In conformity with accounting principles, generally accepted in the United States of America, the following component unit has been included in the financial reporting entity as a discretely presented component unit.

##### *Lower Saucon Authority*

The Authority owns and operates the water and sewer systems, reservoir, and treatment plants. Operation of the water system by the Authority began on January 1, 1996, and operation of the sewer system by the Authority began on July 28, 2000. Any capital improvements are approved jointly by the Township Council and the Authority Board. The Township Council appoints the members serving on the Authority Board.

Copies of separate financial statements of Lower Saucon Authority may be obtained at the Township office, 3700 Old Philadelphia Pike, Bethlehem, PA. 18025.

### **Note 2 - Summary of Significant Accounting Policies**

#### **A. *Basis of Presentation***

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

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

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Year Ended December 31, 2023

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**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds, and discretely presented component units. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Township at year-end, along with the discretely presented component units. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities of the Township and the discretely presented Component Unit. There are no business-type activities of the Township. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township and the Component Unit, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each Township governmental function or Component Unit is self-financing or draws from the general revenues of the Township or Component Unit.

**Fund Financial Statements** During the year, the Township segregates transactions related to certain government functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

### **B. Basis of Accounting**

Lower Saucon Township prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles, generally accepted in the United States of America. Under the modified cash basis of accounting, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred, with the exception of certain receivables and liabilities. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

### **C. Fund Accounting**

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

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.



# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

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Year Ended December 31, 2023

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The following are the Township's **major** governmental funds:

### General Fund

The General Fund is the general operating fund of the Township. Substantially all tax revenues, Federal and State aid (except aid restricted for use in Special Revenue Funds) and other operating revenues are accounted for in the General Fund. This Fund also accounts for expenditures and transfers as appropriated in the budget which provides for the Township's day-to-day operations.

### Capital Project Fund

The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major equipment and facilities. The Township has one Capital Project Fund consisting of the Capital Fund.

### Special Revenue Fund

The Township has one major special revenue fund consisting of the Special Tax Fund. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

### **Proprietary Funds**

The focus of Proprietary Fund measurement is upon determination of net income, financial position, and changes in cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Township's Proprietary Funds:

### Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Township does not have any major Enterprise Funds, except for the discretely presented component unit:

#### *Lower Saucon Authority*

The operations of the water and sewer systems owned and operated by the Lower Saucon Authority are shown as a discretely presented component unit on the modified cash basis of accounting.

**Fiduciary Funds** Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. Custodial funds are custodial in nature and with the implementation of GASB Statement No. 84 involve the measurement of results of operations. The Township has four Custodial Funds consisting of the Developers Escrow Fund, the Sewage Enforcement Escrow Fund, the On-Site Sewage Enforcement Escrow Fund and the Grading Escrow Fund.

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

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Year Ended December 31, 2023

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### ***D. Budgets and Budgetary Accounting***

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

1. In accordance with the Township Code and Township procedures, the Township Manager submits to the Council, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year commencing the following January 1. The budget must be advertised and available for public inspection before adoption. The budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year. Departments for budgetary purposes are general government, public safety, public works, culture and recreation, insurance, employee benefits and miscellaneous.
2. Public hearings are conducted to obtain taxpayer comments.
3. By December 31, the budget is approved by motion of the Council. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves. This is done as a level of budgetary control.
4. All modifications, transfers and amendments must be approved by the Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The legally adopted budgets of the Township are for the General Fund.
7. The budgets are adopted on the modified cash basis of accounting discussed above. (The basis of accounting for budget purposes is the same as for financial statement reporting purposes.)
8. The Council may authorize supplemental appropriations during the year. The Council must approve all expenditures of appropriations or transfers of appropriated amounts.

### ***E. Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Since these financial statements are prepared on the modified cash basis, no estimates have been used.

### ***F. Investments***

In accordance with GASB Statement 31, investments are stated at fair value, except:

- a) Non-participating interest earning investment contracts are recorded at amortized cost;
- b) Money market investments and participating interest earning investment contracts that mature within one year of acquisition are recorded at amortized cost; and,
- c) Investments held in 2a7-like pools (Pennsylvania Local Government Investment Trust and Pennsylvania Treasurer's Invest Program) are recorded at the pool's share price.

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

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Year Ended December 31, 2023

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### **G. Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Any residual balances outstanding between the primary government and discretely presented component units are shown as a separate line item on the Government-wide Statement of Net Assets.

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

### **H. Real Estate Taxes / Special Assessments**

The total taxable assessed real estate valuation for the year ended 2023 is \$458,090,000 at a rate of 5.14 mills that includes a .75 mill fire tax assessment. Real estate taxes are levied on January 1 and are payable by June 30.

Real estate taxes paid by April 30 are subject to a 2% discount. The State provided local governments with an option to modify their tax collection procedures, which Lower Saucon Township chose to enact by waving the 10% penalty until December 31, 2023. Delinquent real estate taxes are generally lienied by January 1 of the following year.

### **I. Net Position/Fund Balance Classifications**

#### Net Position

Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Township applies restricted resources first when an expense is incurred for purposed for which both restricted and unrestricted net assets are available.

#### Fund Balance

GASB Statement No. 54 established accounting and financial reporting standards for all governments that report governmental funds. The statement established criteria for classifying fund balances into the following specifically defined classifications:

- **Nonspendable** fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts that are restricted externally by creditors (such as through debt covenants), grantors, contributors, laws or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

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Year Ended December 31, 2023

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may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. The Township's highest level of decision making is the Township Council.

- **Assigned** fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

### **J. Implementation of New Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standards that were scheduled to take effect for calendar year 2023:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* - Effective for fiscal year 2023

GASB Statement No. 99, *Omnibus 2022* – Effective for the year 2023

The Township has already adopted and implemented all applicable above referenced Statements.

### **K. Future Changes in Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following standards with future effective dates:

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* – Effective for the year 2024

GASB Statement No. 101, *Compensated Absences* – Effective for the year 2024

GASB Statement No. 102, *Certain Risk Disclosures* – Effective for calendar year 2025.

The Township will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable.

## **Note 3 - Stewardship, Compliance and Accountability**

### **A. Compliance with Finance Related Legal and Contractual Provisions**

The Township has no material violations of finance related legal and contractual provisions.

### **B. Deficit Fund Balance or Retained Earnings of Individual Funds**

There are no deficits in fund balances or net assets at December 31, 2023.

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

### **C. Excess of Expenditures over Appropriations in Individual Funds**

No individual fund, which has a legally adopted budget, had an excess of expenditures over appropriations.

### **D. Budgetary Compliance**

The Township has a legally adopted budget for the General Fund. The Township does make budget transfers between expenditure/expense accounts.

### **Note 4 - Cash**

#### **Primary Government**

#### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of December 31, 2023, \$34,784,574 of the Township's bank balance of \$35,534,574 was exposed to custodial credit risk as:

Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the Township's name	34,784,574
<b>Total</b>	<b><u>\$ 34,784,574</u></b>

#### Reconciliation to Financial Statements

Uninsured amount above	\$ 34,784,574
Plus: insured amount	750,000
Deposit in transit	-
Less: outstanding checks	<u>(1,321,058)</u>
Carrying amount - bank balances	34,213,516
Plus: petty cash	300
Deposits in investment pool considered cash equivalents	5,006
Less: certificates of deposit considered investment by the township	<u>(4,418,745)</u>
<b>Total cash per financial statements</b>	<b><u>\$ 29,800,077</u></b>

#### Restricted Cash

The cash balance includes \$340,981 held as developer's escrow funds, \$54,039 held as sewage enforcement escrow funds, \$16,931 held as grading escrow funds and \$11,464 held as on-site sewage maintenance escrow funds. These funds are held by the Township to guarantee the completion of various construction projects by the developers, for sewage enforcement and on-site sewage maintenance.

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

### **Component Unit**

#### Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does have a policy for custodial credit risk.

As of December 31, 2023, \$3,431,710 of the Authority's bank balance of \$3,681,710 was exposed to custodial credit risk as:

Uninsured and uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the Authority's name		3,431,710
<b>Total</b>	<b>\$</b>	<b><u>3,431,710</u></b>

#### Reconciliation to Financial Statements

Uninsured amount above	\$	3,431,710
Plus: insured amount		250,000
Deposit in transit		135
Less: outstanding checks		<u>(4,397)</u>
Carrying amount - bank balances		3,677,448
Plus: petty cash		700
Deposits in investment pool considered cash equivalents		508,166
Less: certificates of deposit considered investment by the township		<u>(596,266)</u>
<b>Total cash per financial statements</b>	<b>\$</b>	<b><u>3,590,048</u></b>

#### Restricted Cash

Cash and Cash equivalents have been categorized on the financial statements as either unrestricted or restricted. The restricted cash balance includes \$13,402 held as developer's escrow funds. These funds are held by the Authority to guarantee the completion of various water and sewer lines by the developers.

### **Note 5 - Investments**

#### **Primary Government**

The permitted investments for Pennsylvania Township primary government funds are defined in the Township Code, as Amended by Act 10 of 2016, as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

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Year Ended December 31, 2023

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3. Deposits in savings accounts or time deposits or share of accounts of institutions insured by the F.D.I.C.; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
  - The investments of the company are the authorized investments listed above.
  - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
  - The investment company is rated in the highest category by a nationally recognized rating agency.
11. Savings or demand deposits placed in accordance with the following conditions:
  - The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

- The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, or the account of the public corporation or municipal authority.
- The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
- On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

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

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
PA local government investment trust		\$ 5,006
Certificate of deposit	6-24 Months	4,418,745
<b>Total</b>		<b>\$ 4,423,751</b>

### Fair Value Reporting

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs. All investments of the Township and its component unit are classified as Level 1 investments.

### Interest Rate Risk

The Township has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's investments are in Certificates of Deposit at Embassy Bank as of December 31, 2023.

### Credit Risk

The Township has an investment policy that would limit its investment choices to certain credit ratings. As of December 31, 2023, the Township's investment in the PA Local Government Investment Trust was rated AAA by Standard & Poors.

### Concentration of Credit Risk

The Township places a limit on the amount the Township may invest in any one issuer. Of the Township's investments, 100% are in Certificates of Deposit at Embassy Bank as of December 31, 2023.

### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Township had no investments subject to custodial credit risk.



# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

### Reconciliation to Financial Statements

Total investments above	\$ 4,423,751
Less: deposits in investment pool considered cash equivalents	<u>(5,006)</u>
<b>Total investments per financial statements</b>	<b><u>\$ 4,418,745</u></b>

### **Component Unit**

As of December 31, 2023, the Authority had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
PA local government investment trust		\$ 508,166
Certificate of deposit	3 Month - 12 Months	<u>1,701,328</u>
<b>Total</b>		<b><u>\$ 2,209,494</u></b>

### Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### Credit Risk

The Authority has no investment policy that would limit its investment choices to certain credit ratings. The investments in the PA Local Government Investment Trust were rated AAA by Standard & Poor's.

### Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. Of the Authority's investments, 100% is in certificates of deposit with the PA Local Government Investment Trust.

### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Authority had no investments subject to custodial credit risk and has adopted a formal custodial credit risk policy.

### Reconciliation to Financial Statements

total investments above	\$ 2,209,494
Less: deposits in investment pool considered cash equivalents	(508,166)
deposits in certificates of deposit considered cash equivalents	<u>(1,105,062)</u>
<b>Total investments per financial statements</b>	<b><u>\$ 596,266</u></b>

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

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Year Ended December 31, 2023

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### Note 6 – Long-Term Debt Commitments

Lower Saucon Township had no long-term obligations as of December 31, 2023.

### Note 7 - Pension Plans

#### **NON-UNIFORMED PENSION PLAN**

##### ***Plan Description***

##### *Plan Administration*

The Township of Lower Saucon Non-Uniformed Pension Plan is a single employer defined benefit pension plan covering the full-time Non-Uniformed employees. The Plan was established effective June 20, 1979 and entered into a custodial agreement with the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT). The Plan is governed by the Township Council. The Township Council has delegated the Authority to manage Plan assets to the PSABMRT.

##### *Summary of Significant Accounting Policies*

Basis of Accounting: The financial statements for the Lower Saucon Township Non-Uniformed Employees' Retirement Plan are prepared using an accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments: All investments of the pension trust fund are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

##### Plan Description and Membership Information

Plan Description: The Lower Saucon Township Non-Uniformed Employees' Retirement Plan is a contributory, single-employer retirement plan that covers all full-time non-uniformed employees of the Township who have completed the age and service requirements for plan participation. The plan provides retirement, disability, termination and death benefits to plan members and their beneficiaries. The plan can be amended by the municipality through its Ordinances and union contracts. The plan is administered by a Chief Administrative Officer appointed by the governing body of the municipality.

##### *Plan Membership*

As of January 1, 2023, the beginning of the plan year and December 31, 2023, the plan year end, plan membership consisted of the following:

	<u>1/1/23</u>	<u>12/31/23</u>
Retirees and beneficiaries receiving benefits	7	9
Terminated members entitled to benefits but not yet receiving them	4	4
Active Plan Members	<u>20</u>	<u>21</u>
<b>Total</b>	31	32

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

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Year Ended December 31, 2023

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### ***Deferred Retirement Option Program (DROP)***

The plan does not offer a Deferred Retirement Option Program (DROP) to employees who are eligible to retire.

### ***Plan Funding***

Hourly employees who are members in the plan are required to contribute 1.5% of their salaries to the plan, salaried members are required to contribute 1.0% of salary. Interest is credited to each member's account each year at 5.0% per year. Administrative costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

The plan's funding policy provides for periodic employer contributions, determined actuarially, that are sufficient to accumulate assets to pay benefits when due. The Township is required to contribute each year the Minimum Municipal Obligation (MMO), which is determined the previous year based on the most recent actuarial valuation. The Township may allocate General Municipal Pension System State Aid toward the Minimum Municipal Obligation; however, the Township is ultimately responsible for funding the MMO.

### ***Net Pension Liability***

The net pension liability was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 and rolling the results forward to the December 31, 2023 measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

### ***Actuarial Assumptions***

The total pension liability as of December 31, 2023 was determined using the following economic assumptions, applied to all periods included in the measurement.

Inflation: 2.50%

Salary Increases: 4.0%

Investment Return: 6.5% (including inflation)

Postretirement mortality rates were based on the Pub-2010 Table for General Employees, with rates projected using Scale MP-2020.

### ***Discount Rate***

The discount rate used to measure the total pension liability was 6.5%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability.

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

### ***Changes in the Net Pension Liability***

The schedule below shows the changes in the Net Pension Liability during the most recent year.

	Increase (Decrease), Fiscal Year		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a) - (b)
	<b>Balances at January 1, 2023</b>	\$ 3,323,610	\$ 2,771,159
Changes during 2023			-
Service cost	141,415	-	141,415
Interest	221,122	-	221,122
Differences between expected and actual experience	(10,416)	-	(10,416)
Changes in actuarial assumptions	-	-	-
Changes in benefit terms	-	-	-
Employer contributions	-	170,257	(170,257)
Employee contributions	-	18,041	(18,041)
Net investment income	-	390,112	(390,112)
Benefit payments (including contribution refunds)	(105,474)	(105,474)	-
Administrative expenses	-	-	-
Other changes	-	-	-
<b>Net changes</b>	246,647	472,936	(226,289)
<b>Balances at December 31, 2023</b>	<b>\$ 3,570,257</b>	<b>\$ 3,244,095</b>	<b>\$ 326,162</b>

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

The schedule below shows the impact on the pension liability if it were calculated using a discount rate that is 1% higher and lower than the current discount rate.

	1% Decrease In Discount Rate 5.5%	Current Discount Rate 6.5%	1% Increase in Discount Rate 7.5%
<b>Total Pension Liability</b>	\$ 4,062,857	\$ 3,570,257	\$ 3,155,797
Plan Fiduciary Net Position	(3,244,095)	(3,244,095)	(3,244,095)
<b>Net Pension Liability</b>	<b>\$ 818,762</b>	<b>\$ 326,162</b>	<b>\$ (88,298)</b>

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

### **Employer Contributions**

Contributions Required and Contributions Made: The actuarially determined employer contribution (ADEC) to the retirement fund for 2023 was the 2023 Minimum Municipal Obligation of \$170,257. The Township contributed \$170,257, including General Municipal Pension System Aid, toward the plan's ADEC for 2023. Employee contributions in 2023 totaled \$18,041.

### **Determination of Actuarially Determined Employer Contributions (ADEC)**

The ADEC is equal to the Minimum Municipal Obligation determined for the fiscal year, based on the most recent actuarial valuation report. The Minimum Municipal Obligation for 2023 was determined as follows:

Determination of Minimum Municipal Obligation:

Based on actuarial valuation as of:	1/1/2021
Normal cost percentage	11.7%
Administrative expense percentage	0.00%

<b>Estimated W-2 payroll for previous year</b>	\$ 1,106,566
Normal cost	129,468
Administrative expense	-
Annual cost	129,468
Amortization payment	55,539
Total financial requirement	185,007
Member contributions anticipated	(14,750)
Funding adjustment	-
Minimum municipal obligation	<b>\$ 170,257</b>

The funding of the Minimum Municipal Obligation is shown below:

### **Municipal Contributions:**

State Aid Portion	\$ 116,558
Local Portion	53,699
<b>Total municipal contributions</b>	<b>\$ 170,257</b>

### **Notes to Schedules**

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which the contributions are reported.

The methods and assumptions used to determine contribution rates are as follows:

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method.

Amortization Method: level Dollar, Closed

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

**Year Ended December 31, 2023**

Remaining Amortization Period: 8 years

Asset Valuation Method: The actuarial value of assets is equal to the market value adjusted to recognize investment gains and losses over a four-year period, limited to 20% above or below the market value.

Inflation: 2.5%

Salary Increases: 4.0%

Investment Rate of Return: 6.5%

Retirement Age: Members are assumed to retire on their normal retirement date, or on the valuation date if later.

Mortality: Pub-2010 Table for General Employees, with rates projected using Scale MP-2020

### **Schedule of Investment Return**

The annual money-weighted rate of return for 2023 was 13.87%, net of investment expenses, determined as follows:

	<b>Plan Investment/ Net External Cash Flows (a)</b>	<b>Months Invested (b)</b>	<b>Period Weight (c)</b>	<b>Total with Interest to Year End (d)</b>
<b>Beginning Value at January 1</b>	\$ 2,771,002	12	1.000000	\$ 3,155,399
<b>Monthly net external cash flows:</b>				
Payables/receivables at January 1	2,017	12	1.000000	2,297
January	4,917	11 1/2	0.958333	5,569
February	4,960	10 1/2	0.875000	5,557
March	6,909	9 1/2	0.791667	7,657
April	6,952	8 1/2	0.708333	7,622
May	6,274	7 1/2	0.625000	6,805
June	6,943	6 1/2	0.541667	7,450
July	6,966	5 1/2	0.458333	7,393
August	6,951	4 1/2	0.375000	7,298
September	7,596	3 1/2	0.291667	7,889
October	35,396	2 1/2	0.208333	36,367
November	(7,240)	1 1/2	0.125000	(7,358)
December	(5,817)	1/2	0.416670	(5,849)
<b>Payables/receivables at December 31</b>	-	0	0.000000	0.00
Ending value at December 31				3,244,095
Internal money-weighted rate of return				13.87%

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

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Year Ended December 31, 2023

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Notes on inputs and methodology:

The market value of the pension fund was \$2,771,002 at January 1, 2023 and \$3,244,095 at December 31, 2023. External net cash flows (inflows netted by outflows) are determined on a mid-month basis as they have occurred each month from January 1, 2023 to December 31, 2023.

### **POLICE PENSION PLAN**

#### **Plan Description**

##### Plan Administration

The Township of Lower Saucon Police Pension Plan is a single employer defined benefit pension plan covering the full-time police officers. The plan was established effective August 1, 1979 and entered into a custodial agreement with the Pennsylvania State Association of Boroughs Municipal Retirement Trust (PSABMRT). The plan is governed by the Township Council. The Township Council has delegated the authority to manage plan assets to the PSABMRT.

#### Summary of Significant Accounting Policies

**Basis of Accounting:** The financial statements for the Lower Saucon Township Police Retirement Plan are prepared using an accrual basis of accounting. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and the employee has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**Method Used to Value Investments:** All investments of the pension trust fund are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

#### Plan Description and Membership Information

**Plan Description:** The Lower Saucon Township Police Retirement Plan is a contributory, single-employer retirement plan that covers all full-time uniformed police officers of the Township. The plan provides retirement, disability, termination and death benefits to plan members and their beneficiaries, pursuant to Act 600 of 1956, as amended. The plan can be amended by the municipality through its Ordinances and union contracts. The plan is administered by a Chief Administrative Officer appointed by the governing body of the municipality.

**Plan Membership:** As of January 1, 2023, the beginning of the plan year and December 31, 2023, the plan year-end, plan membership consisted of the following:

	1/1/23	12/31/23
Retirees and beneficiaries receiving benefits	7	9
Terminated members entitled to benefits but not yet receiving them	0	0
Active Plan Members	15	16
<b>Total</b>	9	10

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

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Year Ended December 31, 2023

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### ***Deferred Retirement Option Program (DROP)***

The plan does not offer a Deferred Retirement Option Program (DROP) to officers who are eligible to retire.

#### Plan Funding

Officers who are members in the plan are required to contribute 2.5% of their salaries to the plan, except for the Chief of Police, who contributes 1% of salary. Interest is credited to each member's account each year at 5.0% per year. Administrative costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

The plan's funding policy provides for periodic employer contributions, determined actuarially, that are sufficient to accumulate assets to pay benefits when due. The Township is required to contribute each year the Minimum Municipal Obligation (MMO), which is determined the previous year based on the most recent actuarial valuation. The Township may allocate General Municipal Pension System State Aid toward the Minimum Municipal Obligation; however, the Township is ultimately responsible for funding the MMO.

#### Net Pension Liability

The net pension liability was measured as of December 1, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 and rolling the results forward to the December 31, 2023 measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

#### Actuarial Assumptions

The total pension liability as of December 31, 2023 was determined using the following economic assumptions, applied to all periods including in the measurement.

Inflation: 2.50%

Salary Increases: 4.0%

Investment Return: 6.5% (including inflation)

Postretirement mortality rates were based on the Publ-2010 Table for Safety Employees, with rates projected using Scale MP-2020.

Discount rate: The discount rate used to measure the total pension liability was 6.5%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer's funding policy requires the full funding of the entry age normal cost-plus plan expenses, as well as an amortization of the unfunded liability.



# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

### **Changes in the Net Pension Liability**

The schedule below shows the changes in the Net Pension Liability during the most recent year.

	Increase (Decrease), Fiscal Year		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
	(a)	(b)	(a) - (b)
<b>Balances at January 1, 2023</b>	\$ 9,563,479	\$ 9,113,578	\$ 449,901
Changes during 2023			-
Service cost	334,090	-	334,090
Interest	633,634	-	633,634
Differences between expected and actual experience	-	-	-
Changes in actuarial assumptions	-	-	-
Changes in benefit terms	-	-	-
Employer contributions	-	426,673	(426,673)
Employee contributions	-	42,835	(42,835)
Net investment income	-	1,276,267	(1,276,267)
Benefit payments (including contribution refunds)	(298,693)	(298,693)	-
Administrative expenses	-	-	-
Other changes	-	-	-
<b>Net changes</b>	<u>669,031</u>	<u>1,447,082</u>	<u>(778,051)</u>
<b>Balances at December 31, 2023</b>	<u>\$ 10,232,510</u>	<u>\$ 10,560,660</u>	<u>\$ (328,150)</u>

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

The schedule below shows the impact on the pension liability if it were calculated using a discount rate that is 1% higher and lower than the current discount rate.

	1% Decrease In Discount Rate 5.5%	Current Discount Rate 6.5%	1% Increase in Discount Rate 7.5%
<b>Total Pension Liability</b>	\$ 11,681,027	\$ 10,232,510	\$ 9,040,101
Plan Fiduciary Net Position	(10,560,660)	(10,560,660)	(10,560,660)
<b>Net Pension Liability</b>	<u>\$ 1,120,367</u>	<u>\$ (328,150)</u>	<u>\$ (1,520,559)</u>

### **Employer Contributions**

Contributions Required and Contributions Made: The actuarially determined employer contribution (ADEC) to the retirement fund for 2023 was the 2023 Minimum Municipal Obligation of \$436,673. The Township contributed \$436,673, including General Municipal Pension System Aid, toward the plan's ADEC for 2023. Employee contributions in 2023 totaled \$42,835.

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

### **Determination of Actuarially Determined Employer Contributions (ADEC)**

The ADEC is equal to the Minimum Municipal Obligation determined for the fiscal year, based on the most recent actuarial valuation report. The Minimum Municipal Obligation for 2023 was determined as follows:

Determination of Minimum Municipal Obligation:

Based on actuarial valuation as of:	1/1/2021
Normal cost percentage	20.4%
Administrative expense percentage	0.00%

<b>Estimated W-2 payroll for previous year</b>	\$ 1,545,966
Normal cost	315,377
Administrative expense	-
Annual cost	315,377
Amortization payment	148,266
Total financial requirement	463,643
Member contributions anticipated	(36,970)
Funding adjustment	-
Minimum municipal obligation	<b>\$ 426,673</b>

The funding of the Minimum Municipal Obligation is shown below:

#### **Municipal Contributions:**

State Aid Portion	\$ 174,837
Local Portion	251,836
<b>Total municipal contributions</b>	<b>\$ 426,673</b>

### **Notes to Schedules**

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which the contributions are reported.

The methods and assumptions used to determine contribution rates are as follows:

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method.

Amortization Method: level Dollar, Closed

Remaining Amortization Period: 6 years

Asset Valuation Method: The actuarial value of assets is equal to the market value adjusted to recognize investment gains and losses over a four-year period, limited to 20% above or below the market value.

Inflation: 2.5%

Salary Increases: 4.0%

Investment Rate of Return: 6.5%

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

**Year Ended December 31, 2023**

Retirement Age: Members are assumed to retire on their normal retirement date, or on the valuation date if later.

Mortality: Pub-2010 Table for General Employees, with rates projected using Scale MP-2020

**Schedule of Investment Return**

The annual money-weighted rate of return for 2023 was 13.80%, net of investment expenses, determined as follows:

	Plan Investment/ Net External Cash Flows (a)	Months Invested (b)	Period Weight (c)	Total with Interest to Year End (d)
<b>Beginning Value at January 1</b>	\$ 9,113,578	12	1.000000	\$ 10,378,054
<b>Monthly net external cash flows:</b>				
Payables/receivables at January 1	\$ -	12	1.000000	\$ -
January	14,976	11 1/2	0.958333	16,951
February	17,678	10 1/2	0.875000	19,795
March	15,727	9 1/2	0.791667	17,423
April	13,065	8 1/2	0.708333	14,318
May	13,417	7 1/2	0.625000	14,546
June	13,161	6 1/2	0.541667	14,116
July	13,122	5 1/2	0.458333	13,924
August	13,030	4 1/2	0.375000	13,677
September	14,676	3 1/2	0.291667	15,240
October	12,916	2 1/2	0.208333	13,269
November	13,124	1 1/2	0.125000	13,337
December	15,987	1/2	0.041667	16,073
Payables/receivables at December 31	(62.60)	0	0.000000	(62.60)
Ending value at December 31				10,560,660
Internal money-weighted rate of return				13.80%

**Notes on inputs and methodology:**

The market value of the pension fund was \$9,113,578 at January 1, 2023 and \$10,560,660 at December 31, 2023. External net cash flows (inflows netted by outflows) are determined on a mid-month basis as they have occurred each month from January 1, 2023 to December 31, 2023.

**Note 8 - Deferred Compensation Plan**

The Township has adopted the Deferred Compensation Plan for voluntary participation of eligible municipal employees. The plan is in accordance with Internal Revenue Code Section 457 and permits the employees to

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

defer a portion of their current salary until future years. The deferred amounts are not available to employees until termination, retirement, death or unforeseeable emergency.

All compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to such amounts, are solely the property and rights of the participants. Participants' rights created under the plan are equivalent and, in an amount, equal to the fair market value of the deferred account maintained with respect to each participant.

### Note 9 - Insurance

The Township is subject to risk of loss from employee act, property damage, personal injury, auto accidents, theft, etc. The Township covers those risks through the purchase of commercial insurance. The Township's workmen's compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance company. Any settlements received by the Township, or its employees did not exceed insurance coverage in any of the last three years.

### Note 10 - Short-Term Debt

#### *Interfund Receivables and Payables*

The following interfund receivables and payables existed on December 31, 2023.

	Interfund Receivable	Interfund Payable
Grading (Escrow) Fund	\$ 766	\$ -
Sewage Enforcement (Escrow) Fund	-	766
<b>Total</b>	<b>\$ 766</b>	<b>\$ 766</b>

#### *Interfund Transfers*

The following interfund transfers were made during the fiscal year ended December 31, 2023:

	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ -	\$ 1,815,000
Capital (Capital Project) Fund	1,815,000	-
<b>TOTAL</b>	<b>\$ 1,815,000</b>	<b>\$ 1,815,000</b>

### Note 11 – Fund Balance / Net Position

Detailed information about aggregated Fund Balances and Net Position

# LOWER SAUCON TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

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Year Ended December 31, 2023

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### Restricted Fund Balances and Net Position

The Restricted Fund Balance and Net Position represents contributions that are externally restricted for specific purposes;

Special Tax Fund	\$ 14,430,532
<b>Total</b>	<b><u>\$ 14,430,532</u></b>

### Assigned Fund Balances

The assigned fund balance represents amounts intended to be used by government for specific purposes.

Capital Fund	\$ 5,080,268
<b>Total capital projects fund</b>	<b><u>\$ 5,080,268</u></b>

### **Note 12 – Contingencies**

There is a continuing issue regarding the closing of the landfill located in Lower Saucon Township. As of the report date, no Board decision has been reached. Any decision to close the landfill would negatively impact the Township's future net position. As of the date of these financial statements there was not reasonably estimable or incurred liability.

### **Note 13 - Litigation**

In accordance with the solicitor's legal letter to the auditors, there is no pending litigation that would materially affect the Township's financial position.

### **Note 14 – Subsequent Events**

The subsequent events have been evaluated through June 23, 2024, which is the date of the financial statements were available to be issued.

## Hutchinson, Gillahan & Freeh

Operating as a Division of MVA Audit PLLC

June 23, 2024

Township Council  
Lower Saucon Township  
3700 Old Philadelphia Pike  
Bethlehem, PA 18015

### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Lower Saucon Township, as of and for the year ended December 31, 2023, which collectively comprise the Lower Saucon Township's basic financial statements and have issued our report thereon dated June 23, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### ***Internal Control over Financial Reporting***

In planning and performing our audit, we considered the Lower Saucon Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lower Saucon Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lower Saucon Township's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Township Council

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Lower Saucon Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Lower Saucon Township in a separate letter dated June 23, 2024.

This report is intended solely for the information and use of management, the Township Council, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

***Hutchinson, Gillahan & Freeh, P.C.***

June 23, 2024

## **REQUIRED SUPPLEMENTAL INFORMATION**



# LOWER SAUCON TOWNSHIP

## SCHEDULE OF CHANGES IN NET POSITION LIABILITY, RELATED RATIOS, AND INVESTMENT RETURNS POLICE PENSION PLAN – REQUIRED SUPPLEMENTAL INFORMATION

As of December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 334,090	\$ 314,495	\$ 306,755	\$ 273,572	\$ 267,158	\$ 240,496	\$ 235,307	\$ -	\$ -	\$ -
Interest on total pension liability	633,634	647,295	607,200	589,772	556,389	530,208	500,548	-	-	-
Differences between expected and actual experience	-	(908,796)	(169,636)	(127,995)	-	(84,127)	-	-	-	-
Benefit payments	(298,693)	(266,823)	(342,849)	(318,696)	(314,057)	(306,872)	(262,598)	-	-	-
<b>Net changes in total pension liability</b>	669,031	(213,829)	401,470	416,653	509,490	379,705	473,257	1,605,243	667,699	288,718
Total pension liability, beginning	9,563,479	9,777,308	9,375,838	8,959,185	8,449,695	8,069,990	7,596,733	5,991,490	5,323,791	5,035,073
Total pension liability, ending (a)	<b>\$ 10,232,510</b>	<b>\$ 9,563,479</b>	<b>\$ 9,777,308</b>	<b>\$ 9,375,838</b>	<b>\$ 8,959,185</b>	<b>\$ 8,449,695</b>	<b>\$ 8,069,990</b>	<b>\$ 7,596,733</b>	<b>\$ 5,991,490</b>	<b>\$ 5,323,791</b>
<b>FIDUCIARY NET POSITION</b>										
State aid	174,837	155,414	143,918	147,715	143,374	131,163	137,648	131,239	117,625	116,189
Employer contributions	251,836	344,540	391,838	362,684	310,432	316,100	201,859	200,277	210,157	185,727
Member contributions	42,835	39,140	35,752	35,986	32,521	31,153	30,933	27,142	25,961	27,146
Investment income net of investment expenses	1,276,267	(1,284,536)	1,230,882	866,318	1,079,895	(331,082)	786,723	263,993	(38,949)	315,332
Administration costs	-	(69,949)	(102,648)	(89,047)	(54,100)	(49,225)	(47,017)	(44,440)	(42,415)	(39,921)
Benefit payments	(298,693)	(266,823)	(342,848)	(318,696)	(314,057)	(306,872)	(262,598)	(218,825)	(209,056)	(206,088)
Drop plan rollover to IRA	-	-	-	-	-	-	-	-	-	-
<b>Net change in fiduciary net position</b>	1,447,082	(1,082,214)	1,356,894	1,004,960	1,198,065	(208,763)	847,548	359,386	63,323	398,385
Fiduciary net position, beginning	9,113,578	10,195,792	8,838,898	7,833,938	6,635,873	6,844,636	5,997,088	5,637,702	5,574,379	5,175,994
Fiduciary net position, ending (b)	<b>\$ 10,560,660</b>	<b>\$ 9,113,578</b>	<b>\$ 10,195,792</b>	<b>\$ 8,838,898</b>	<b>\$ 7,833,938</b>	<b>\$ 6,635,873</b>	<b>\$ 6,844,636</b>	<b>\$ 5,997,088</b>	<b>\$ 5,637,702</b>	<b>\$ 5,574,379</b>
Net pension liability [(a) - (b)]	<b>\$ (328,150)</b>	<b>\$ 449,901</b>	<b>\$ (418,484)</b>	<b>\$ 536,940</b>	<b>\$ 1,125,247</b>	<b>\$ 1,813,822</b>	<b>\$ 1,225,354</b>	<b>\$ 1,599,645</b>	<b>\$ 353,788</b>	<b>\$ (250,588)</b>
Plan fiduciary net position as a percentage of the total pension liability	103.21%	95.30%	104.28%	94.27%	87.44%	78.53%	84.82%	78.94%	94.10%	104.71%
Covered Payroll	1,653,577	1,566,042	1,431,196	1,354,936	1,372,458	1,386,472	1,367,236	1,324,260	1,274,663	1,227,701
Net pension liability as a percentage of covered payroll	-19.84%	28.73%	-29.24%	39.63%	81.99%	130.82%	89.62%	120.80%	27.76%	-20.41%
Annual money weighted return, net of investment expenses	13.80%	-12.59%	13.51%	10.67%	16.26%	-4.83%	13.10%	4.67%	-0.70%	6.09%

# LOWER SAUCON TOWNSHIP

## SCHEDULE OF PENSION CONTRIBUTIONS POLICE PENSION PLAN

**For the Year Ended December 31, 2023**

<u>YEAR</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Employer Contributions (ADEC)	\$ 426,673	\$ 430,113	\$ 467,907	\$ 454,698	\$ 396,545	\$ 397,555	\$ 290,414	\$ 289,892	\$ 278,821	\$ 272,162
Contributions Towards the ADEC	<u>(426,673)</u>	<u>(430,113)</u>	<u>(467,907)</u>	<u>(454,698)</u>	<u>(396,545)</u>	<u>(397,555)</u>	<u>(290,414)</u>	<u>(289,892)</u>	<u>(278,821)</u>	<u>(272,163)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>
Covered Employee Payroll	\$ 1,653,577	\$ 1,635,810	\$ 1,467,784	\$ 1,501,096	\$ 1,365,151	\$ 1,299,263	\$ 1,311,009	\$ 1,261,463	\$ 1,298,479	\$ 1,249,966
Contributions as a % of Covered Payroll	25.80%	26.29%	31.88%	30.29%	29.05%	30.60%	22.15%	22.98%	21.47%	21.77%

# LOWER SAUCON TOWNSHIP

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY, RELATED RATIO AND INVESTMENT RETURNS – NON-UNIFORMED PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>TOTAL PENSION LIABILITY</b>										
Service Cost	\$ 141,415	\$ 125,916	\$ 123,298	\$ 91,862	\$ 96,408	\$ 107,168	\$ 119,423	\$ -	\$ -	\$ -
Interest on Total Pension Liability	221,122	218,785	214,513	198,614	190,836	191,073	177,721	-	-	-
Differences between expected and actual experience	(10,416)	(34,582)	(91,839)	186,320	-	(209,801)	-	-	-	-
Benefit Payments	(105,474)	(453,037)	(96,370)	(247,224)	(78,825)	(83,853)	(75,095)	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>246,647</b>	<b>(142,918)</b>	<b>149,602</b>	<b>229,572</b>	<b>208,419</b>	<b>4,587</b>	<b>222,049</b>	<b>843,374</b>	<b>341,980</b>	<b>56,203</b>
Total Pension Liability, Beginning	3,323,610	3,466,528	3,316,926	3,087,354	2,878,935	2,874,348	2,652,299	1,808,925	1,466,945	1,410,742
Total Pension Liability, Ending (a)	<b>\$ 3,570,257</b>	<b>\$ 3,323,610</b>	<b>\$ 3,466,528</b>	<b>\$ 3,316,926</b>	<b>\$ 3,087,354</b>	<b>\$ 2,878,935</b>	<b>\$ 2,874,348</b>	<b>\$ 2,652,299</b>	<b>\$ 1,808,925</b>	<b>\$ 1,466,945</b>
<b>FIDUCIARY NET POSITION</b>										
State Aid	116,558	93,248	91,148	93,553	102,410	93,688	91,765	91,868	82,337	81,318
Employer Contributions	53,699	111,747	68,755	58,495	13,710	91,220	3,706	3,438	22,592	18,737
Member Contributions	18,041	15,942	15,584	14,551	86,713	10,165	18,438	15,917	3,907	5,080
Investment Income Net of Investment Expenses	390,112	(423,432)	416,262	304,941	380,676	(117,278)	267,160	89,982	(13,397)	103,054
Administration Costs	-	(23,874)	(36,505)	(33,401)	(20,827)	(18,811)	(17,747)	(16,904)	(16,011)	(14,895)
Benefit payments	(105,474)	(451,020)	(96,370)	(247,224)	(78,825)	(83,853)	(75,096)	(39,876)	(21,177)	(19,412)
<b>Net Change in Fiduciary Net Position</b>	<b>472,936</b>	<b>(677,389)</b>	<b>458,874</b>	<b>190,915</b>	<b>483,857</b>	<b>(24,869)</b>	<b>288,226</b>	<b>144,425</b>	<b>58,251</b>	<b>173,882</b>
Fiduciary Net Position, Beginning	2,771,159	3,448,548	2,989,674	2,798,759	2,314,902	2,339,771	2,051,545	1,907,120	1,848,869	1,674,987
Fiduciary Net Position, Ending (b)	<b>\$ 3,244,095</b>	<b>\$ 2,771,159</b>	<b>\$ 3,448,548</b>	<b>\$ 2,989,674</b>	<b>\$ 2,798,759</b>	<b>\$ 2,314,902</b>	<b>\$ 2,339,771</b>	<b>\$ 2,051,545</b>	<b>\$ 1,907,120</b>	<b>\$ 1,848,869</b>
Net pension Liability [(a) - (b)]	<b>\$ 326,162</b>	<b>\$ 552,451</b>	<b>\$ 17,980</b>	<b>\$ 327,252</b>	<b>\$ 288,595</b>	<b>\$ 564,033</b>	<b>\$ 534,577</b>	<b>\$ 600,754</b>	<b>\$ (98,195)</b>	<b>\$ (381,924)</b>
Plan fiduciary net position as a percentage of the total pension liability	90.86%	83.38%	99.48%	90.13%	90.65%	80.41%	81.40%	77.35%	105.43%	126.04%
Covered Payroll	1,359,926	1,209,181	1,067,160	1,014,758	1,088,476	1,081,034	1,052,528	1,059,570	1,053,660	1,081,446
Net pension liability as a percentage of covered payroll	23.98%	45.69%	1.68%	32.25%	26.51%	52.18%	50.79%	56.70%	-9.32%	-35.32%
Annual money weighted return, net of investment expenses	13.87%	-12.27%	13.50%	10.51%	16.42%	-5.01%	13.00%	4.65%	-0.71%	6.18%

# LOWER SAUCON TOWNSHIP

## SCHEDULE OF PENSION CONTRIBUTIONS NON-UNIFORMED PENSION PLAN

For the Year Ended December 31, 2023

<u>YEAR</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Determined Employer Contributions (ADEC)	\$ 170,157	\$ 180,965	\$ 134,493	\$ 131,253	\$ 166,852
Contributions Towards the ADEC	<u>(170,157)</u>	<u>(180,965)</u>	<u>(134,493)</u>	<u>(131,253)</u>	<u>(166,852)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 1,359,926	\$ 1,132,824	\$ 1,114,128	\$ 1,050,816	\$ 1,080,039
Contributions as a % of Covered Payroll	12.52%	15.97%	12.07%	12.49%	15.45%
<u>YEAR</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Employer Contributions (ADEC)	\$ 166,018	\$ 83,720	\$ 83,613	\$ 86,546	\$ 88,969
Contributions Towards the ADEC	<u>(166,018)</u>	<u>(91,765)</u>	<u>(91,868)</u>	<u>(86,546)</u>	<u>(88,969)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (8,045)</u>	<u>\$ (8,255)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 956,308	\$ 1,311,009	\$ 982,381	\$ 868,190	\$ 982,041
Contributions as a % of Covered Payroll	17.36%	7.00%	9.35%	9.97%	9.06%

## **INDIVIDUAL FUND STATEMENTS**

# LOWER SAUCON TOWNSHIP

## STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS GENERAL FUND

For the Year Ended December 31, 2023

**REVENUES RECEIVED**

**Taxes:**

Real estate taxes - current	\$ 1,921,273	
Real estate taxes - prior	25,786	
Real estate taxes - current interims	6,869	
Real estate taxes - prior interims	697	
Real estate taxes - delinquent	35,622	
Real estate transfer taxes	429,790	
Earned income taxes - current	2,155,904	
Earned income taxes - prior	1,046,976	
Emergency municipal service tax - current	84,501	
Emergency municipal service tax - prior	<u>8,368</u>	\$ 5,715,786

**Licenses and permits:**

Franchise fee cable	109,503	
Junkyard licenses	750	
Road encroachment permits	3,975	
Occupancy permits	3,010	
Moving permits	<u>530</u>	117,768

**Fines and forfeits:**

Motor vehicle violations	26,493	
Fines	10,394	
Ordinance violations	1,644	
Crimes code violations	3,955	
Parking tickets	<u>295</u>	42,781

**Intergovernmental:**

State grants	16,077	
Public safety grants	50,000	
Beverage licenses	2,200	
Federal grants	13,592	
Public utility realty tax	5,769	
Pension state aid	291,394	
Allotment - firemens relief	<u>91,586</u>	470,618

**Charges for services:**

Subdivision fees/zoning permits	4,060	
Tax collection services	-	
Police services	13,365	
Accident report requests	2,921	
Zoning reviews	2,400	
Administrative income	9,778	
Secuirty alarm fees	1,545	
Building permits	22,518	
Sanitation permits	4,410	
State UCC fees	846	
Highway and street charges	7,178	
Health insurance charges	184,099	
Landfill host fees	2,553,937	
Recreation fees	<u>13,925</u>	2,820,982

**Investment earnings:**

Interest income		501,988
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**Miscellaneous:**

Miscellaneous	86,518	
Donations	<u>23,599</u>	110,117

<b>Total revenue received</b>	<u>\$ 9,780,040</u>
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# LOWER SAUCON TOWNSHIP

## STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS GENERAL FUND (CONTINUED)

For the Year Ended December 31, 2023

**EXPENDITURES PAID**

**GENERAL GOVERNMENT**

**Legal:**

Solicitor \$ 429,281

**Mayor, legislative, township manager:**

Salary 298,834

Benefits 85,368

Payroll taxes 23,810

Pension administration fees 14,848

MMO pension obligation 36,114

General expenses 23,352

Grant expenditures 16,500

Other expenses 14,179

Community events 7,098

Newsletter expense 7,157

Supplies 7,021

Minor equipment 6,092

Major equipment 43,930

Advertising, printing and postage 12,552

**Finance and accounting:**

Salary 142,050

Benefits 45,678

Payroll taxes 11,287

Pension administration fees 7,436

MMO pension obligation 18,086

Payroll services 4,653

Auditing 18,400

Bank services 4,005

Office materials/supplies 107

Tax collection services 577

Real estate tax prep/mailing 8,889

General expense 4,109

Contracted Services 8,385

**Data processing:**

Website operation/maintenance 4,090

Office equipment maintenance 5,095

Equipment - capital 20,394

Software licenses 15,515

**Engineer:**

Engineering services 148,884

Sewage enforcement officer 10,920

**Building and plant:**

Contracted services 12,121

Building materials/supplies 2,860

Heating oil/diesel fuel 1,511

Communication expense 35,905

Utilities 59,648

Maintenance/repairs 51,887

Equipment - capital 5,731

Equipment rental 10,046 **\$ 1,684,405**

**PUBLIC SAFETY**

**Police:**

Salary of policeman	\$	1,675,071
Overtime		117,913
Salary of Clerical		58,306
Benefits		574,879
Payroll taxes		147,796
MMO pension obligation		434,376
Pension administration fees		86,067
Uniforms		18,910
Firearms ammunition		7,116
Advertising/Printing		618
Investigation expense		2,200
Communication equipment		313
Contracted services		18,160
Equipment maintenance		6,201
General expenses		27,711
Vehicle maintenance and repairs		70,319
Equipment - capital		134,459
Equipment - non-capital		19,438
K-9 expenses		7,951
Training		20,010

**Fire:**

Contribution to Fire co.		235,000
Fireman's relief		91,586
Workmen's compensation		19,773
Contribution to Dewey Ambulance		20,000
Hydrant/water service		22,392
Fire and rescue equipment		-
Vehicle expense		10,630
General expenses		15,200

**Inspections:**

Zoning and administration		81,104
Salary of Clerical		59,360
Benefits		45,650
Payroll taxes		11,024
MMO pension obligation		17,999
Pension administration fees		2,308
Advertising/printing		12,668
Minor equipment purchase		9,838
Vehicle maintenance and repairs		648
General expenses		1,617

**Other public safety:**

Crossing guards		<u>2,086</u>	\$	4,086,697
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**HEALTH AND HUMAN SERVICES**

Dog control				4,763
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**PUBLIC WORKS****Public works administration:**

Salary	\$	90,324	
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**Sanitation:**

Recycling collection and disposal			17,564
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**Street maintenance and lighting:**

Salaries - highways and streets		646,758	
Overtime		27,129	
Benefits		326,196	
Payroll taxes		60,698	
MMO pension obligation		90,355	
Pension administration fees		17,825	
Road materials		119,199	
Materials/supplies		24,087	
Traffic sign maintenance		2,683	
Vehicle maintenance		119,159	
Contracted services		27,351	
Capital construction		1,086,473	
General expense		12,176	
Equipment		<u>8,695</u>	
	\$		<u>2,676,672</u>

**CULTURE AND RECREATION****Parks and pool**

Maintenance/repairs	\$	35,247	
General expenses		6,777	
Contracted services		70,594	
Summer youth program		25,530	
Senior program		10,450	
Equipment - capital		5,853	
Equipment - non-capital		588	
Pool pass reimbursement		5,690	

**Library**

Contribution		<u>11,280</u>	\$ 172,009
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**Debt service**

Debt principal payments		-	
Debt interest payments		<u>-</u>	-

**Insurance**

Business insurance		78,495	
Vehicle insurance		<u>40,711</u>	119,206

**Employee Benefits**

Worker Compensation Insurance		154,817	
Hospitalization Insurance		<u>155,997</u>	<u>310,814</u>
<b>Total expenditures paid</b>			<b><u>9,054,566</u></b>

**Excess of revenues received over expenditures paid**

725,474

**OTHER FINANCING SOURCES RECEIVED AND OTHER FINANCING USES PAID**

Refund of prior year expenditures	\$	217,555	
Sale of fixed assets		177	
Transfer to other funds		<u>(1,815,000)</u>	<u>(1,597,268)</u>

<b>Net change in fund balance</b>	\$		<b>(871,794)</b>
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<b>Fund balance - January 1, 2023</b>			<u>15,113,958</u>
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<b>Fund balance - December 31, 2023</b>	\$		<b><u>14,242,164</u></b>
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# LOWER SAUCON TOWNSHIP

## STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS SPECIAL TAX FUND

For the Year Ended December 31, 2023

<b>Fund balance - January 1, 2023</b>		<b>\$ 13,812,954</b>
 <b>REVENUES RECEIVED</b>		
<b>Taxes:</b>		
Fire tax	\$ 339,485	
Earned income tax - current year	-	
Earned income tax - prior year	48,266	
<b>Intergovernmental:</b>		
Motor vehicle fuel taxes	490,125	
<b>Investment Income:</b>		
Interest earnings	505,038	
<b>Miscellaneous:</b>		
Miscellaneous	32	
<b>Other Financing Sources:</b>		
Sales of fixed assets	2,750	1,385,696
<b>Total funds available</b>		<b>15,198,650</b>
 <b>EXPENDITURES PAID</b>		
<b>General Government:</b>		
Legal fees	\$ 2,310	
Bank fees	350	
<b>Public Safety:</b>		
Fire contribution	134,313	
Fire equipment consultation	4,500	
<b>Public Works:</b>		
Traffic signal maintenance & repair	6,470	
Vehicle maintenance & repair	24,926	
Highway equipment rentals	1,290	
Snow removal	43,763	
Street sign and marking	12,831	
Street lighting	36,642	
Highway major equipment	250,000	
Road materials and supplies	4,553	
PennDOT road projects	203,040	
<b>Community Development:</b>		
Open space purchase	100	
Open space maintenance	43,030	
<b>Other Financing Uses:</b>		
Transfers to other funds	-	768,118
<b>Fund balance - December 31, 2023</b>		<b>\$ 14,430,532</b>

# LOWER SAUCON TOWNSHIP

## STATEMENT OF REVENUES RECEIVED, EXPENDITURES PAID AND CHANGES IN FUND BALANCE – MODIFIED CASH BASIS OTHER FUNDS

For the Year Ended December 31, 2023

### Capital Fund

<b>Fund balance - January 1, 2023</b>		<b>\$ 5,019,234</b>
<b>REVENUES RECEIVED</b>		
Investment earnings	\$ 238,188	
Developer fees	29,410	
<b>Intergovernmental:</b>		
Grants	219,640	
<b>Other Financing Sources:</b>		
Sale of fixed assets	55,100	
Transfer from other funds	1,815,000	2,357,338
<b>Total funds available</b>		<b>7,376,572</b>
<b>EXPENDITURES PAID</b>		
<b>General Government:</b>		
Bank fee	198	
Building purchase/improvement	5,754	
<b>Public Safety:</b>		
Vehicle purchase	189,504	
Police capital equipment	11,585	
<b>Public Works:</b>		
Vehicle purchase	454,573	
Road improvements	1,081,379	
Storm water improvements	7,232	
<b>Culture and Recreation:</b>		
Historical bulding improvements	77,336	
Park improvements	468,743	2,296,304
<b>Fund balance - December 31, 2023</b>		<b>\$ 5,080,268</b>

### Developers Escrow Fund

<b>NET POSITION - JANUARY 1, 2023</b>		<b>\$ 299,268</b>
<b>ADDITIONS RECEIVED:</b>		
Receipts from developers	\$ 313,030	
Interest earnings	-	313,030
<b>DEDUCTIONS PAID:</b>		
Legal	57,507	
Engineering	124,761	
Applicant refunds	89,048	
Miscellaneous	1	
<b>Total deductions paid</b>		<b>271,317</b>
<b>NET POSITION - DECEMBER 31, 2023</b>		<b>\$ 340,981</b>

# LOWER SAUCON TOWNSHIP

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS

For the Year Ended December 31, 2023

### Sewage Enforcement Escrow Fund

<b>NET POSITION - JANUARY 1, 2023</b>		<b>\$</b>	<b>50,781</b>
Receipts from Developers			
		\$	64,332
			64,332
<b>DEDUCTIONS PAID:</b>			
Engineering			37,783
Legal			513
Applicants Refunds			23,544
			<u>61,840</u>
<b>NET POSITION - DECEMBER 31, 2023</b>		<b>\$</b>	<b><u>53,273</u></b>

### On-Site Sewage Enforcement Escrow Fund

<b>NET POSITION - JANUARY 1, 2023</b>		<b>\$</b>	<b>11,020</b>
<b>ADDITIONS RECEIVED:</b>			
Receipts from Escrow Owners		\$	-
Interest Earnings			444
			<u>444</u>
<b>DEDUCTIONS PAID:</b>			<u>-</u>
<b>NET POSITION - DECEMBER 31, 2023</b>		<b>\$</b>	<b><u>11,464</u></b>

### Grading Escrow Fund

<b>NET POSITION - JANUARY 1, 2023</b>		<b>\$</b>	<b>-</b>
<b>ADDITIONS RECEIVED:</b>			
Receipts from Escrow Owners		\$	33,552
Interest Earnings			-
			<u>33,552</u>
<b>DEDUCTIONS PAID:</b>			
Engineering			15,643
Applicants Refunds			212
			<u>15,855</u>
<b>NET POSITION - DECEMBER 31, 2023</b>		<b>\$</b>	<b><u>17,697</u></b>