

**NORTHAMPTON TOWNSHIP
BUCKS COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2023

NORTHAMPTON TOWNSHIP

FINANCIAL STATEMENTS

December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Northampton Township
Richboro, PA

Opinions

We have audited the accompanying financial statements of the governmental activities, the business activities, each major fund, and the aggregate remaining fund information of Northampton Township, Bucks County, Pennsylvania as of and for the year ended December 31, 2023, 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 of the governmental activities, the business activities, each major fund, and the aggregate remaining fund information of Northampton Township, Bucks County, Pennsylvania, as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the general and park and recreation funds, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northampton Township, Bucks County, Pennsylvania, 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.

Management's Responsibility for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Northampton 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 Northampton Township, Bucks County, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

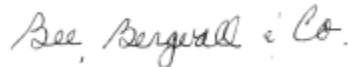
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and historical trend information on pages 6 through 18 and 76 through 80 respectively, be presented to supplement the basic financial statements. Such information, although not 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 the Northampton Township, Bucks County, Pennsylvania'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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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

Warrington, PA
July 3, 2024

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

As the Township Board of the Northampton Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Northampton Township for the fiscal year ended December 31, 2023. Please read in conjunction with the Township's financial statements which follow this section.

Financial Highlights

Government-wide Financial Statements (Full Accrual)

- The assets of Northampton Township for the governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$158,947,706 (*net position*). Of this amount, -\$4,072,890 (*unrestricted net position*) represents a negative balance and may not be used to meet the Township's ongoing obligations to citizens and creditors. Additionally, \$12,442,901 (*restricted net position*) represents a positive balance and must be used to meet the Township's existing capital obligations and other restrictions whether imposed by grantors or real estate taxes.

Fund Financial Statements (Modified Accrual)

- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$18,421,966, a decrease of \$16,585,904 (47.37%) when compared to the prior year. The majority of this decrease is attributed to the expenses related to the construction of 2 new Fire Stations in the Township (\$30,365,000 GOB issued in 2021 to fund). The total combined fund balance is available for spending, within the "assigned" and "restricted" categories of the various funds.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$3,195,564 or 10.78% of total general fund expenditures, \$18,777,266. This is an increase of \$1,170,042 for the year.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Northampton Township's basic financial statements. The Township's basic financial statements comprise three components:

- 1) government-wide financial statements, (Full Accrual)
- 2) fund financial statements, (Modified Accrual)
- 3) notes to the financial statements

This report also contains other supplementary information, in addition to the basic financial statements.

Government-wide Financial Statements

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

The *statement of net position* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator as to whether the Township's financial position is improving or deteriorating. The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental and business-type activities of the Township include:

- General Government
- Code Enforcement
- Public Safety
- Sanitation
- Public Works
- Culture & Recreation
- Debt Service

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Northampton Township maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Park & Recreation Fund, Capital Asset Fire, Debt Fire Fund, which are considered to be major funds.

Data from the other governmental funds (Capital Asset Recreation, Capital Reserve, Road Maintenance, Capital Road Equipment, Capital Asset Library, Capital Asset Senior Center, Ambulance, Fire, Library, Senior Center, and Highway Aid) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and park and recreation fund to demonstrate compliance with this budget.

Proprietary funds. Proprietary funds (Business-Type Activities) are used to account for services for which the Township charges a fee. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The acquisition of the Northampton Valley Country Club by the Township in September 2018 added the Country Club and the Country Club Capital to the existing list of Proprietary Funds. Together with the Refuse Fund and Street Light Fund there are now four Proprietary Funds. The basic proprietary fund financial statements can be found on pages 30-32 of this report.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds (Police Pension Fund and Non-Uniformed Pension Fund) are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 33 and 34 of this report.

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Northampton Township, assets exceeded liabilities by \$157,256,406 at the close of the most recent fiscal year. This represents a \$1,670,155 or 1.05% reduction from the previous year. This change is mostly attributable to a depreciable reduction (\$9,088,668) in Assets.

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

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

THE TOWNSHIP AS A WHOLE

The following table reflects the condensed statement of net position:

Table 1
Statement of Net Position - December 31, 2023
(in thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 29,481	\$ 51,753	\$ 2,914	\$ 877	\$ 32,395	\$ 52,630
Capital assets	204,535	194,136	12,619	13,064	217,154	207,200
Total Assets	<u>234,016</u>	<u>245,889</u>	<u>15,533</u>	<u>13,941</u>	<u>249,549</u>	<u>259,830</u>
Long term liabilities	64,019	71,215	15,029	15,316	79,048	86,531
Other liabilities	11,049	12,726	2,196	1,647	13,245	14,373
Total Liabilities	<u>75,068</u>	<u>83,941</u>	<u>17,225</u>	<u>16,963</u>	<u>92,293</u>	<u>100,904</u>
 Net Position						
Invested in capital assets, net of debt	150,578	141,831	-	-	150,578	141,831
Restricted	12,443	30,303	-	-	12,443	30,303
Unrestricted	<u>(4,073)</u>	<u>(10,186)</u>	<u>(1,691)</u>	<u>(3,022)</u>	<u>(5,764)</u>	<u>(13,208)</u>
Total Net Position	<u>\$ 158,948</u>	<u>\$ 161,948</u>	<u>\$ (1,691)</u>	<u>\$ (3,022)</u>	<u>\$ 157,257</u>	<u>\$ 158,926</u>

A large portion of the Township's net position (\$12,442,901) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (-\$5,764) shows a negative balance which is primarily due to the pension liability and post-employment benefit liability. GASB allows the financial statement reader to consider short-term and long-term analysis. The Township's net position decreased by \$1,670,155 during the current fiscal year as discussed below. Total Assets decreased by \$10,281,000 primarily due to the change in the pension components. Total Liabilities decreased by \$8,454,000 due to reduction of annual debt payments after closing out 2015B Note and the reduction in the pension liability.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

A comparison of 2023 vs. 2022 shows an increase in Total Revenues (\$5,032,000 or 11.0%), primarily due to a 92% Refuse Tax Increase needed to support continued services. Balancing fee for service shows an increase in Total Operating Expenses (\$4,098,000 or 8.48%) to pay for those services. Total Net Position had decreased by \$1,669,000 by year-end 2023.

Table 2
Changes in Net position - 2023
(in thousands)

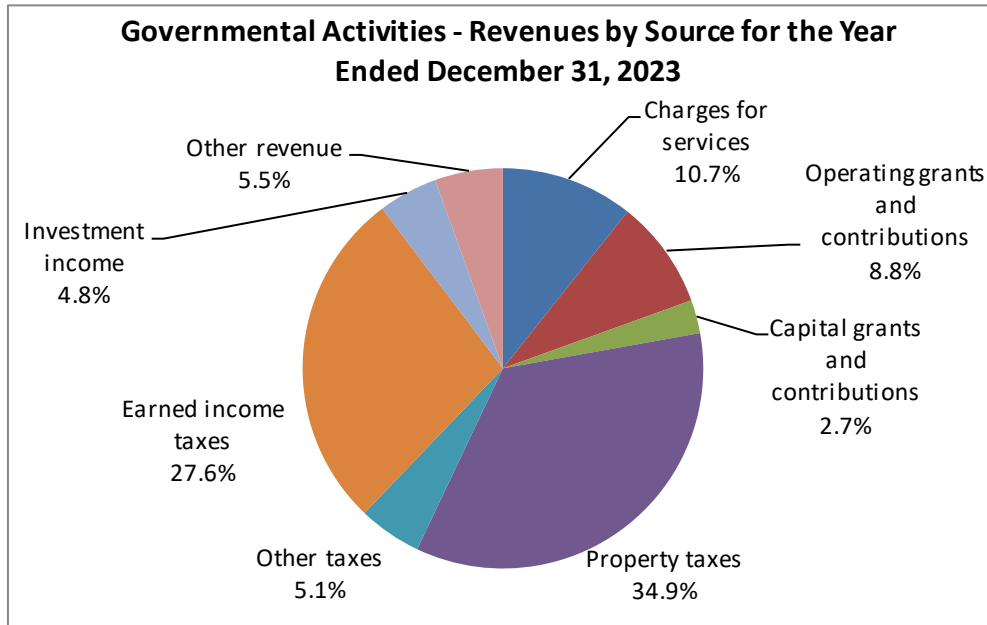
	Governmental Activities		Business-type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
REVENUES						
Program revenues:						
Charges for services	\$ 3,880	\$ 3,301	\$ 13,241	\$ 9,150	\$ 17,121	\$ 12,451
Operating grants and contributions	3,187	4,341	398	375	3,585	4,716
Capital grants and contributions	994	1,872	-	-	994	1,872
General revenues:						
Property taxes	12,642	12,516	-	-	12,642	12,516
Other taxes	11,833	11,889	-	-	11,833	11,889
Grants and contributions not restricted to specific programs	-	56	700	-	700	56
Investment income	1,729	1,005	161	18	1,890	1,023
Miscellaneous	1,981	1,199	8	-	1,989	1,199
Net transfers	<u>12</u>	<u>579</u>	<u>(12)</u>	<u>(579)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>36,258</u>	<u>36,758</u>	<u>14,496</u>	<u>8,964</u>	<u>50,754</u>	<u>45,722</u>
EXPENSES						
General government	5,841	5,825	-	-	5,841	5,825
Code enforcement	777	851	-	-	777	851
Public safety	13,650	12,737	-	-	13,650	12,737
Sanitation	-	-	7,072	4,424	7,072	4,424
Public works	12,124	12,573	-	-	12,124	12,573
Culture and recreation	4,508	4,633	6,093	4,827	10,601	9,460
Debt service	<u>2,358</u>	<u>2,455</u>	<u>-</u>	<u>-</u>	<u>2,358</u>	<u>2,455</u>
Total Expenses	<u>39,258</u>	<u>39,074</u>	<u>13,165</u>	<u>9,251</u>	<u>52,423</u>	<u>48,325</u>
Change in Net Position	(3,000)	(2,316)	1,331	(287)	(1,669)	(2,603)
Net Position - Beginning	161,948	163,833	(3,022)	(2,732)	158,926	161,101
Adoption of GASB #87	<u>-</u>	<u>431</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>428</u>
Net Position - Ending	<u>\$ 158,948</u>	<u>\$ 161,948</u>	<u>\$ (1,691)</u>	<u>\$ (3,022)</u>	<u>\$ 157,257</u>	<u>\$ 158,926</u>

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

For the fiscal year ended December 31, 2023, revenues for governmental activities totaled \$36,258,000, a decrease of \$500,000 over 2022. Operational grant revenues were the primary cause for the decrease, as all other revenue sources showed slight increases over the prior year.

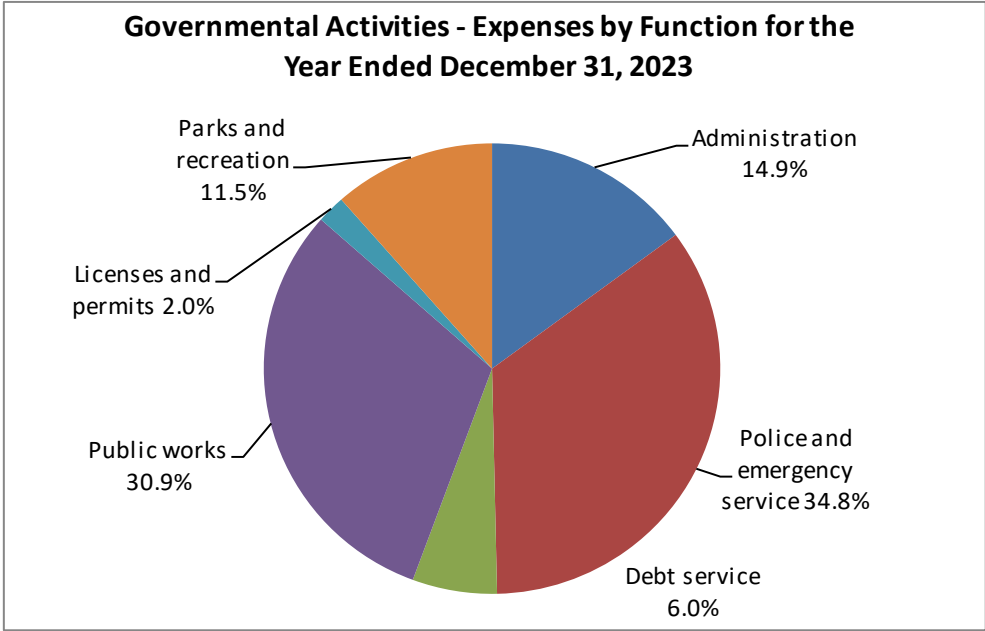


NORTHAMPTON TOWNSHIP

MANAGEMENT’S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

For the 2023 fiscal year, expenses for government activities totaled \$39,258,000, a \$184,000 slight increase over 2022. This is mainly due to the limited availability and inflation of the cost of goods and services still seen by the entire economy.



The change in net position reflects the difference between total revenues and total expenses. For governmental and business-type activities in fiscal 2023, total expenses (\$52,423,000) exceeded total revenues (\$50,596,000) by \$1,827,000 resulting in a decrease in net position by that amount. The year ended with a total Net Position of \$157,099,000.

Financial Analysis of the Township’s Funds

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

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

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

As of the end of the current fiscal year, the Township's total governmental funds reported combined ending fund balances of \$18,421,966, a decrease of \$16,585,904 or (47.37%) in comparison with the prior year.

The total fund balance for all funds constitutes a Restricted Fund balance of \$12,356,035, an Assigned Fund balance of \$470,148, and an Unassigned Fund balance of \$3,157,997 (which is available for spending at the Township's discretion).

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, the Unassigned Fund balance of the General Fund was \$3,195,564. Unreserved/Unassigned Fund balance represents 17.01% of total General Fund expenditures. This represents an increase from the 2022 percentage of 11.2%.

General Fund Budget Highlights

There were no budget amendments so the original and the final budget are the same. Budget variances are discussed as follows:

2023 General Fund Total Revenues came in higher than anticipated by \$1,145,246 (5.64%) when compared to the 2023 Budget. Transfer Taxes were lower than budgeted by \$318,355 (18.85%). Earned Income Taxes continued to show growth with \$619,038 (6.74%) over budget. Fees & Licenses & Permits were just slightly under budget by \$35,034 (4.06%). Interest & Rents climbed past projections with \$296,303 (110.76%) over budget, primarily due to healthy interest rates. Intergovernmental Revenues were \$197,167 (17.72%) over budget. Charges for Services were favorably \$269,894 (19.95%) over a conservative budget. Other General Fund revenues were \$6,585 (3.37%) under the 2023 budget.

General Fund Total Expenditures came in under budget by \$440,734 or 2.29%. This was seen primarily in salaries and wages of public safety employees due to vacancies that were either delayed or unable to be filled from lack of qualified applicants. In addition, a mild winter allowed for under budget expenses for snow and ice removal.

A schedule showing the Township's original and final budget amount compared with amounts actually paid and received is provided on page 28.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Park & Recreation Fund Budget Highlights

The Park & Recreation Department budgeted 2023 to be a positive year, and revenues did come in higher than anticipated. Tax revenues remained stable coming in just slightly over budget at \$952,028. Fees/Charges for Services soared past the \$1,684,000 budget, coming in at \$1,847,163 by the end of the year. Interest income nearly tripled the budget at \$22,223. Total revenues for Park & Recreation reached \$2,836,865, or \$193,865 (7.33%) over budget projections.

On the flip side, Total Expenses for 2023 were \$2,981,799 which amounted to the expenses being \$138,799 (4.88%) over budget. The cause primarily being the rising inflation of costs and availability for goods and services. Despite the increase in revenues to help support the increase in expenses, the actual Total Expenses exceeded the Total Revenues by \$144,934. At year end, the Fund Balance came in at a final amount of -\$27,095.

A schedule showing the Townships original and final budget amount compared with amounts actually paid and received is provided on page 28.

Capital Asset and Debt Administration Capital Assets

The Township's investment in capital assets for its governmental and business type activities as of December 31, 2023, amounts to \$217,115,000 (*net of accumulated depreciation \$179,050,000*). This investment in capital assets includes: land, buildings and system improvements, machinery and equipment, park facilities, infrastructure, etc. A total (gross) increase (\$19,739,000) in the Township's investment in capital assets for the current fiscal year was the result of the purchase/sale of various capital equipment (\$2,533,000), land and building improvements (\$18,075,000), Infrastructure (\$1,201,000), and the construction-in-progress (-\$2,070,000).

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Table 3
Changes in Capital Assets - Governmental Funds
(in thousands)

	Beginning Balance <u>January 1, 2023</u>	Net Additions/ Deletions	Ending Balance <u>December 31, 2023</u>
Non-Depreciable Assets			
Land	\$ 1,898	\$ -	\$ 1,898
Construction in progress	13,741	(2,070)	11,671
Other Capital Assets			
Machinery, vehicles and equipment	11,106	2,533	13,639
Land improvements	4,412	-	4,412
Buildings and improvements	32,247	18,075	50,322
Library	95	-	95
Infrastructure	312,927	1,201	314,128
Accumulated depreciation on capital assets	<u>(169,305)</u>	<u>(9,745)</u>	<u>(179,050)</u>
Totals	<u>\$ 207,121</u>	<u>\$ 9,994</u>	<u>\$ 217,115</u>
Right to Use Assets	<u>\$ 224</u>	<u>\$ (88)</u>	<u>\$ 136</u>

The Northampton Township Board of Supervisors continues to place significant resources to the area of capital improvements. Details on Capital Assets can be found on pages 52-54.

The -\$2,070,000 represents Country Club assets that were completed and removed from construction in progress and put into their capital asset categories. \$2,532,932 represents the new Machinery & Equipment purchased through capital lease financing; \$2,614,992 in purchases less \$82,060 for vehicles/equipment sold. \$18,075,593 is the addition for buildings assets, the majority of this increase being attributed to the construction of 2 new Fire Stations seen in 2023. Infrastructure saw an increase of \$1,201,306 from road, bridge, and storm sewer projects.

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Long-term Debt

At the end of the current fiscal year, the Township had total bonded and installment debt outstanding of \$63,660,000. Of this amount, \$63,010,000 is comprised of General Obligation Bonds (GOB) and is considered debt that is backed by the full faith and credit of the government. The construction of the New Police Facility involved the purchase of the existing Sewer & Water Authority's administrative offices through a 25-year, 0% balloon payment. This agreement also added \$650,000 to this debt balance. There are no bonds secured solely by specified revenue sources (i.e., revenue bonds). The Township entered 2023 with total outstanding debt of \$65,565,000. After making principal payments (\$1,905,000), the outstanding debt balance at year-end is \$63,660,000.

Details on Long-term Debt can be found on pages 56-59.

<u>Year of Issue</u>	<u>Amount of Original Issue</u>	<u>Average Interest Rate</u>	<u>Final Maturity</u>	<u>Balance January 1, 2023</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Balance December 31, 2023</u>
2015B	2,255,000	5.00%	2023	\$ 1,515,000	\$ 1,515,000	\$ 37,875	\$ -
2015	10,955,000	variable - 5.00%	2035	10,805,000	25,000	413,150	10,780,000
2018	650,000	0%	2043	650,000	-	-	650,000
2018	22,250,000	variable -4.00%	2043	22,235,000	5,000	830,483	22,230,000
2021	30,365,000	variable -4.00%	2046	<u>30,360,000</u>	<u>360,000</u>	<u>1,195,350</u>	<u>30,000,000</u>
				<u>\$ 65,565,000</u>	<u>\$ 1,905,000</u>	<u>\$ 2,476,858</u>	<u>\$ 63,660,000</u>

NORTHAMPTON TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Economic Factors and Next Year's Budgets and Rates

2023 began strong from a financial standpoint, with recovering interest rates and a solid tax base. Despite the lingering inflation affecting the cost of goods and services in all departments, the Township was able to adhere to the budget and provide the services promised to its residents. The increased refuse fee was necessary to fund a new contract increased service costs, however there was an added benefit of automated and cleaner service with a new vendor. The Township continued to have difficulty in filling open positions with qualified candidates as the labor market remained limited.

The 2024 Budget focuses on improvements to the transportation system, parks, public buildings and equipment. The Township will also continue to address the need for Fire and EMS services, as exemplified by the construction and completion of the 2 new Fire stations. 2024 Budget expectations are taking into consideration the forecasted continuation of economic inflation and supply chain issues, as well as the need for staffing and EMS Services.

Requests for Information

This financial report is designed to provide a general overview of Northampton Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department of Northampton Township, 55 Township Road, Richboro, PA 18954.

NORTHAMPTON TOWNSHIP

STATEMENT OF NET POSITION

December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 18,671,503	\$ 2,241,162	\$ 20,912,665
Taxes receivable	4,275,405	-	4,275,405
Accounts receivable	898,345	507,888	1,406,233
Leases receivable-due in one year			
Prepaid expenses	35,537	-	35,537
Inventory	-	68,342	68,342
Leases receivable, non-current	2,402,249	-	2,402,249
Land	1,897,956	-	1,897,956
Construction in progress	11,670,174	-	11,670,174
Other capital assets (net of accumulated depreciation)	190,928,003	12,619,081	203,547,084
Right of use Asset (net of accumulated amortization)	39,360	96,731	136,091
Total Assets	230,818,532	15,533,204	246,351,736
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows for pension	3,197,406	-	3,197,406
Total deferred outflows of resources	3,197,406	-	3,197,406
<u>LIABILITIES</u>			
Accounts payable and other current liabilities	2,061,735	1,031,775	3,093,510
Interest payable	211,414	22,631	234,045
Deferred Revenue	-	596,622	596,622
Non-current liabilities:			
Due within one year	2,531,413	544,479	3,075,892
Due after one year	64,018,868	15,028,997	79,047,865
Total Liabilities	68,823,430	17,224,504	86,047,934
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows for leases	1,828,858	-	1,828,858
Deferred inflows for pension	1,938,805	-	1,938,805
Deferred inflows for OPEB	809,489	-	809,489
Deferred revenue	1,667,650	-	1,667,650
Total deferred inflows of resources	6,244,802	-	6,244,802
<u>NET POSITION</u>			
Net investment in capital assets	150,577,695	-	150,577,695
Restricted for			
Public safety	9,959,361	-	9,959,361
Public works	926,834	-	926,834
Culture and recreation	247,315	-	247,315
Debt service	1,309,391	-	1,309,391
Unrestricted	(4,072,890)	(1,691,300)	(5,764,190)
Total Net Position	\$ 158,947,706	\$ (1,691,300)	\$ 157,256,406

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

NORTHAMPTON TOWNSHIP

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
General Government	\$ 5,841,225	\$ 75,884	\$ 1,010,366	\$ -
Code Enforcement	777,230	1,382,645	-	-
Public Safety	13,648,788	308,160	374,183	-
Public Works	12,124,290	136,462	1,530,887	645,307
Culture and Recreation	4,508,214	1,977,021	271,577	349,066
Debt Service	2,358,290	-	-	-
Total Government Activities	<u>39,258,037</u>	<u>3,880,172</u>	<u>3,187,013</u>	<u>994,373</u>
Business-Type Activities				
Refuse	7,072,259	7,577,741	397,948	-
Country Club	6,092,603	5,662,996	-	-
Street Light	-	-	-	-
Total Business-Type Activities	<u>13,164,862</u>	<u>13,240,737</u>	<u>397,948</u>	<u>-</u>
Total Primary Government	<u>52,422,899</u>	<u>17,120,909</u>	<u>3,584,961</u>	<u>994,373</u>
General Revenues				
Taxes:				
Real Estate				
Transfer				
Earned Income Tax				
Local Service Tax				
Grants and Contributions not Restricted to Specific Programs				
Investment Earnings and Rents				
Gain on Sale of Capital Assets				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

Net (Expense) Revenue and Changes in Net Position Primary Government		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (4,754,975)	\$ -	\$ (4,754,975)
605,415	-	605,415
(12,966,445)	-	(12,966,445)
(9,811,634)	-	(9,811,634)
(1,910,550)	-	(1,910,550)
(2,358,290)	-	(2,358,290)
<u>(31,196,479)</u>	<u>-</u>	<u>(31,196,479)</u>
-	903,430	903,430
-	(429,607)	(429,607)
-	-	-
<u>-</u>	<u>473,823</u>	<u>473,823</u>
<u>(31,196,479)</u>	<u>473,823</u>	<u>(30,722,656)</u>
12,641,858	-	12,641,858
1,369,645	-	1,369,645
9,992,569	-	9,992,569
470,386	-	470,386
-	700,000	700,000
1,728,511	161,322	1,889,833
76,802	7,500	84,302
1,903,908	-	1,903,908
12,367	(12,367)	-
<u>28,196,046</u>	<u>856,455</u>	<u>29,052,501</u>
(3,000,433)	1,330,278	(1,670,155)
<u>161,948,139</u>	<u>(3,021,578)</u>	<u>158,926,561</u>
<u>\$ 158,947,706</u>	<u>\$ (1,691,300)</u>	<u>\$ 157,256,406</u>

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

NORTHAMPTON TOWNSHIP

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2023

	General	Park & Recreation	Capital Asset Fire
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 5,134,344	\$ 44,270	\$ 2,912,084
Taxes receivable	1,963,115	15,726	-
Accounts receivable	434,931	8,460	-
Leases receivable	2,402,249	-	-
Prepaid expenses	-	-	-
Total Current Assets	9,934,639	68,456	2,912,084
TOTAL ASSETS	\$ 9,934,639	\$ 68,456	\$ 2,912,084
<u>LIABILITIES</u>			
Accounts payable and accrued wages	\$ 1,077,139	\$ 82,966	\$ -
Total Liabilities	1,077,139	82,966	-
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows- Leases	1,828,858	-	-
Unavailable revenue - property taxes	68,603	12,585	-
Unavailable revenue- fees	-	-	-
Unavailable revenue - ARPA funds	1,362,226	-	-
Total Deferred Inflows of Resources	3,259,687	12,585	-
<u>FUND BALANCES</u>			
Nonspendable-prepaid items			
Nonspendable for:			
Prepaid items	-	-	-
Leases	2,402,249	-	-
Restricted for:			
Public safety	-	-	2,912,084
Public works	-	-	-
Culture and recreation	-	-	-
Debt service	-	-	-
Assigned for:			
Capital projects	-	-	-
Culture and recreation	-	-	-
Unassigned	3,195,564	(27,095)	-
Total Fund Balances	5,597,813	(27,095)	2,912,084
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,934,639	\$ 68,456	\$ 2,912,084

Debt Fire	Other Governmental Funds	Total Governmental Funds
\$ 7,291,274	\$ 3,289,531	\$ 18,671,503
-	108,848	2,087,689
-	454,954	898,345
-	-	2,402,249
-	35,537	35,537
<u>7,291,274</u>	<u>3,888,870</u>	<u>24,095,323</u>
<u>\$ 7,291,274</u>	<u>\$ 3,888,870</u>	<u>\$ 24,095,323</u>
\$ 612,316	\$ 289,314	\$ 2,061,735
<u>612,316</u>	<u>289,314</u>	<u>2,061,735</u>
-	-	1,828,858
-	86,866	168,054
-	252,484	252,484
-	-	1,362,226
<u>-</u>	<u>-</u>	<u>1,362,226</u>
<u>-</u>	<u>339,350</u>	<u>3,611,622</u>
-	35,537	35,537
-	-	2,402,249
6,678,958	339,330	9,930,372
-	918,561	918,561
-	232,958	232,958
-	1,274,144	1,274,144
-	330,576	330,576
-	139,572	139,572
-	(10,472)	3,157,997
<u>6,678,958</u>	<u>3,260,206</u>	<u>18,421,966</u>
<u>\$ 7,291,274</u>	<u>\$ 3,888,870</u>	<u>\$ 24,095,323</u>

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

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2023

Amounts reported for governmental activities in the statement of net position (page 19) are different because:

Total fund balances-total governmental funds (page 22-23)	\$	18,421,966
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Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.

Cost of capital and right to use assets	\$ 380,103,357		
Accumulated depreciation & amortization	<u>(175,567,864)</u>		204,535,493

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,187,716
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Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenues in the governmental funds and thus are not included in fund balance.

115,114

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

Difference between expected and actual experience on pension plan liability & OPEB	(2,284,948)		
Change in assumptions on pension plan liability and OPEB	(296,855)		
Net difference between projected and actual earnings on pension plan investments	<u>3,030,915</u>		449,112

Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds and notes payable	(52,465,133)		
Capital leases payable	(1,492,665)		
Interest payable	(211,414)		
Net pension liability	(5,327,960)		
Total post-employment benefits liability	(2,946,216)		
Compensated absences	<u>(4,318,307)</u>		<u>(66,761,695)</u>

Net Position of governmental activities (page 19)	\$	<u>158,947,706</u>
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The notes to the financial statements are an integral part of this statement.

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2023

	<u>General</u>	<u>Park & Recreation</u>	<u>Capital Asset Fire</u>
Revenues			
Taxes:			
Real estate	\$ 5,217,193	\$ 952,028	\$ -
Transfer	1,369,645	-	-
Earned income tax	9,800,038	-	-
Local service tax	470,386	-	-
Fees, licenses and permits	826,566	-	-
Investment income and rent	563,803	22,223	133,269
Intergovernmental revenues	1,309,667	4,992	-
Fines and forfeitures	59,239	-	-
Charges for services	1,622,394	1,847,163	-
Reimbursements	-	-	-
Other	<u>188,415</u>	<u>10,459</u>	<u>-</u>
Total Revenues	<u>21,427,346</u>	<u>2,836,865</u>	<u>133,269</u>
Expenditures			
Current:			
General government	2,848,912	-	-
Public safety	9,987,600	-	216,191
Highways and roads	3,062,431	-	-
Culture and recreation	92,049	2,981,799	-
Miscellaneous	2,786,274	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>18,777,266</u>	<u>2,981,799</u>	<u>216,191</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,650,080</u>	<u>(144,934)</u>	<u>(82,922)</u>
Other Financing Sources (Uses)			
Debt issuance	-	-	-
Transfers in	195,288	100,000	-
Transfers out	<u>(1,710,000)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,514,712)</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balances	1,135,368	(44,934)	(82,922)
Fund Balance - Beginning, Restated	<u>4,462,445</u>	<u>17,839</u>	<u>2,995,006</u>
Fund Balance - Ending	<u>\$ 5,597,813</u>	<u>\$ (27,095)</u>	<u>\$ 2,912,084</u>

Debt Fire	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 6,472,637	\$ 12,641,858
-	-	1,369,645
-	-	9,800,038
-	-	470,386
-	-	826,566
790,519	218,697	1,728,511
-	2,255,071	3,569,730
-	-	59,239
-	332,991	3,802,548
223,998	-	223,998
-	841,148	1,040,022
<u>1,014,517</u>	<u>10,120,544</u>	<u>35,532,541</u>
750	221,228	3,070,890
17,369,184	4,400,515	31,973,490
-	2,159,476	5,221,907
-	1,451,934	4,525,782
-	433,518	3,219,792
-	2,674,205	2,674,205
1,195,350	752,859	1,948,209
-	16,702	16,702
<u>18,565,284</u>	<u>12,110,437</u>	<u>52,650,977</u>
<u>(17,550,767)</u>	<u>(1,989,893)</u>	<u>(17,118,436)</u>
-	520,166	520,166
-	1,622,367	1,917,655
-	(195,288)	(1,905,288)
<u>-</u>	<u>1,947,245</u>	<u>532,533</u>
(17,550,767)	(42,648)	(16,585,903)
<u>24,229,725</u>	<u>3,302,854</u>	<u>35,007,869</u>
<u>\$ 6,678,958</u>	<u>\$ 3,260,206</u>	<u>\$ 18,421,966</u>

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

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2023

Amounts reported for governmental activities in the statement of activities (page 22-23)
are different because:

Net change in fund balances-total governmental funds (page 25-26) \$ (16,585,903)

Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense.

Capital and right to use outlay	\$ 19,528,013	
Depreciation and amortization expense	<u>(9,128,028)</u>	10,399,985

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. 192,530

Bond issuance cost is recorded as an expenditure in the fund statements but
recorded as an asset and amortized over the life of the bond in the statement
of net position. This is the amount of amortization for the period. 150,620

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

Debt issuance	-	
Leases payment	243,998	
Interest payable	9,836	
Repayment of debt	<u>1,901,610</u>	2,155,444

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

Net pension liability and deferred items	988,398	
Compensated absences	(469,907)	
Total OPEB Liability and deferred items	<u>168,400</u>	<u>686,891</u>

Change in net position of governmental activities (pages 22-23) \$ (3,000,433)

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

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2023

	GENERAL FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes:				
Real estate	\$ 5,148,000	\$ 5,148,000	\$ 5,217,193	\$ 69,193
Transfer	1,688,000	1,688,000	1,369,645	(318,355)
Earned income tax	9,181,000	9,181,000	9,800,038	619,038
Local service tax	415,000	415,000	470,386	55,386
Fees, licenses and permits	861,600	861,600	826,566	(35,034)
Interest and rent	267,500	267,500	563,803	296,303
Intergovernmental revenues	1,112,500	1,112,500	1,309,667	197,167
Fines and forfeitures	61,000	61,000	59,239	(1,761)
Charges for services	1,352,500	1,352,500	1,622,394	269,894
Other	195,000	195,000	188,415	(6,585)
Total Revenues	20,282,100	20,282,100	21,427,346	1,145,246
Expenditures				
Current:				
General government	2,649,000	2,649,000	2,848,912	199,912
Public safety	10,357,000	10,357,000	9,987,600	(369,400)
Highways and roads	3,186,500	3,186,500	3,062,431	(124,069)
Culture and recreation	112,500	112,500	92,049	(20,451)
Miscellaneous	2,913,000	2,913,000	2,786,274	(126,726)
Total Expenditures	19,218,000	19,218,000	18,777,266	(440,734)
Excess (Deficiency) of Revenues Over Expenditures	1,064,100	1,064,100	2,650,080	1,585,980
Other Financing Sources (Uses)				
Transfers in	282,000	282,000	195,288	(86,712)
Transfers out	(1,710,000)	(1,710,000)	(1,710,000)	-
Total Other Financing Sources (Uses)	(1,428,000)	(1,428,000)	(1,514,712)	(86,712)
Net Change in Fund Balances	(363,900)	(363,900)	1,135,368	\$ 1,499,268
Fund Balance, Beginning of Year, Restated			4,462,445	
Fund Balance, End of Year			\$ 5,597,813	

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

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2023

	PARK & RECREATION FUND			Variance with Final Budget - Over (Under)
	Budgeted Amounts		ACTUAL	
	Original	Final		
Revenues				
Taxes	\$ 948,000	\$ 948,000	\$ 952,028	\$ 4,028
Interest and rent	8,000	8,000	22,223	14,223
Intergovernmental revenues	-	-	4,992	4,992
Charges for services	1,684,000	1,684,000	1,847,163	163,163
Other	3,000	3,000	10,459	7,459
Total Revenues	2,643,000	2,643,000	2,836,865	193,865
Expenditures				
Current:				
Culture and recreation	2,843,000	2,843,000	2,981,799	138,799
Total Expenditures	2,843,000	2,843,000	2,981,799	138,799
Excess (Deficiency) of Revenues Over Expenditures	(200,000)	(200,000)	(144,934)	55,066
Other Financing Sources (Uses)				
Transfers in	100,000	100,000	100,000	-
Total Other Financing Sources (Uses)	100,000	100,000	100,000	-
Net Change in Fund Balances	(100,000)	(100,000)	(44,934)	\$ 55,066
Fund Balance, Beginning of Year			17,839	
Fund Balance, End of Year			\$ (27,095)	

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

NORTHAMPTON TOWNSHIP

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2023

	MAJOR		
	Refuse	Country Club	Total
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 1,563,408	\$ 677,754	\$ 2,241,162
Accounts receivable	495,482	12,406	507,888
Inventory	-	68,342	68,342
Total Current Assets	2,058,890	758,502	2,817,392
Noncurrent Assets			
Capital assets	-	16,260,116	16,260,116
Less accumulated depreciation	-	(3,641,035)	(3,641,035)
Net Capital Assets Subject to Depreciation	-	12,619,081	12,619,081
Right of use Asset	-	193,463	193,463
Less accumulated amortization	-	(96,732)	(96,732)
Net Capital Assets Subject to Amortization	-	96,731	96,731
Total Noncurrent Assets	-	12,715,812	12,715,812
Total Assets	\$ 2,058,890	\$ 13,474,314	\$ 15,533,204
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 777,121	\$ 254,654	\$ 1,031,775
Interest payable	-	22,631	22,631
Deferred Revenue	176,404	420,218	596,622
Total Current Liabilities	953,525	697,503	1,651,028
Non-current liabilities:			
Due within one year	-	544,479	544,479
Due after one year	-	15,028,997	15,028,997
Total Noncurrent Liabilities	-	15,573,476	15,573,476
Total Liabilities	953,525	16,270,979	17,224,504
<u>NET POSITION</u>			
Unrestricted	1,105,365	(2,796,665)	(1,691,300)
Total Net Position	\$ 1,105,365	\$ (2,796,665)	\$ (1,691,300)

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

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2023

	<u>Refuse</u>	<u>Country Club</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 7,577,741	\$ 5,644,868	\$ 13,222,609
Other revenues	-	18,128	18,128
Total Operating Revenues	<u>7,577,741</u>	<u>5,662,996</u>	<u>13,240,737</u>
Operating Expenses			
Solid waste collection and disposal	7,072,259	-	7,072,259
Culture and recreation	-	4,782,420	4,782,420
Total Operating Expenses	<u>7,072,259</u>	<u>4,782,420</u>	<u>11,854,679</u>
Operating Income Before Depreciation	505,482	880,576	1,386,058
Depreciation and Amortization Expense	-	787,101	787,101
Operating Income (Loss)	<u>505,482</u>	<u>93,475</u>	<u>598,957</u>
Nonoperating Revenues (Expense)			
Intergovernmental revenue	397,948	700,000	1,097,948
Interest expense	-	(523,082)	(523,082)
Miscellaneous	-	7,500	7,500
Net earnings on investments	122,801	38,521	161,322
Total Nonoperating Revenues (Expenses)	<u>520,749</u>	<u>222,939</u>	<u>743,688</u>
Income (Loss) Before Operating Transfers	<u>1,026,231</u>	<u>316,414</u>	<u>1,342,645</u>
Operating transfers in	-	267,676	267,676
Operating transfers out	-	(280,043)	(280,043)
Total Net Transfers	<u>-</u>	<u>(12,367)</u>	<u>(12,367)</u>
Change in Net Position	1,026,231	304,047	1,330,278
Net Position - Beginning	<u>79,134</u>	<u>(3,100,712)</u>	<u>(3,021,578)</u>
Net Position - Ending	<u>\$ 1,105,365</u>	<u>\$ (2,796,665)</u>	<u>\$ (1,691,300)</u>

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

NORTHAMPTON TOWNSHIP

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	<u>Business-type Activities</u>		
	<u>Refuse</u>	<u>Country Club</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 7,509,184	\$ 5,464,582	\$ 12,973,766
Cash paid to employees for services	(244,854)	(2,164,126)	(2,408,980)
Cash paid to suppliers for goods and services	(6,449,256)	(2,500,583)	(8,949,839)
Net cash provided by (used in) operating activities	<u>815,074</u>	<u>799,873</u>	<u>1,614,947</u>
Cash flows from non-capital financing activities			
Miscellaneous revenues	-	7,500	7,500
Due from/to funds	65,465	(65,465)	-
Transfers to other funds	-	(12,367)	(12,367)
Intergovernmental revenues	397,948	700,000	1,097,948
Net cash provided by (used in) non-capital financing activities	<u>463,413</u>	<u>629,668</u>	<u>1,093,081</u>
Cash flows from capital and related financing activities			
Debt proceeds	-	-	-
Payments of long-term debt	-	(151,639)	(151,639)
Interest paid on long-term debt	-	(571,435)	(571,435)
Acquisition and construction of capital assets	-	(67,234)	(67,234)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(790,308)</u>	<u>(790,308)</u>
Cash flows from investing activities			
Interest and dividends on investments	122,801	38,521	161,322
Net cash provided by (used in) investing activities	<u>122,801</u>	<u>38,521</u>	<u>161,322</u>
Net increase (decrease) in cash and cash equivalents	1,401,288	677,754	2,079,042
Beginning cash and cash equivalents	162,120	-	162,120
Ending cash and cash equivalents	<u>\$ 1,563,408</u>	<u>\$ 677,754</u>	<u>\$ 2,241,162</u>

**Reconciliation of Net Operating Income (Loss)
to Net Cash Provided By (Used in) Operating Activities**

Net operating income (loss)	\$ 505,482	\$ 93,475	\$ 598,957
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	-	787,101	787,101
Changes in assets and liabilities			
(Increase) decrease in receivables	(68,557)	55,372	(13,185)
(Increase) decrease in inventory	-	7,041	7,041
Increase (decrease) in accounts payable	378,149	66,444	444,593
Increase (decrease) accrued wages	-	17,953	17,953
Increase (decrease) compensated absences	-	26,273	26,273
Increase(decrease) in deferred revenue	-	(253,786)	(253,786)
Net adjustments	<u>309,592</u>	<u>706,398</u>	<u>1,015,990</u>
Cash provided by (used in) operating activities	<u>\$ 815,074</u>	<u>\$ 799,873</u>	<u>\$ 1,614,947</u>

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

NORTHAMPTON TOWNSHIP

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

December 31, 2023

	Pension Trust Funds	Custodial Funds
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 671,477	\$ 839,873
Receivables	149,223	
Investments		
Money market	932,372	-
DROP account	610,968	-
US Government & agency securities	6,999,826	-
Bond and bond funds	8,706,989	-
Asset backed securities	183,476	-
Equities and stock funds	23,091,980	-
Exchange traded products	9,087,699	-
Total Investments	<u>49,613,310</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 50,434,010</u>	<u>\$ 839,873</u>
<u>NET POSITION</u>		
Restricted for		
Assets held in trust for pension	\$ 50,434,010	\$ -
Developer	<u>-</u>	<u>839,873</u>
Total net position	<u>\$ 50,434,010</u>	<u>\$ 839,873</u>

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

NORTHAMPTON TOWNSHIP

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the Year Ended December 31, 2023

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
Additions		
Contributions		
Member contributions	\$ 259,253	\$ -
Employer contributions	852,431	-
State contributions	984,913	-
Escrow receipts	-	537,479
Total Contributions	<u>2,096,597</u>	<u>537,479</u>
Investment Earnings		
Net appreciation (depreciation) in fair value of investments	7,043,104	-
Interest and dividends	512,579	-
Total Investment Earnings	7,555,683	-
Less investment expense	(171,513)	-
Net Investment Earnings	<u>7,384,170</u>	<u>-</u>
Total Additions	<u>9,480,767</u>	<u>537,479</u>
Deductions		
Benefits	2,199,979	-
Escrow disbursements	-	310,620
Actuary fees	-	-
Total Deductions	<u>2,199,979</u>	<u>310,620</u>
Change in Net Position	7,280,788	226,859
Net Position		
Beginning of Year	<u>43,153,222</u>	<u>613,014</u>
End of Year	<u>\$ 50,434,010</u>	<u>\$ 839,873</u>

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies

The Township of Northampton, County of Bucks, Commonwealth of Pennsylvania was founded in 1722. The Township is a second-class township, which operates under a Council-Manager form of government and provides the following services: general township administration, public safety, code enforcement, sanitation, roads, culture and recreation.

The accounting policies of the Township conform to accounting principles generally accepted in the United States as applicable to governments. The follow is a summary of the more significant policies:

A. Financial Reporting Entity

The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents, and the financial reporting entity follows the same accountability. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes, but is not limited to, fiscal dependency, imposition of will, legal standing, and the primary recipient of services.

Included within the reporting entity, in blended presentation is the Police Pension Plan and the Nonuniform Pension Plan (the Plans). The Plans are single employer defined benefit pension plans that provide pension benefits for all regular full-time employees. The Plans are separate legal entities, but they are reported as if they are part of the Township as they are governed by a board comprised of members appointed by the Board of Supervisors or by the Board of Supervisors themselves and the Township is responsible for funding the Plans. The activities of the Plans are blended as fiduciary funds and do not issue separate financial statements.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide Financial Statements (continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

The *park & recreation fund* accounts for the real estate taxes and program revenues related to programs and services provided for residents relating to culture and recreation.

The *capital asset fire fund* is used to account for financial resources to be used for the purchase of major capital assets for Northampton Township Volunteer Fire Co.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

The *debt fire fund* is used to account for financial resources to be used for the construction of major Township capital facilities and infrastructure.

The government reports the following major proprietary funds:

The *refuse fund* accounts for the collection of amounts due from the activities of the Township's refuse activities.

The *Country Club fund* accounts for the activities of the Northampton Valley Country Club.

Additionally, the government reports the following fund types:

The *pension trust fund* accounts for the activities of the Police and Non-Uniformed Pension plans, which accumulate resources for pension benefit payments to qualified employees.

The *custodial fund* accounts for subdivision/land development and all other types of escrows held by the Township in a custodial capacity.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the governments refuse function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Refuse fund recognizes collection fees as operating revenue. The Country Club recognizes golf, banquet, and other country club revenues as operating revenues. Operating expenses for enterprise funds include collection and disposal costs and expenses related to the Country Club. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)***

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

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

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

The government invests in obligations and agencies of the United States of America. These investments are comprised of U.S. Treasury obligations. The government recognizes interest rate risk and extension risk with some of these obligations. The government has stratified their portfolio so that the investments with extension risk are comprised of monies needed on a long-term basis. Investments with interest rate risk are selected so that the risk of interest decline below area saving's accounts rates is minimal.

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

2. Use of Estimates

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

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported 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”.

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.

Due to the immaterial nature of uncollectible accounts, all trade and property tax receivables are deemed fully collectible and an allowance has not been recorded.

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed February 1 and payable under the following terms: a 2% discount February 1 through April 1; face amount April 2 through June 1; and a 10% penalty after June 1. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

4. Leases

The Township is a lessor for various long-term noncancellable lease agreements. The Township recognizes leases receivable and deferred inflows of resources in the government-wide and fund financial statements.

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

4. Leases (continued)

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

- The Township uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus any options to extend. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Any variable payments received are based on direct monthly usage and are recognized as revenue when received.

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

5. Inventories

Inventory is valued at cost (first-in, first-out) in the proprietary funds. It is comprised of food, beverages, chemical supplies and other supplies for the country club.

6. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Expenditures for prepayments are recognized during the period benefited by the prepayment.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$7,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

7. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost. Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	45
Buildings and improvements	45
Roads and bridges	75
Storm sewers	75
Lighting	20
Library	3-20
Trucks, vehicles and heavy equipment	5-25

8. Right to Use Assets

The Township has recorded the right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount to the initial measurement of the related lease liability. The right to use assets are amortized on a straight-line basis over the life of the related lease.

9. Compensated Absences

The Township has established policies for paying employees, at the time of termination or retirement, for certain accumulated but unused absences. On leaving, an employee will be compensated for all unused sick days up to 960 sick hours for Non-Uniformed Personnel, and up to 960 hours for full time Police Officers employed as of January 1, 1989 and up to 720 hours if employed after that time. The long-term liability was determined by multiplying the accumulated available vacation and sick days, for each employee by the applicable daily rate.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Issuance costs are written off when incurred. Bonds payable are reported net of the applicable bond premium or discount.

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

11. Deferred Outflows/Inflows of Resources

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

11. Deferred Outflows/Inflows of Resources (continued)

The Township has items that qualifies for reporting in these categories:

Change in assumptions is reported in the government-wide statement of net position. A net difference results when actuarial assumptions are changed. This amount is deferred and amortized over a five-year period.

Net difference between projected and actual earnings on plan investments is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five-year period.

Difference between expected and actual experience on plan liability is reported in the government-wide statement. A net difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Unavailable revenue, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and banquet deposits. These amounts are deferred and recognized in the period that the amounts become available. This amount includes the first half of the fund receives under ARPA but not used yet.

Leases are reported in the governmental funds, proprietary funds, and the government-wide statement of net position. A deferred balance results at the initiation of the lease in an amount equal to the initial recording of the lease receivable. A deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

12. Fund Balance

The governmental funds report fund balance in classifications based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

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

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

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

Assigned Fund Balance - includes amounts intended to be used by the Township for specific purposes that are neither restricted nor committed. The governing body, the Board of Supervisors, has by resolution authorized the finance committee, or Township Manager and Finance Director to assign fund balance, which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance - this residual classification is used for all negative fund balances in Special Revenue, Capital Projects, and Debt Service funds; or any residual amounts in the General Fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

13. Net Position

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

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

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

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

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

E. Accounting Pronouncement

The adoption of GASB 96 (Information Technology Arrangements) had no material effect on the financial statements.

Pending Accounting Pronouncements

GASB has issued statements that will become effective in future years including 99 (Omnibus 2023), 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences). Management has not yet determined the impact of these statements on the financial statements.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Thirty days prior to the final supervisor's meeting in December, the Board of Supervisors submit a proposed operating budget for the fiscal year commencing the following January 1st. The operating budget includes proposed expenses and the means of financing them. The proposed operating budget is advertised in the newspaper at least thirty days prior to the final budget hearing. At the last Board of Supervisor's meeting in December, the budget is adopted by resolution. Within 30 days of adoption, the approved budget is advertised in the newspaper as being approved and available for inspection. Budgetary data are included in the Township management information system and are employed as a management control device during the year. Budgets for the General, Special Revenue, Capital Projects and GOB Funds are adopted on the modified accrual basis of accounting. All budget revisions require the approval of the Township Board of Supervisors. There were no budget revisions made during the year. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2023, expenditures exceeded appropriation in the general fund categories of general government by \$199,912 and in the park and recreation culture and recreation category by \$138,799 respectively due to a new position in finance, higher than expected repairs, and an increase in program costs.

C. Deficit Net Position and Fund Balance

The Country Club had a deficit unrestricted net position balance of \$2,796,665 primarily due to the ongoing recovery from COVID losses. The deficit related to COVID is expected to be eliminated through future revenues. The Park & Recreation Fund and the Park Capital fund had deficits in fund balance of \$27,095 and \$10,472 respectively, due to higher program and capital expenses that are expected to be recovered by future revenues.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3. Detailed Notes on All Funds

A. *Deposits and Investments*

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

The Township has the following recurring fair value measurements as of December 31, 2023:

	<u>Fair Value</u>	<u>Level 1</u>
PRIMARY GOVERNMENT		
Cash accounts	\$ 6,152,990	\$ 6,152,990
Money market	<u>15,951,539</u>	<u>15,951,539</u>
Total	<u>\$ 22,104,529</u>	<u>\$ 22,104,529</u>
FIDUCIARY FUNDS		
Money market	\$ 1,603,849	\$ 1,603,849
US Government & agency securities	6,999,826	6,999,826
DROP account	610,968	610,968
Bond and bond funds	8,706,989	8,706,989
Asset backed securities	183,476	183,476
Equities and stock funds	23,091,980	23,091,980
Exchange traded products	<u>9,087,699</u>	<u>9,087,699</u>
Total Fiduciary Funds	<u>\$ 50,284,787</u>	<u>\$ 50,284,787</u>

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Deposits are considered cash equivalents because of their short maturity dates and are included in deposits. The Township's bank deposits are covered by FDIC insurance or collateralized on a pooled basis as required by the Commonwealth's 2nd Class Township Code. As of December 31, 2023, the government's carrying amount of deposits was \$21,748,831 and the bank balance was \$22,100,822. Of the bank balance, \$500,000 was covered by depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3. Detailed Notes on All Funds (Continued)

A. *Deposits and Investments (continued)*

The Township can withdraw funds from the external investment pool without limitation or fee upon adequate notice. The investment pool was rated AAAM by Standard & Poor's and has average maturities of less than 30 days. The Investment Pool operates in accordance with appropriate state laws and regulations.

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

Interest Rate Risk. Interest rate risk is that changing interest rates will negatively impact the fair value of the Township's investments in debt securities. The Township has no policy for interest rate risk. Securities subject to interest rate risk for Township fiduciary activities (pension plans) are as follows:

	<u>Fair Value</u>	<u>Maturities in Years</u>			
		<u>< 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>over 10 years</u>
Fiduciary Funds					
US Government Securities	\$ 6,999,826	\$ 462,109	\$ 806,142	\$ 2,401,293	\$ 3,330,282
Corporate Debt	5,361,891	460,677	249,474	1,622,213	3,029,527
Municipal Debt	977,368	-	98,205	223,413	655,750
Fixed Income Funds	2,367,730	480,649	1,690,559	196,522	-
Asset Backed Securities	<u>332,699</u>	<u>132,831</u>	<u>3,934</u>	<u>195,934</u>	<u>-</u>
Total Fiduciary Funds	<u>\$ 16,039,514</u>	<u>\$ 1,536,266</u>	<u>\$ 2,848,314</u>	<u>\$ 4,639,375</u>	<u>\$ 7,015,559</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3. Detailed Notes on All Funds (Continued)

A. *Deposits and Investments* (continued)

Credit Risk. It is the credit quality rating of debt securities owned by the Township. It is the Township’s policy to invest its fiduciary funds in debt security portfolios with a minimum average credit rating of “AAA”. Credit ratings for debt and money market fund that are subject to credit risk are as follows:

	<u>Fair Value</u>	<u>Ratings</u>				
		<u>AAA</u>	<u>AA+/AA/AA-</u>	<u>A+/A/A-</u>	<u>BBB+/BBB/BBB-</u>	<u>Not rated</u>
FIDUCIARY FUNDS						
US Government Securities	\$ 6,999,826	\$ -	\$ 6,999,826	\$ -	\$ -	\$ -
Corporate Bonds	5,361,891	115,307	732,250	3,035,307	1,479,027	-
Municipal Debt	977,369	357,618	560,871	58,880	-	-
Fixed Income Funds	2,367,729	-	-	-	-	2,367,729
Asset Backed Securities	332,699	283,955	48,744	-	-	-
Total Fiduciary Funds	<u>\$ 16,039,514</u>	<u>\$ 756,880</u>	<u>\$ 8,341,691</u>	<u>\$ 3,094,187</u>	<u>\$ 1,479,027</u>	<u>\$ 2,367,729</u>

Fiduciary Activity (Pension Funds) Investments

Foreign Currency Risk. This is the risk that changes in currency exchange rates will negatively impact the fair value of Township investments in foreign equities. The Township has no investment policy for foreign currency risk. As of December 31, 2023, the Township has no fiduciary plan investments subject to foreign currency risk.

Custodial Credit Risk Investments. Township pension funds are administered by two fund managers, First National Bank and Trust Company of Newtown holds and manages 4.7% of total pension plan assets. Goldberg, Yolles, & Lepore Consulting Group (Wells Fargo Advisors custodian) manages 95.3% of total pension plan assets. Custodial credit risk is the risk that, in the event of the failure of the funds custodian, the Township will not be able to recover the value of plan investments or collateral security that are in custodian’s possession. The Township does not have an investment policy for custodial credit risk for fiduciary investments. Pension plan assets exposed to custodial credit risk are insured by both the Securities Investor Protection Corporation for the first \$500,000 of plan assets for each custodian.

Asset Allocation. It is the policy of the Township to allocate pension fund investments as follows: Equity exposure is set at 70% maximum and 40% minimum; the remainder being invested in fixed income securities.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3. Detailed Notes on All Funds (Continued)

A. Deposits and Investments (continued)

Custodial cash deposits and investments

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2023, \$839,873 represents the balance of these monies held in escrow.

B. Receivables

Receivables as of the year end for the government's individual major funds, non-major funds, business-type fund, and fiduciary funds in the aggregate:

	<u>General</u>	<u>Park & Recreation</u>	<u>Nonmajor and Other Funds</u>	<u>Total Governmental</u>
Receivables:				
Taxes	\$ 1,963,115	\$ 15,726	\$ 108,848	\$ 2,087,689
Accounts	434,931	8,460	454,954	898,345
Leases	<u>2,402,249</u>	<u>-</u>	<u>-</u>	<u>2,402,249</u>
Total Receivables	<u>\$ 4,800,295</u>	<u>\$ 24,186</u>	<u>\$ 563,802</u>	<u>\$ 5,388,283</u>

	<u>Country Club</u>	<u>Refuse</u>	<u>Total Proprietary</u>	<u>Total Fiduciary</u>
Receivables:				
Accounts	\$ 12,406	\$ 495,482	\$ 507,888	\$ -
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,223</u>
Total Receivables	<u>\$ 12,406</u>	<u>\$ 495,482</u>	<u>\$ 507,888</u>	<u>\$ 149,223</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3. Detailed Notes on All Funds (Continued)

C. Leases

The Township has entered in to various lease agreements for cell tower property rentals. Under these agreements, the Township receives minimum monthly payments. The terms are typically for a period of five years with renewable options for two to five more five years periods through 2043. Escalation rates range from 2% to 3% per year to 15% every 5 years. As of December 31, 2023, the lease receivable for the noncancellable portion and additional options was \$2,436,923 and the deferred inflows of resources associated with this lease that will be recognized as revenue over the lease term was \$1,828,858.

For the year ended December 31, 2023, the principal and interest received on long-term noncancellable leases was \$34,674 and \$119,941 respectively.

Amounts receivable are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2024	44,766	117,931
2025	50,011	115,557
2026	55,599	112,912
2027	61,549	109,980
2028	68,438	106,736
2029-2033	499,603	468,465
2034-2038	785,601	307,309
2039-2043	657,474	116,848
2044-2047	179,208	15,276
	<u>2,402,249</u>	<u>1,471,014</u>

D. Right to Use Leased Asset

The Township has recorded two right to use leased assets for equipment. The related lease is discussed in the leases section of this note. The right to use lease asset is amortized on a straight-line basis over the anticipated term of the related asset.

Right to use asset activity for the Township for the year ended December 31, 2023 is noted below in capital asset activity.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3. Detailed Notes on All Funds (Continued)

E. Capital Assets

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

	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Government-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,897,956	\$ -	\$ -	\$ 1,897,956
Construction in progress	<u>11,670,174</u>	<u>-</u>	<u>-</u>	<u>11,670,174</u>
Total capital assets, not being depreciated	<u>13,568,130</u>	<u>-</u>	<u>-</u>	<u>13,568,130</u>
Capital assets, being depreciated:				
Land improvements	4,412,060	-	-	4,412,060
Buildings and improvements	31,463,747	17,480,068	-	48,943,815
Vehicles and equipment	10,552,352	846,639	82,060	11,316,931
Library	95,201	-	-	95,201
Infrastructure	<u>300,369,114</u>	<u>1,201,306</u>	<u>-</u>	<u>301,570,420</u>
Total capital assets, being depreciated	<u>346,892,474</u>	<u>19,528,013</u>	<u>82,060</u>	<u>366,338,427</u>
Less accumulated depreciation for:				
Land improvements	1,727,535	111,115	-	1,838,650
Buildings and improvements	11,088,472	856,958	-	11,945,430
Vehicles and equipment	7,552,844	643,531	82,060	8,114,315
Library	80,231	2,456	-	82,687
Infrastructure	<u>145,954,734</u>	<u>7,474,608</u>	<u>-</u>	<u>153,429,342</u>
Total accumulated depreciation	<u>166,403,816</u>	<u>9,088,668</u>	<u>82,060</u>	<u>175,410,424</u>
Total capital assets, being depreciated, net	<u>180,488,658</u>	<u>10,439,345</u>	<u>-</u>	<u>190,928,003</u>
Leased Assets	196,800	-	-	196,800
Less Accumulated Amortization	<u>118,080</u>	<u>39,360</u>	<u>-</u>	<u>157,440</u>
Total capital assets, being amortized, net	<u>78,720</u>	<u>(39,360)</u>	<u>-</u>	<u>39,360</u>
Total Government Type Capital Assets	<u>\$ 194,135,508</u>	<u>\$ 10,399,985</u>	<u>\$ -</u>	<u>\$ 204,535,493</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3. Detailed Notes on All Funds (Continued)

E. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 2,070,298	\$ -	\$ 2,070,298	\$ -
Total capital assets, not being depreciated	<u>2,070,298</u>	<u>-</u>	<u>2,070,298</u>	<u>-</u>
Capital assets, being depreciated:				
Country Club	11,877,649	595,325	-	12,472,974
Vehicles	24,920	-	-	24,920
Equipment and improvements	<u>1,993,869</u>	<u>1,768,353</u>	<u>-</u>	<u>3,762,222</u>
Total	<u>13,896,438</u>	<u>2,363,678</u>	<u>-</u>	<u>16,260,116</u>
Less accumulated depreciation for:				
Country Club	2,322,537	501,127	-	2,823,664
Truck	15,278	4,984	-	20,262
Equipment and improvements	<u>564,881</u>	<u>232,229</u>	<u>-</u>	<u>797,110</u>
Total accumulated depreciation	<u>2,902,696</u>	<u>738,340</u>	<u>-</u>	<u>3,641,036</u>
Total capital assets, being depreciated, net	<u>10,993,742</u>	<u>1,625,338</u>	<u>-</u>	<u>12,619,080</u>
Leased Assets	241,829	-	-	241,829
Less Accumulated Amortization	<u>96,732</u>	<u>48,366</u>	<u>-</u>	<u>145,098</u>
Total capital assets, being amortized, net	145,097	(48,366)	-	96,731
Total Business Type Capital Assets	<u>\$ 13,209,137</u>	<u>\$ 1,576,972</u>	<u>\$ 2,070,298</u>	<u>\$ 12,715,811</u>

NORTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. Detailed Notes on All Funds (Continued)

E. Capital Assets (continued)

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 68,890
Public Safety	688,097
Public Works	7,799,104
Culture and Recreation	<u>532,577</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 9,088,668</u>
Business-type Activities	
Culture and Recreation	\$ <u>738,340</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 738,340</u>
Governmental Activities	
General Government	\$ 7,085
Public Safety	19,286
Culture and Recreation	<u>12,989</u>
Total Amortization Expense - Governmental Activities	39,360
Business type Activities	
Culture and Recreation	<u>48,366</u>
Total Amortization Expense-Business-type Activities	<u>\$ 48,366</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3. Detailed Notes on All Funds (Continued)

F. Interfund Receivables, Payables, and Transfers

There are no interfund receivable and payables at year end.

The Township uses unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2023, consisted of the following amounts:

	Transfers from <u>Other Funds</u>	Transfers to <u>Other Funds</u>
General	\$ 195,288	\$ 1,710,000
Park & Recreation	100,000	-
Nonmajor Funds	1,622,367	195,288
Country Club	<u>267,676</u>	<u>280,043</u>
Total	<u>\$ 2,185,331</u>	<u>\$ 2,185,331</u>

Interfund transfers are primarily the result of:

- (1) Reimbursement of expenses
- (2) Saving for future capital projects

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3. Detailed Notes on All Funds (Continued)

G. Leases

The Township leases copiers and golf carts at a rate of \$3,495 per month for the copiers and \$51,846/year for the golf carts. These noncancelable leases have been recorded at the present value of the future minimum lease payments as of the date of adoption of GASB 87. The lease liability is measured at a discount rate of 3.6% for the golf carts which is the stated rate of interest in the lease and 5% for the copiers which is the Township's long-term borrowing rate at the date of GASB 87 implementation.

The government leases other pieces of office equipment under non-cancelable operating leases. Total liabilities under these leases are considered immaterial to the financial statements.

Leases

The Township purchases equipment through other capital notes. The future minimum lease obligations and the net present value of these minimum capital note and lease payments as of December 31, 2023, were as follows:

Year <u>Ending Dec 31</u>	Governmental <u>Activities</u>	Business <u>Activities</u>
2024	\$ 616,075	\$ 129,817
2025	610,829	133,555
2026	265,761	73,574
2027	-	41,748
Total	<u>\$ 1,492,665</u>	<u>\$ 378,694</u>

H. Debt

General Obligation Bonds and Notes

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities and the purchase of the country club. The original amount of general obligation bonds issued was \$51,985,524.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 10-20 year serial bonds with varying amounts of principal maturing each year.

NORTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3. Detailed Notes on all Funds (Continued)

H. Debt (continued)

General Obligation Bonds and Notes

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	2.0 to 5.0%	<u>\$ 48,587,304</u>
Business-type Activities:	1.9 to 4.0%	<u>\$ 15,072,696</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,759,278	\$ 1,857,028	\$ 440,722	\$ 557,547
2025	1,824,107	1,792,590	450,893	544,991
2026	1,883,766	1,731,649	471,234	529,689
2027	1,966,816	1,648,140	488,184	511,670
2028	2,038,084	1,576,645	511,916	491,668
2029-2033	11,526,745	6,549,398	2,878,255	2,134,713
2034-2038	10,779,410	4,227,795	4,210,590	1,518,250
2039-2043	11,319,098	2,193,151	5,620,902	578,180
2044-2046	5,490,000	334,600	-	-
	<u>\$ 48,587,304</u>	<u>\$ 21,910,996</u>	<u>\$ 15,072,696</u>	<u>\$ 6,866,708</u>

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3. Detailed Notes on all Funds (Continued)

H. Debt (continued)

Changes in long-term liabilities

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental Activities:					
General obligation bonds	\$ 50,488,914	\$ -	\$ 1,901,610	\$ 48,587,304	\$ 1,759,278
Deferred amounts:					
For issuance premiums	5,158,407	-	218,492	4,939,915	-
For issuance discounts	(1,129,958)	-	(67,872)	(1,062,086)	-
Total bonds payable	54,517,363	-	2,052,230	52,465,133	1,759,278
Lease liability	1,736,663	566,923	810,921	1,492,665	647,135
Net pension liability	10,910,029	-	5,582,069	5,327,960	-
Total OPEB liability	2,843,088	103,128	-	2,946,216	-
Compensated absences	3,848,400	1,680,000	1,210,093	4,318,307	125,000
Governmental Activities Long-Term Liabilities	<u>\$ 73,855,543</u>	<u>\$ 2,350,051</u>	<u>\$ 9,655,313</u>	<u>\$ 66,550,281</u>	<u>\$ 2,531,413</u>
	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Business-type Activities:					
General obligation bonds	\$ 15,076,086	\$ -	\$ 3,390	\$ 15,072,696	\$ 440,722
Deferred amounts:					
For issuance premiums	84,062	-	4,203	79,859	-
For issuance discounts	(59,852)	-	(2,993)	(56,859)	-
Total bonds payable	15,100,296	-	4,600	15,095,696	440,722
Lease liability	299,191	226,542	147,039	378,694	98,757
Compensated absences	72,813	70,000	43,727	99,086	5,000
	<u>\$ 15,472,300</u>	<u>\$ 296,542</u>	<u>\$ 195,366</u>	<u>\$ 15,573,476</u>	<u>\$ 544,479</u>

Debt service for general obligation bonds is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities. Any liabilities for compensated absences and OPEB liabilities are generally liquidated by the general fund. The liabilities related to the business type activities of the Country Club will be liquidated by the Country Club.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3. Detailed Notes on All Funds (Continued)

H. Debt (continued)

In 2018, the Township entered into a Purchase Money Promissory Note with the Authority in the sum of \$650,000, without interest, and shall be payable in full within 25 years from the July 11, 2018. The Authority recorded a discount on the note based on the Township's long-term borrowing rate of 3.67% totaling \$386,011. The discount is amortized each year. The balance at December 31, 2023 is \$333,881.

NOTE 4. Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Township participates in the Delaware Valley Property & Liability Trust pool. The insurance expense for the year ended December 31, 2023 was \$481,066. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2023 there were no additional assessments due or anticipated. Instead, the pool declared a dividend of which Northampton's share was \$8,798.

The Township is also a member of the Delaware Valley Workers' Compensation Trust (DVWCT), a risk retention pool. The insurance expense for the year ended December 31, 2023 was \$493,404. The Trust declared a dividend in 2023. Northampton Township's share of the dividend distribution was \$21,444. As the result of the 2022 payroll audit, Northampton Township received \$14,453. At December 31, 2023, there were no additional assessments due or anticipated. Instead, an audit of the reported 2023 payroll will be performed during the first quarter of 2024.

The Township is also a member in the Delaware Valley Health Trust pool. The insurance expense for the year ended December 31, 2023 was \$3,233,743. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2023 there were no additional assessments due or anticipated.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

B. Contingent Liabilities

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

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

C. Employee Retirement Systems and Pension Plans

Defined Benefit Pension Plan

The Township sponsors two single employer defined benefit pension plans, the Police Pension Plan and the Non-Uniformed Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Township. The most recent valuation was as of January 1, 2022. Details below are from the valuation.

Police Pension Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full-time uniformed police officers of the Township. An employee enters the plan on the day he becomes a full-time police officer.

Non-Uniformed Employees' Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full-time permanent, non-uniformed employees of the Township who join the Plan on the first day of the month coincident with or following the completion of one year of service and attainment of age 21.

The Pension Plans are controlled by the provisions of Ordinance No. 2010-548, as amended, adopted pursuant to Act 581. The Plans are governed by the Board of Supervisors which is responsible for the management of the plan assets. The Board of Supervisors has appointed a Pension Committee for each plan as the official bodies to which all related investment matters of the Funds are delegated. Each Pension Committee consists of three members, one member of the Board of Supervisors, one person appointed by the Board of Supervisors, and one participant in the plan. The Board of Supervisors has delegated the authority to manage the plans assets to Fidelity Investments, Goldberg, Yolles & Lapore LLC. The Custodian is First Clearing Corporation. All full-time police and non-uniform employees participate in the plans. Neither of the plans prepares individual stand-alone financial statements.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

C. Employee Retirement Systems and Pension Plans (continued)

Plan Membership

At December 31, 2023, Northampton Township Pension Plans consisted of the following:

	<u>Police</u>	Non- <u>Uniformed</u>
Inactive employees (or their beneficiaries)		
currently receiving benefits	40	39
Inactive employees entitled to benefits		
but not yet receiving them	2	23
Active employees	<u>40</u>	<u>37</u>
	<u>82</u>	<u>99</u>

Two employees are in the DROP plan.

Benefits Provided

Police Pension Plan: The plan provides retirement benefits as well as death and disability benefits to all full-time members of the police force as of their date of hire. All benefits vest after 12 years of credited service. Employees who retire at or after age 55 with 25 years of credited service are entitled to monthly retirement benefit, payable for life, in an amount equal to 50% of their average eligible monthly compensation received during the last 36 months of employment plus a service increment of 1/40 of the normal retirement benefit for each year of service in excess of 25 years, up to a maximum of \$100. If hired before January 1, 1992, an employee can retire after age 50. A member who completes at least 20 years of service and terminates prior to reaching the normal retirement may receive an immediate pension. The pension is the accrued pension, reduced by an actuarial factor to account for early payment. If a participant continues working after their normal retirement date, their pension does not start until they actually retire. The late retirement benefit is the benefit accrued to the late retirement date. A disability pension is available to participants disabled in the line of duty. The disability pension is equal to 50% of the member's monthly salary at the time of disability. If an active member is killed in the line of duty, the Plan provides a monthly death benefit to the surviving spouse, or eligible child equal to 50% of the member's monthly salary at the time of death. If a member is eligible for retirement at the time of death, a monthly death benefit is payable to the surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had they been retired at the time of death.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

C. Employee Retirement Systems and Pension Plans (continued)

Benefits Provided (continued)

A Deferred Retirement Option Plan ("DROP") is available to the Township's police officers who have fulfilled the age and service requirements of the Police Pension Plan as described in the above paragraph. An active member who has met the eligibility requirements for the program, which are age 50 and 25 years of service, may elect to participate in the deferred retirement option program for a period of at least one year, but not more than three years. Monthly pension shall be calculated as of the date of participation in the program.

Non-Uniformed Employees' Pension Plan: The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Normal retirement age is 65. The normal retirement pension is payable monthly during the participant's lifetime. The amount of monthly pension is equal to, if hired before January 1, 1994, the greater of A or B. If hired after January 1, 1994, B. A) A benefit equal to 1% of Final Monthly Average Salary (FMAS) up to \$1,000 plus 1.75% of FMAS in excess of \$1,000, multiplied by years of service prior to normal retirement date. The benefit shall not be less than \$10/month for each year of service. B) A monthly benefit equal to 1.5% FMAS multiplied by years of service, up to a maximum of 30 years, plus 1.0% of FMAS multiplied by years of service in excess of 30 years.

If a participant continues working after the normal retirement date, the pension does not start until the participant actually retires. The late retirement benefit is the greater of the benefit accrued to the retirement date or the actuarial equivalent of the normal retirement benefit. Early retirement is available after age 55 and 10 years of service. The early retirement benefit is the pension accrued to the date of early retirement reduced by 0.5% for each month by which the early retirement date precedes the normal retirement date. A death benefit is payable to a participant's surviving spouse, or beneficiary in an amount equal to the present value of their accrued benefit.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

C. Employee Retirement Systems and Pension Plans (continued)

Measurement Focus and Basis of Accounting

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

Method Used to Value Investments: Pension Plan investments are reported by the custodian at fair value. Fixed income securities are reported at market value, investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date. Market related value of assets is used to determine the indicated contribution.

Contributions

Member contributions are determined each year according to funding needs. For Police, 5% member contributions were required in 2023. For Non-uniform, no member contributions were required in 2023. If an actuarial study shows that the condition of the Plan is such that payments may be reduced below the minimum percentages, or eliminated, the Township may, on an annual basis, by resolution, reduce or eliminate payments into the Police Pension Plan by participants. Administration costs and investment costs of the Plan are financed through an addition to the Actuarially Determined Employer Contributions.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

C. Employee Retirement Systems and Pension Plans (continued)

Contributions (continued)

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The Pension Plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the Plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$984,913 for the pensions for the year ended December 31, 2023.

Investments

Investment Policy: The pension Board, with the assistance of Goldberg, Yolles & Lapore LLC., shall select the appropriate asset weighting percentage to be allocated to each specific asset class. Each asset class shall consist of a combination of investment options that have been made available to obtain the absolute investment objective of the fund. Investments shall be diversified with the intent to minimize the risk of large investment losses. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in investment funds specializing in individual issues, issuers, countries, governments or industries.

Rate of Return: For the year ended December 31, 2023, the annual money-weighted rate of return on Plan investments, net of investment expense was 16.88% for Police and 16.73% for Non-Uniform. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

C. Employee Retirement Systems and Pension Plans (continued)

Net Pension Liability

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

	<u>Police</u>	<u>Non-Uniformed</u>
Total pension liability	\$ 35,517,683	\$ 20,244,288
Plan fiduciary net position	<u>(32,033,970)</u>	<u>(18,400,041)</u>
Net pension liability	<u>\$ 3,483,713</u>	<u>\$ 1,844,247</u>
Plan fiduciary net position as a percentage of the total pension liability	90.2%	90.9%

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

	<u>Police</u>	<u>Non-Uniformed</u>	
Inflation	3.0%	3.0%	
Salary Increases	5.0%	5.0%	(average, including inflation)
Investment Rate of Return	7.5%	7.5%	(including inflation)
Postretirement Cost of Living Increase	2.0%	2.0%	

Mortality rates were based on the RP-2014 mortality with 50% Blue Collar adjustment and mortality improvement based on the Social Security Administration's 2015 Demographic Assumptions.

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

The net pension liability for the Plans was measured as of January 1, 2023 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement. There were no changes to assumptions or benefit terms.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

C. Employee Retirement Systems and Pension Plans (continued)

Net Pension Liability (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	41%	5.50%-7.50%
International Equity	19%	4.50%-6.50%
Fixed Income	35%	1.00-3.00%
Alternative Investments	5%	4.50%-6.50%
Cash	0%	0.00%-1.00%

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

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

C. Employee Retirement Systems and Pension Plans (continued)

Net Pension Liability (continued)

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Police Pension Plan</u>			
Balance at December 31, 2022	\$ 33,892,938	\$ 27,526,110	\$ 6,366,828
Changes for the year:			
Service cost	710,601	-	710,601
Interest	2,656,358	-	2,656,358
Change of benefit terms	-	-	-
Differences between expected and actual experience	(438,244)	-	(438,244)
Change of assumptions	125,920	-	125,920
Contributions - employer	-	1,013,384	(1,013,384)
Contributions - employee	-	259,253	(259,253)
Net investment income	-	4,665,113	(4,665,113)
Benefit payments, including refunds of employee contributions	(1,429,890)	(1,429,890)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	1,624,745	4,507,860	(2,883,115)
Balance at December 31, 2023	\$ 35,517,683	\$ 32,033,970	\$ 3,483,713

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
<u>Non-Uniformed Pension Plan</u>			
Balance at December 31, 2022	\$ 20,301,521	\$ 15,758,320	\$ 4,543,201
Changes for the year:			
Service cost	224,237	-	224,237
Interest	1,439,256	-	1,439,256
Change of benefit terms	-	-	-
Differences between expected and actual experience	(1,028,717)	-	(1,028,717)
Change of assumptions	78,080	-	78,080
Contributions - employer	-	823,961	(823,961)
Contributions - employee	-	-	-
Net investment income	-	2,587,849	(2,587,849)
Benefit payments, including refunds of employee contributions	(770,089)	(770,089)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	(57,233)	2,641,721	(2,698,954)
Balance at December 31, 2023	\$ 20,244,288	\$ 18,400,041	\$ 1,844,247

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

C. Employee Retirement Systems and Pension Plans (continued)

Net Pension Liability (continued)

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability			
Police	\$ 7,881,436	\$ 3,483,713	\$ (172,451)
Non-uniformed	4,044,242	1,844,247	(27,036)

Deferred Outflows and Inflows of Resources: For the year ended December 31, 2023, the Township recognized pension (income) expense of \$814,643 for Police Pension and \$34,304 for Non-Uniformed Pension. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ -	\$ 938,938
Changes in assumptions	107,931	-
Net difference between projected and actual earnings on pension plan investments	4,740,105	2,809,572
Total	\$ 4,848,036	\$ 3,748,510
 <u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ -	\$ 999,867
Changes in assumptions	58,560	-
Net difference between projected and actual earnings on pension plan investments	2,607,489	1,507,107
Total	\$ 2,666,049	\$ 2,506,974

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

C. Employee retirement systems and pension plans (continued)

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

Year Ended December 31:	<u>Police</u>	<u>Non-Uniformed</u>
2024	\$ 276,054	\$ (100,037)
2025	578,614	189,191
2026	900,026	350,712
2027	(565,929)	(280,791)
2028	<u>(89,239)</u>	<u>-</u>
Total	<u>\$ 1,099,526</u>	<u>\$ 159,075</u>

Payable to the Pension Plan: For the year ended December 31, 2023, there was no amount payable for contributions to the pension plan.

Deferred Retirement Option Program

The Police Pension Plan offers a Deferred Retirement Option Program (DROP) to officers who are eligible to retire. A member is eligible to enter the DROP program on or after his normal retirement date. The DROP program member's retirement benefit is frozen and his retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at his actual retirement in addition to his monthly pension payments. As of December 31, 2023, the DROP account balance of \$610,968 is held by the plan pursuant to the DROP.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

D. Other Postemployment Benefit Plans

Description of the Police OPEB Plan

The Township administers a single employer defined benefit plan to provide for certain postretirement healthcare benefits for the police. The OPEB Plan is governed by the Board of Supervisors.

The plan is administered by the Township. As of December 31, 2023, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GAS Statement No. 75. The most recent valuation was as of January 1, 2023. Details below are from the valuation.

In accordance with the Police Labor Contract effective January 1, 2007, the Township implemented a post-retirement healthcare benefit plan for police employees who retire from the Township. All officers will be eligible for coverage upon retirement after reaching the minimum age of 55 years and the completion of 25 years of service if hired after January 1, 1992 and age 50 with 25 years of service if hired prior to January 1, 1992. A retired officer's spouse, surviving spouse as long as they has not remarried, are also eligible for coverage under the plan. Plan benefits may be amended through Police Labor Contracts.

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

Benefits Provided

The Township will pay for medical insurance (including prescription drug coverage) and dental insurance for the first four years after retirement and for a spouse's first year after retirement. However, the employer cost will be limited to the single or couple premium in effect at retirement. After expiration of the employer covered benefits, the retiree and/or spouse may stay on the insurance at their own cost until Medicare eligibility.

Funding Policy

The premium payment is limited to the premium cost of the coverage as of the date the employee retires. This benefit is funded on a pay as you go basis. There are no legal or contractual requirements for employer contributions to the plan.

Beginning with the second year of post-retirement coverage, retiree will pay any premium increases over the base cost of coverage that was in effect at his or her date of retirement.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

D. Other Postemployment Benefit Plans (continued)

Employees Covered by Benefit Terms

As of December 31, 2023, the most recent actuarial valuation, plan membership is as follows:

	<u>OPEB</u>
Inactive employees (or their beneficiaries) currently receiving benefits	4
Inactive employees entitled to benefits but not yet receiving them	0
Active employees	<u>42</u>
	<u>46</u>

The Township's total OPEB liability of \$2,946,216 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

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

Inflation	
Salary	5.00%
Healthcare Cost Trend Rates	6.5% in 2022, 7.-% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Pension Retirement Age	If hired before January 1, 1992, age 54 with 29 years of service or age 62 at 26 to 28 years of service If hired on or after January 1, 1992, age 58 with 29 years of service or age 62 at 26 to 28 years of service

The discount rate was based on the high quality long-term municipal bond rate published by the Federal Reserve as of the valuation date.

Mortality rates were based on the RP-2014 Mortality Table with 50% Blue Collar Adjustment and rates set forward 5 years for disabled lives.

The following assumptions were changed since the last valuation. The discount rate changed from 4.31% to 4.00%. The trend assumption was updated. Assumptions for salary, mortality, and disability were updated. The per capita claims cost stratification method was updated.

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

D. Other Postemployment Benefit Plans (continued)

The following benefit terms were changed since the last valuation. Each year's loss (or gain) is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are currently receiving a benefit or may be eligible to receive a benefit in the future.

Change in the Total OPEB Liability

	Increase (Decrease)
	Total OPEB <u>Liability</u>
<u>OPEB Plan</u>	
Balance at December 31, 2022	\$ 2,843,088
Changes for the year:	
Service cost	153,780
Benefit payments	(268,277)
Interest	122,901
Changes in benefit terms	-
Changes in assumptions or other inputs	94,724
Differences between expected and actual experience	-
Net Changes	103,128
Balance at December 31, 2023	\$ 2,946,216

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

The following presents the total OPEB liability calculated using the discount rate of 4.00 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.0 percent) or one percentage point higher (5.0 percent) than the current rate:

	1% Increase	Current Discount Rate (4.0%)	1% Decrease
	<u>(5.00%)</u>	<u>Rate (4.0%)</u>	<u>(3.00%)</u>
Total OPEB liability \$	2,750,649	\$ 2,946,216	\$ 3,152,238

NORTHAMPTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

D. Other Postemployment Benefit Plans (continued)

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

The following presents the total OPEB liability of the Township, as well as what the Township’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates (see assumption table for healthcare cost trend rate):

	Valuation Rates -1%	Valuation Rates	Valuation Rates +1%
Total OPEB liability	\$ 2,626,329	\$ 2,946,216	\$ 3,323,196

The schedules of changes in the OPEB liability are presented as required supplementary information (“RSI”) following the notes to the financial statements.

For the year ended December 31, 2023, the Township recognized OPEB expense of \$211,994. At December 31, 2023, there deferred outflows and inflows of resources related to OPEB are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>OPEB Plan</u>		
Differences between expected and actual experience	\$ 101,049	\$ 447,192
Changes in assumptions	125,839	589,185
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	\$ 226,888	\$ 1,036,377

The amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

	Governmental- Activities <u>OPEB</u>
<u>Year Ended December 31:</u>	
2024	\$ (64,687)
2025	(64,687)
2026	(64,687)
2027	(64,687)
2028	(64,687)
Thereafter	(486,054)
Total	\$ (809,489)

NORTHAMPTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4. Other Information (Continued)

E. Risks and Uncertainties

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amount, if any, to be immaterial.

In July 2023, the Township's former trash hauler instituted litigation against the Township seeking damages totaling \$312,282.46. The amount represents approximately \$176,000 the Township withheld from payment of services due to contract violations and the balance is due to other assorted claims. The Township believes there are no merits to any of the alleged claims and will vigorously defend the lawsuit.

Subsequent to year end, in March 2024, a service provider asserted a claim in the amount of \$113,825. The Township disputes this claim and the parties are in negotiation.

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

F. Commitments

The Township is finishing the construction of two fire houses. Construction commitments remaining from these projects total \$1,470,901 at year end. The Township has also committed to purchase body cameras and police car cameras. The amounts will be paid off over 5 years and total \$275,517.

G. Subsequent events

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

**REQUIRED
SUPPLEMENTAL INFORMATION**

NORTHAMPTON TOWNSHIP

Required Supplemental Information - Police Pension Plan

For the Year Ended December 31, 2023

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability			
Service cost	\$ 710,601	\$ 679,652	\$ 647,288
Interest	2,656,358	2,338,285	2,276,741
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(438,244)	-	(827,097)
Changes of assumptions	125,920	-	-
Benefit payments, including refunds of employee contributions	<u>(1,429,890)</u>	<u>(1,174,377)</u>	<u>(1,147,091)</u>
Net change in total pension liability	1,624,745	1,843,560	949,841
Total pension liability - beginning	<u>33,892,938</u>	<u>32,049,378</u>	<u>31,099,537</u>
Total pension liability - ending (a)	<u>\$ 35,517,683</u>	<u>\$ 33,892,938</u>	<u>\$ 32,049,378</u>
 Plan fiduciary net position			
Contributions - employer	\$ 1,013,384	\$ 893,812	\$ 1,097,770
Contributions - employee	259,253	247,432	246,132
Net investment income	4,665,113	(5,427,418)	3,509,626
Benefit payments, including refunds of employee contributions	(1,429,890)	(1,174,377)	(1,147,091)
Administrative expense	-	-	(101,849)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	4,507,860	(5,460,551)	3,604,588
 Plan fiduciary net position - beginning	<u>27,526,110</u>	<u>32,986,661</u>	<u>29,382,073</u>
Plan fiduciary net position - ending (b)	<u>\$ 32,033,970</u>	<u>\$ 27,526,110</u>	<u>\$ 32,986,661</u>
 Township's net pension liability - ending (a)-(b)	<u>\$ 3,483,713</u>	<u>\$ 6,366,828</u>	<u>\$ (937,283)</u>
 Plan fiduciary net position as a percentage of the total pension liability	90.2%	81.2%	102.9%
 Covered payroll	\$ 5,158,050	\$ 5,031,891	\$ 4,693,872
 Net pension liability as a percentage of covered payroll	67.5%	126.5%	-20.0%
 Annual money-weighted return, net of investment expenses	16.88%	-25.73%	12.03%

Notes to Schedule:

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

Change in assumptions: None since 1/1/2021

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	597,819	\$ 569,351	\$ 518,869	\$ 494,161	\$ 477,534	\$ 487,208	\$ 540,849
	2,214,356	2,097,590	2,041,520	1,933,198	1,821,268	1,728,973	1,706,486
	-	-	-	-	-	-	-
	-	(847,387)	-	(571,070)	-	-	(989,104)
	-	-	-	751,373	-	-	-
	<u>(1,256,441)</u>	<u>(1,024,787)</u>	<u>(1,007,279)</u>	<u>(1,008,271)</u>	<u>(998,558)</u>	<u>(954,062)</u>	<u>(857,230)</u>
	1,555,734	794,767	1,553,110	1,599,391	1,300,244	1,262,119	401,001
	<u>29,543,803</u>	<u>28,749,036</u>	<u>27,195,926</u>	<u>25,596,535</u>	<u>24,296,291</u>	<u>23,034,172</u>	<u>22,633,171</u>
\$	<u><u>31,099,537</u></u>	<u><u>29,543,803</u></u>	<u><u>28,749,036</u></u>	<u><u>27,195,926</u></u>	<u><u>25,596,535</u></u>	<u><u>24,296,291</u></u>	<u><u>23,034,172</u></u>
\$	984,333	\$ 955,101	\$ 854,000	\$ 833,727	\$ 861,904	\$ 935,752	\$ 888,000
	240,816	237,641	222,306	208,622	202,677	210,328	199,170
	2,943,310	4,254,701	(1,351,722)	2,819,161	1,375,025	(397,947)	703,085
	(1,256,441)	(1,024,787)	(1,007,279)	(1,008,271)	(998,558)	(954,062)	(857,230)
	(80,877)	(85,649)	(78,242)	(86,249)	(70,546)	(76,228)	(6,519)
	-	-	-	-	-	-	-
	<u>2,831,141</u>	<u>4,337,007</u>	<u>(1,360,937)</u>	<u>2,766,990</u>	<u>1,370,502</u>	<u>(282,157)</u>	<u>926,506</u>
	<u>26,550,932</u>	<u>22,213,925</u>	<u>23,574,862</u>	<u>20,807,872</u>	<u>19,437,370</u>	<u>19,719,527</u>	<u>18,793,021</u>
\$	<u><u>29,382,073</u></u>	<u><u>26,550,932</u></u>	<u><u>22,213,925</u></u>	<u><u>23,574,862</u></u>	<u><u>20,807,872</u></u>	<u><u>19,437,370</u></u>	<u><u>19,719,527</u></u>
\$	<u><u>1,717,464</u></u>	<u><u>2,992,871</u></u>	<u><u>6,535,111</u></u>	<u><u>3,621,064</u></u>	<u><u>4,788,663</u></u>	<u><u>4,858,921</u></u>	<u><u>3,314,645</u></u>
	94.5%	89.9%	77.3%	86.7%	81.3%	80.0%	85.6%
\$	4,834,046	\$ 4,539,717	\$ 4,446,895	\$ 4,205,973	\$ 3,989,739	\$ 4,079,367	\$ 3,818,254
	35.5%	65.9%	147.0%	86.1%	120.0%	119.1%	86.8%
	11.23%	19.43%	-5.76%	13.62%	7.04%	-2.02%	4.14%

NORTHAMPTON TOWNSHIP

Required Supplemental Information - Police Pension Plan

For the Year Ended December 31, 2023

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2014	\$ 887,837	\$ 888,000	\$ (163)	\$ 3,818,254	23.26%
2015	935,752	935,752	-	4,079,367	22.94%
2016	853,878	861,905	(8,027)	3,989,739	21.60%
2017	833,727	833,727	-	4,205,973	19.82%
2018	853,433	854,000	(567)	4,446,895	19.20%
2019	955,096	955,101	(5)	4,539,717	21.04%
2020	984,310	984,333	(23)	4,834,046	20.36%
2021	1,097,770	1,097,770	-	4,693,872	23.39%
2022	893,812	893,812	-	5,031,891	17.76%
2023	1,013,383	1,013,384	(1)	5,158,050	19.65%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	5 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value
Inflation	3%
Projected salary increases	5%, including inflation
Investment rate of return	7.50%
Retirement age	Earlier of age 65 or age 63 and 30 years of service.
Mortality	Rates were based on the RP-2014 Table, with 50% Blue Collar Adjustment and rates set forward 5 years for disabled members. Mortality improvement rates are derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.

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

Change in assumptions: None since 1/1/2021

(1) - covered payroll taken from 1/1/2013 actuarial valuation

NORTHAMPTON TOWNSHIP

Required Supplemental Information - Non-Uniformed Employees' Pension Plan

For the Year Ended December 31, 2023

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability			
Service cost	\$ 224,237	\$ 308,253	\$ 293,574
Interest	1,439,256	1,439,821	1,364,649
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,028,717)	-	(851,045)
Changes of assumptions	78,080	-	-
Benefit payments, including refunds of employee contributions	<u>(770,089)</u>	<u>(671,827)</u>	<u>(657,509)</u>
Net change in total pension liability	(57,233)	1,076,247	149,669
Total pension liability - beginning	<u>20,301,521</u>	<u>19,225,274</u>	<u>19,075,605</u>
Total pension liability - ending (a)	<u>\$ 20,244,288</u>	<u>\$ 20,301,521</u>	<u>\$ 19,225,274</u>
Plan fiduciary net position			
Contributions - employer	\$ 823,961	\$ 880,024	\$ 973,771
Contributions - employee	-	-	-
Net investment income	2,587,849	(2,950,464)	1,918,094
Benefit payments, including refunds of employee contributions	(770,089)	(671,827)	(657,509)
Administrative expense	-	-	(56,202)
Other	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	2,641,721	(2,742,267)	2,178,154
Plan fiduciary net position - beginning	<u>15,758,320</u>	<u>18,500,587</u>	<u>16,322,433</u>
Plan fiduciary net position - ending (b)	<u>\$ 18,400,041</u>	<u>\$ 15,758,320</u>	<u>\$ 18,500,587</u>
Township's net pension liability - ending (a)-(b)	<u>\$ 1,844,247</u>	<u>\$ 4,543,201</u>	<u>\$ 724,687</u>
Plan fiduciary net position as a percentage of the total pension liability	90.9%	77.6%	96.2%
Covered payroll	\$ 3,179,351	\$ 2,975,475	\$ 3,577,525
Net pension liability as a percentage of covered payroll	58.0%	152.7%	20.3%
Annual money-weighted return, net of investment expenses	16.73%	-25.71%	11.89%

Notes to Schedule:

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

Change in assumptions: None since 1/1/2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	318,629	\$ 333,377	\$ 355,587	\$ 338,654	\$ 335,522	\$ 341,598	\$ 321,375
	1,354,955	1,280,944	1,227,862	1,151,841	1,036,959	972,524	908,895
	-	-	-	-	-	-	-
	-	(330,661)	-	(379,098)	-	-	19,124
	-	-	-	1,011,734	-	-	-
	(678,554)	(549,313)	(497,282)	(490,455)	(463,034)	(435,288)	(407,680)
	995,030	734,347	1,086,167	1,632,676	909,447	878,834	841,714
	18,080,575	17,346,228	16,260,061	14,627,385	13,717,938	12,839,104	11,997,390
\$	<u>19,075,605</u>	<u>\$ 18,080,575</u>	<u>\$ 17,346,228</u>	<u>\$ 16,260,061</u>	<u>\$ 14,627,385</u>	<u>\$ 13,717,938</u>	<u>\$ 12,839,104</u>
\$	929,407	\$ 929,510	\$ 762,000	\$ 767,088	\$ 801,499	\$ 780,088	\$ 742,000
	-	-	-	-	-	-	-
	1,594,254	2,289,288	(739,182)	1,428,195	660,603	(189,522)	332,310
	(678,554)	(549,313)	(497,282)	(490,455)	(463,034)	(435,288)	(407,680)
	(50,923)	(49,935)	(43,104)	(46,637)	(36,810)	(43,739)	(6,488)
	-	-	-	-	-	-	-
	1,794,184	2,619,550	(517,568)	1,658,191	962,258	111,539	660,142
	14,528,249	11,908,699	12,426,267	10,768,076	9,805,818	9,694,279	9,034,137
\$	<u>16,322,433</u>	<u>\$ 14,528,249</u>	<u>\$ 11,908,699</u>	<u>\$ 12,426,267</u>	<u>\$ 10,768,076</u>	<u>\$ 9,805,818</u>	<u>\$ 9,694,279</u>
\$	<u>2,753,172</u>	<u>\$ 3,552,326</u>	<u>\$ 5,437,529</u>	<u>\$ 3,833,794</u>	<u>\$ 3,859,309</u>	<u>\$ 3,912,120</u>	<u>\$ 3,144,825</u>
	85.6%	80.4%	68.7%	76.4%	73.6%	71.5%	75.5%
\$	3,515,707	\$ 3,487,914	\$ 3,864,377	\$ 3,743,396	\$ 3,721,891	\$ 4,034,906	\$ 3,941,799
	78.3%	101.8%	140.7%	102.4%	103.7%	97.0%	79.8%
	11.06%	19.28%	-5.98%	13.20%	6.64%	-1.97%	4.05%

NORTHAMPTON TOWNSHIP

Required Supplemental Information - Non-Uniformed Employees' Pension Plan

For the Year Ended December 31, 2023

SCHEDULE OF CONTRIBUTIONS - NON-UNIFORMED PENSION PLAN

<u>Fiscal</u> <u>Year Ended</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Employer</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contribution as</u> <u>a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2014	\$ 741,199	\$ 742,000	\$ (801)	\$ 3,941,799	18.82%
2015	780,088	780,088	-	4,034,906	19.33%
2016	794,035	801,499	(7,464)	3,721,891	21.53%
2017	767,088	767,088	-	3,743,396	20.49%
2018	761,231	762,000	(769)	3,864,377	19.72%
2019	929,489	929,510	(21)	3,487,914	26.65%
2020	929,371	929,407	(36)	3,515,707	26.44%
2021	973,771	973,771	-	3,577,525	27.22%
2022	880,024	880,024	-	2,975,475	29.58%
2023	823,961	823,961	-	3,179,351	25.92%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	6 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value
Inflation	3%
Projected salary increases	5%, including inflation
Investment rate of return	7.50%
Retirement age	Earlier of age 65 or age 63 and 30 years of service.
Mortality	Rates were based on the RP-2014 Table, rates set forward 5 years for disabled members. Mortality improvement rates are derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.

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

Change in assumptions: None since 1/1/2021

(1) - covered payroll taken from 1/1/2013 actuarial valuation

NORTHAMPTON TOWNSHIP

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

For the Year Ended December 31, 2023

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB liability				
Service cost	\$ 153,780	\$ 209,048	\$ 202,959	\$ 126,142
Interest	122,901	120,610	114,465	96,703
Differences between expected and actual experience	-	(528,500)	67,009	-
Changes in benefit terms	-	-	918,246	-
Changes of assumptions	94,724	(696,309)	8,326	-
Benefit payments, including refunds of employee contributions	<u>(268,277)</u>	<u>(145,028)</u>	<u>(92,703)</u>	<u>(20,779)</u>
Net change in total OPEB liability	103,128	(1,040,179)	1,218,302	202,066
Total OPEB liability - beginning	<u>2,843,088</u>	<u>3,883,267</u>	<u>2,664,965</u>	<u>2,462,899</u>
Total OPEB liability - ending	<u>\$ 2,946,216</u>	<u>\$ 2,843,088</u>	<u>\$ 3,883,267</u>	<u>\$ 2,664,965</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered payroll	\$ 4,942,225	\$ 4,942,225	\$ 4,834,046	\$ 4,786,606
Total OPEB liability as a percentage of covered payroll	59.6%	57.5%	80.3%	55.7%

Notes to Schedule:

Health Care Cost Trend Rate 6.5% in 2022, 7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027.

Annual salary increases assumed to be 5.0%.

Changes of Assumptions: The discount rate changed from 4.31% to 4.00%. The trend assumption was updated.

Changes of Benefit Terms: Each year's loss (or gain) is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are currently receiving a benefit or may be eligible to receive a benefit in the future.

These figures are based on estimated benefit payments.

These amounts may be adjusted for actual benefit payments made during the year.

Note on Cumulative Information:

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 122,766	\$ 111,764	\$ 108,773
89,849	77,953	73,772
100,050	-	-
-	-	-
60,362	-	-
<u>(45,445)</u>	<u>(42,370)</u>	<u>(105,166)</u>
327,582	147,347	77,379
<u>2,135,317</u>	<u>1,987,970</u>	<u>1,910,591</u>
<u>\$ 2,462,899</u>	<u>\$ 2,135,317</u>	<u>\$ 1,987,970</u>

0.0%	0.0%	0.0%
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\$ 4,539,717	\$ 3,989,739	\$ 3,989,739
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54.3%	53.5%	49.8%
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Combining Statements

NORTHAMPTON TOWNSHIP

COMBINING BALANCE SHEET - NONMAJOR
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	Special Revenue Funds					Total
	Ambulance Squad	Fire Protection	Library	Senior Center	Highway Aid Fund	
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 8,162	\$ 197,263	\$ 256,770	\$ 90,284	\$ 570,644	\$ 1,123,123
Taxes receivable	7,245	28,979	18,239	-	-	54,463
Accounts receivable	-	-	-	-	-	-
Prepaid expenses	-	35,537	-	-	-	35,537
	-	35,537	-	-	-	35,537
TOTAL ASSETS	\$ 15,407	\$ 261,779	\$ 275,009	\$ 90,284	\$ 570,644	\$ 1,213,123
<u>LIABILITIES</u>						
Liabilities						
Accounts payable and accrued wages	\$ -	\$ 147,383	\$ 60,858	\$ 24,183	\$ -	\$ 232,424
Total Liabilities	-	147,383	60,858	24,183	-	232,424
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable revenue - property taxes	5,799	23,190	14,357	-	-	43,346
Unavailable revenue- fees	-	-	-	-	-	-
Total Deferred Inflows of Resources	5,799	23,190	14,357	-	-	43,346
<u>FUND BALANCES</u>						
Nonspendable-prepaid items	-	35,537	-	-	-	35,537
Restricted for						
Public safety	9,608	55,669	-	-	-	65,277
Public works	-	-	-	-	570,644	570,644
Culture and recreation	-	-	199,794	-	-	199,794
Debt service	-	-	-	-	-	-
Assigned for						
Capital projects	-	-	-	-	-	-
Culture and recreation	-	-	-	66,101	-	66,101
Unassigned	-	-	-	-	-	-
Total Fund Balances	9,608	91,206	199,794	66,101	570,644	937,353
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,407	\$ 261,779	\$ 275,009	\$ 90,284	\$ 570,644	\$ 1,213,123

Capital Projects Funds								GOB	Total Nonmajor
Capital Asset Recreation	Capital Reserve	GOB-2018 Fund	Road Maintenance	Capital Road Equipment	Capital Asset Library	Capital Asset Senior Ctr	Total	Debt Service	Governmental Funds
\$ 111,703	\$ 327,174	\$ 645	\$ 136,523	\$ 218,383	\$ 33,164	\$ 73,471	\$ 901,063	\$ 1,265,345	\$ 3,289,531
-	-	-	4,830	5,509	-	-	10,339	44,046	108,848
-	331,486	123,468	-	-	-	-	454,954	-	454,954
-	-	-	-	-	-	-	-	-	35,537
<u>\$ 111,703</u>	<u>\$ 658,660</u>	<u>\$ 124,113</u>	<u>\$ 141,353</u>	<u>\$ 223,892</u>	<u>\$ 33,164</u>	<u>\$ 73,471</u>	<u>\$ 1,366,356</u>	<u>\$ 1,309,391</u>	<u>\$ 3,888,870</u>
\$ 850	\$ 46,985	\$ -	\$ 9,055	\$ -	\$ -	\$ -	\$ 56,890	\$ -	\$ 289,314
850	46,985	-	9,055	-	-	-	56,890	-	289,314
-	-	-	3,865	4,408	-	-	8,273	35,247	86,866
121,325	131,159	-	-	-	-	-	252,484	-	252,484
121,325	131,159	-	3,865	4,408	-	-	260,757	35,247	339,350
-	-	-	-	-	-	-	-	-	35,537
-	149,940	124,113	-	-	-	-	274,053	-	339,330
-	-	-	128,433	219,484	-	-	347,917	-	918,561
-	-	-	-	-	33,164	-	33,164	-	232,958
-	-	-	-	-	-	-	-	1,274,144	1,274,144
-	330,576	-	-	-	-	-	330,576	-	330,576
-	-	-	-	-	-	73,471	73,471	-	139,572
(10,472)	-	-	-	-	-	-	(10,472)	-	(10,472)
(10,472)	480,516	124,113	128,433	219,484	33,164	73,471	1,048,709	1,274,144	3,260,206
<u>\$ 111,703</u>	<u>\$ 658,660</u>	<u>\$ 124,113</u>	<u>\$ 141,353</u>	<u>\$ 223,892</u>	<u>\$ 33,164</u>	<u>\$ 73,471</u>	<u>\$ 1,366,356</u>	<u>\$ 1,309,391</u>	<u>\$ 3,888,870</u>

NORTHAMPTON TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	Special Revenue Funds					Total
	Ambulance Squad	Fire Protection	Library	Senior Center	Highway Aid Fund	
Revenues						
Real estate	\$ 435,356	\$ 1,746,234	\$ 1,006,742	\$ -	\$ -	\$ 3,188,332
Investment income and rent	3,972	45,407	19,355	2,153	44,170	115,057
Intergovernmental revenue	-	74,882	151,038	43,923	1,280,887	1,550,730
Charges for services	-	-	36,232	93,626	56,852	186,710
Other	-	-	43,723	18,551	20,000	82,274
Total Revenues	<u>439,328</u>	<u>1,866,523</u>	<u>1,257,090</u>	<u>158,253</u>	<u>1,401,909</u>	<u>5,123,103</u>
Expenditures						
Current:						
General government	1,850	8,326	-	-	-	10,176
Public safety	436,000	3,445,179	-	-	-	3,881,179
Highways and roads	-	-	-	-	1,038,725	1,038,725
Culture and recreation	-	-	1,026,864	-	-	1,026,864
Miscellaneous	-	-	-	433,518	-	433,518
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Expenditures	<u>437,850</u>	<u>3,453,505</u>	<u>1,026,864</u>	<u>433,518</u>	<u>1,038,725</u>	<u>6,390,462</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,478</u>	<u>(1,586,982)</u>	<u>230,226</u>	<u>(275,265)</u>	<u>363,184</u>	<u>(1,267,359)</u>
Other Financing Sources (Uses)						
Debt issuance	-	-	-	-	-	-
Transfers in	-	650,000	60,000	300,000	-	1,010,000
Transfers out	-	-	(195,288)	-	-	(195,288)
Total Other Financing Sources (Uses)	<u>-</u>	<u>650,000</u>	<u>(135,288)</u>	<u>300,000</u>	<u>-</u>	<u>814,712</u>
Net Change in Fund Balances	1,478	(936,982)	94,938	24,735	363,184	(452,647)
Fund Balance - Beginning	<u>8,130</u>	<u>1,028,188</u>	<u>104,856</u>	<u>41,366</u>	<u>207,460</u>	<u>1,390,000</u>
Fund Balance - Ending	<u>\$ 9,608</u>	<u>\$ 91,206</u>	<u>\$ 199,794</u>	<u>\$ 66,101</u>	<u>\$ 570,644</u>	<u>\$ 937,353</u>

Capital Projects Funds							Total Nonmajor		
Capital Asset Recreation	Capital Reserve	GOB-2018 Fund	Road Maintenance	Capital Road Equipment	Capital Asset Library	Capital Asset Senior Ctr	Total	GOB Debt Service	Governmental Funds
\$ -	\$ -	\$ -	\$ 291,319	\$ 332,480	\$ -	\$ -	\$ 623,799	\$ 2,660,506	\$ 6,472,637
1,661	17,828	26	9,547	7,612	1,471	3,671	41,816	61,824	218,697
59,034	645,307	-	-	-	-	-	704,341	-	2,255,071
-	146,281	-	-	-	-	-	146,281	-	332,991
319,032	103,660	-	250,000	86,182	-	-	758,874	-	841,148
<u>379,727</u>	<u>913,076</u>	<u>26</u>	<u>550,866</u>	<u>426,274</u>	<u>1,471</u>	<u>3,671</u>	<u>2,275,111</u>	<u>2,722,330</u>	<u>10,120,544</u>
-	211,052	-	-	-	-	-	211,052	-	221,228
-	519,336	-	-	-	-	-	519,336	-	4,400,515
-	477,063	-	527,974	107,676	-	8,038	1,120,751	-	2,159,476
418,902	-	-	-	-	-	6,168	425,070	-	1,451,934
-	-	-	-	-	-	-	-	-	433,518
104,099	276,144	-	-	392,352	-	-	772,595	1,901,610	2,674,205
6,561	9,347	-	-	18,687	-	-	34,595	718,264	752,859
-	-	-	-	-	-	-	-	16,702	16,702
<u>529,562</u>	<u>1,492,942</u>	<u>-</u>	<u>527,974</u>	<u>518,715</u>	<u>-</u>	<u>14,206</u>	<u>3,083,399</u>	<u>2,636,576</u>	<u>12,110,437</u>
(149,835)	(579,866)	26	22,892	(92,441)	1,471	(10,535)	(808,288)	85,754	(1,989,893)
-	429,283	-	-	90,883	-	-	520,166	-	520,166
-	600,000	-	-	-	-	-	600,000	12,367	1,622,367
-	-	-	-	-	-	-	-	-	(195,288)
-	1,029,283	-	-	90,883	-	-	1,120,166	12,367	1,947,245
(149,835)	449,417	26	22,892	(1,558)	1,471	(10,535)	311,878	98,121	(42,648)
139,363	31,099	124,087	105,541	221,042	31,693	84,006	736,831	1,176,023	3,302,854
<u>\$ (10,472)</u>	<u>\$ 480,516</u>	<u>\$ 124,113</u>	<u>\$ 128,433</u>	<u>\$ 219,484</u>	<u>\$ 33,164</u>	<u>\$ 73,471</u>	<u>\$ 1,048,709</u>	<u>\$ 1,274,144</u>	<u>\$ 3,260,206</u>

NORTHAMPTON TOWNSHIP

COMBINING STATEMENT OF NET POSITION -
FIDUCIARY FUNDS

For the Year Ended December 31, 2023

	Pension Trust Funds			Custodial
	Police	Non-Uniform		Escrow
	Pension	Pension	Total	Fund
<u>ASSETS</u>				
Cash and cash equivalents	\$ 255,225	\$ 416,252	\$ 671,477	\$ 839,873
Receivables	95,233	53,990	149,223	-
Investments				
Money market	367,699	564,673	932,372	-
DROP account	610,968	-	610,968	-
US Government & agency securities	4,513,862	2,485,964	6,999,826	-
Bond and bond funds	5,590,176	3,116,813	8,706,989	-
Asset backed securities	108,319	75,157	183,476	-
Equities and stock funds	14,751,831	8,340,149	23,091,980	-
Exchange traded products	5,740,656	3,347,043	9,087,699	-
Total Investments	31,683,511	17,929,799	49,613,310	839,873
 TOTAL ASSETS	 32,033,969	 18,400,041	 50,434,010	 839,873
 <u>NET POSITION</u>				
Restricted for				
Assets held in trust for pension	32,033,969	18,400,041	50,434,010	-
Developer	-	-	-	839,873
Total net position	\$ 32,033,969	\$ 18,400,041	\$ 50,434,010	\$ 839,873

NORTHAMPTON TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - FIDUCIARY FUNDS

For the Year Ended December 31, 2023

Additions	Pension Trust Funds			Custodial
	Police Pension	Non-Uniform Pension	Total	Escrow Fund
Contributions				
Member contributions	\$ 259,253	\$ -	\$ 259,253	\$ -
Employer contributions	852,431	-	852,431	-
State contributions	160,952	823,961	984,913	-
Escrow receipts	-	-	-	537,479
Total Contributions	1,272,636	823,961	2,096,597	537,479
Investment Earnings				
Net appreciation (depreciation) in fair value of investments	4,459,730	2,583,374	7,043,104	-
Interest and dividends	410,526	102,053	512,579	-
Total Investment Earnings	4,870,256	2,685,427	7,555,683	-
Less investment expense	(107,382)	(64,131)	(171,513)	-
Net Investment Earnings	4,762,874	2,621,296	7,384,170	-
Total Additions	6,035,510	3,445,257	9,480,767	537,479
Deductions				
Benefits	1,429,890	770,089	2,199,979	-
Escrow disbursements	-	-	-	310,620
Total Deductions	1,429,890	770,089	2,199,979	310,620
Change in Net Position	4,605,620	2,675,168	7,280,788	226,859
Net Position				
Beginning of Year	27,428,349	15,724,873	43,153,222	613,014
End of Year	\$ 32,033,969	\$ 18,400,041	\$ 50,434,010	\$ 839,873