

**THE TOWNSHIP OF RIDLEY
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2023**



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CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF RIDLEY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Township of Ridley
Folsom, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Township of Ridley, Folsom, Pennsylvania as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Ridley, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. We did not audit the financial statements of the Ridley Township Public Library, which represent one and two percent, respectively, of the assets and revenues of the Township of Ridley. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Library, is based solely on the reports of other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. We did not audit the financial statements of the Ridley Township Public Library, which represent one and two percent, respectively, of the assets and revenues of the Township of Ridley. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Library, is based solely on the reports of other auditors. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages 4 to 10 and 52 to 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2024, on our consideration of the Township of Ridley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Ridley's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Ridley's internal control over financial reporting and compliance.

Leitzell & Economidis, PC

LEITZELL & ECONOMIDIS, PC
Certified Public Accountants

May 20, 2024
Newtown Square, Pennsylvania

**THE TOWNSHIP OF RIDLEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

(UNAUDITED)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Township of Ridley for the year ended December 31, 2023. The Township's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the Township's primary government.

FINANCIAL HIGHLIGHTS

The Board of Commissioners and Management believe the Township's financial condition is strong. Performance exceeded budgetary and other expectations.

- The Township's assets on the government-wide basis exceeded its liabilities (net position) by \$12,284,701. This represented an increase in net position by \$1,450,640 primarily resulting from a significant increase in grant related activity, from changes in post-employment and pension actuarial determined liabilities and expense, and a considerable increase in interest earnings.
- The governmental funds showed a total increase in fund balances this period in the amount of \$670,427. This also included, however, capital outlay in the amount of \$1,788,225 primarily such things as the roads, bridges and storm and sanitary sewers. Further, the Township received \$286,598 in debt proceeds covering reimbursements for a Pennvest project. Actual operations without capital expenditures and debt proceeds would have resulted in a surplus of \$2,745,250. Capital outlay is shown as expenditures in the governmental funds, but as an increase in net position within the government wide statements as these items become part of the Township's fixed assets as presented in the government wide statements.
- During the year, the Township's operating revenue in the government-wide statements increased to \$33,065,293, an increase of 4.05 percent. Intergovernmental grants increased by \$592,567, resulting from the use and recognition of the American Rescue Program (ARPA) funds received. Departmental charges for services remained consistent from the prior period. Operating expenses in the government-wide statements, including other post-employment benefits and pension costs (without regard to depreciation), decreased by \$1,265,930 or 4.1% primarily reflected in decreased actuarially determined post-employment benefit costs, public safety costs, and pension expenses. The overall increase was despite some increases highway and streets related expense, and rising insurance costs. Most other costs remained relatively stable during the period.
- At the close of this fiscal year, total fund balance for the General Fund was \$10,884,325 or 48.54% of total General Fund expenditures (before operating transfers among funds) and 48.35% of total General Fund revenue. The

unassigned fund balance represented 22.56% of General Fund revenues and 22.65% of General Fund expenditures.

- The General Fund activities resulted in a surplus of \$89,238 without regard for the interfund operating transfers. That surplus also included \$659,508 in capital outlay. The activities of the Township exceeded budgetary expectations. Actual revenue exceeded anticipated revenues in the General Fund by 5.55% inclusive of investment proceeds exceeding budgeted expectations, departmental service income higher than anticipated, and increased collection of local enabling taxes. Further, expenditures were less than budgeted amounts by approximately 14.93% indicating strong departmental fiscal management despite the capital expenditures (included in the budgetary line items) as noted above.
- Tax collections remained stable at a 98.48% collection rate for current taxes including those actually collected in 2024. Collection rates are consistent with prior years.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves. This MD&A represents management's analysis of the Township's financial condition and performance. Summary financial statement data and other management tools were utilized for analysis.

Government-wide Financial Statements

The Township's report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. These statements are intended to provide the reader with a broad overview of the Township's finances, similar to the perspective found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The *Statement of Net Position* includes all of the Township's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating.

The second statement, the *Statement of Activities*, presents information on how the Township's net position has changed during the most recent fiscal year. An important purpose of this statement is to show the financial reliance of the Township's distinct functions on revenues provided by various sources.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and intergovernmental revenue, such as grants, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general

government, public safety, health and human services, highways and streets, sewers, sanitation and culture and recreation.

The fiduciary activities, including the police pension plan, scholarship and drug forfeiture fund, are not included in the government-wide statements since these assets are not available to fund the Township's programs.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant *funds*—not the Township as a whole. The funds are an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. All funds are reported as major funds.

The Township has two types of funds - governmental funds and fiduciary funds. The Township itself does not have any proprietary funds. A proprietary fund is a fund in which customers are charged fees for specific services. Although a separate assessment is charged through the Sewer Fund, the Township considers this a governmental fund due to the nature and intent of the activities.

Governmental Funds—Almost all of the Township's basic services are included in the governmental funds, which are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, the governmental fund statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The relationship or differences between the governmental activities as reported in the Statement of Net Position and the Statement of Activities and the governmental funds, if any, is shown in the accompanying reconciliation.

The Township maintains nine 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 balance for the general fund, sewer fund, highway aid fund, two capital project funds, stormwater management fund, a sinking fund (debt service fund), Pennvest fund and an American Rescue Plan Act (ARPA) fund. The General Fund within these financial statements also includes presentation of the activities of the General Fund, Fire Fund, Library Fund, Escrow, Tax and Recreation. All Governmental funds are considered to be major governmental funds.

Fiduciary Funds—The Township has three fiduciary funds: the police pension fund, Anne Howanski scholarship fund, and Drug Forfeiture fund for which the Township is responsible for ensuring that the assets reported in these funds are used for their respective intended purposes. This is reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The activities of these funds are not a part of the government wide financial statements since the Township cannot use these assets to finance its operations. Builders and developers escrow funds are not considered fiduciary funds and are reported in the Township's General Fund.

Notes to Financial Statements--The notes to the financial statements provide required disclosures and other information essential to a full understanding of the material data provided in the government wide and fund financial statements. The notes present information about the Township's accounting policies, significant accounts and activities, obligations, commitments and subsequent events, if any.

Required Supplementary Information

This Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Analysis of Pension Funding Progress and Contributions from Employer and Other Contributing Entity represent financial information required by the Governmental Accounting Standards Board (GASB) to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements and notes to the financial statements. The Township adopted an annual appropriated budget for its General Fund, Sewer Fund, Highway Fund, and Sinking Fund. The budgets for the Library and Fire Funds are presented with the General Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP

The following comparative condensed financial data serve as indicators of the Township's financial health or financial position. Table 1 below shows a condensed version of the Township's Net Position. The change in net assets is shown below in Table 2 as a condensed *Statements of Activities*. Table 3 provides a comparative of the components of the capital assets from 2022 to 2023. Table 4 shows changes in outstanding bonded and other debt from 2022 to 2023.

TABLE 1
SUMMARY STATEMENT OF NET POSITION
DECEMBER 31,

| | 2023 | 2022 |
|---|----------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 21,507,396 | \$22,416,955 |
| Investments | 5,115,879 | 4,232,833 |
| Accounts receivable | 1,317,471 | 1,479,802 |
| Prepaid assets | 206,044 | 306,626 |
| Right to use operating lease | 17,500 | 23,086 |
| Capital assets (net of accumulated depreciation) | 37,586,376 | 37,388,292 |
| Total assets | <u>65,750,666</u> | <u>65,847,594</u> |
| Deferred outflows of resources - pension and OPEB related | 13,503,931 | 14,778,785 |
| Liabilities | | |
| Accounts payable and accrued expenses | 899,089 | 746,508 |
| Escrow and security deposits | 1,113,782 | 1,104,884 |
| Accrued interest | 7,810 | 8,224 |
| Environmental liability | 8,646 | - |
| Unearned revenue | 1,792,933 | 2,747,279 |
| Due to Fiduciary Fund | 817 | 817 |
| Long term liabilities - current portion | 1,632,090 | 1,601,324 |
| Long-term net pension liability | 10,502,029 | 9,229,295 |
| Long term liabilities - long term portion | 38,771,328 | 37,966,072 |
| Total liabilities | <u>54,728,524</u> | <u>53,404,403</u> |
| Deferred inflows of resources | 12,241,372 | 16,387,915 |
| Net position | | |
| Invested in capital assets net of related debt | 53,132,092 | 49,718,338 |
| Restricted for debt service and capital projects | 5,285,261 | 4,473,712 |
| Unrestricted | (46,132,652) | (43,357,989) |
| Total net position | <u>\$ 12,284,701</u> | <u>\$10,834,061</u> |

TABLE 2
SUMMARY STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

| | 2023 | 2022 | Incr/Dec |
|---|----------------------------|----------------------------|-----------------|
| Revenue | | | |
| Taxes | \$ 15,140,165 | \$ 15,296,768 | -1.03% |
| Charges for services including cable | 11,050,851 | 11,654,792 | -5.47% |
| Grants | 3,488,148 | 2,895,581 | 16.99% |
| Rent | 689,706 | 652,099 | 5.45% |
| Interest | 1,550,964 | 300,399 | 80.63% |
| Miscellaneous | 1,145,459 | 912,913 | 20.30% |
| Total revenue | <u>33,065,293</u> | <u>31,712,552</u> | <u>4.09%</u> |
| Expense | | | |
| General government | 2,744,302 | 2,588,270 | 6.03% |
| Public safety | 5,897,448 | 6,229,374 | -5.33% |
| Highway, streets and sewers | 8,330,649 | 7,520,954 | 10.77% |
| Health and human services | 1,017 | 600 | 69.50% |
| Sanitation | 3,455,484 | 3,592,587 | -3.82% |
| Recreation | 1,276,724 | 972,684 | 31.26% |
| Pension fund expense | 897,096 | 2,023,690 | -55.67% |
| Insurance and employee benefits | 4,587,621 | 3,788,405 | 21.10% |
| Library contribution | 480,000 | 480,000 | 0.00% |
| Interest | 305,338 | 333,972 | -8.57% |
| Post employment benefit costs | 1,506,390 | 3,217,463 | -53.18% |
| Unallocated depreciation and amortization | 2,132,584 | 1,602,900 | 33.05% |
| Total expenditures | <u>31,614,653</u> | <u>32,350,899</u> | <u>-2.28%</u> |
| Excess of total revenue over (under) expenditures | <u>1,450,640</u> | <u>(638,347)</u> | |
| Change in net position | <u><u>\$ 1,450,640</u></u> | <u><u>\$ (638,347)</u></u> | |

TABLE 3
CHANGES IN CAPITAL ASSETS
YEAR-TO-YEAR COMPARISON
DECEMBER 31,

| CAPITAL INVESTMENT | 2023 | 2022 | % Inc/Decr |
|-------------------------------------|----------------------|----------------------|-------------------|
| Land | \$ 5,803,588 | \$ 5,803,588 | 0.00% |
| Construction in progress | 3,718,385 | 3,673,168 | 1.23% |
| Infrastructure | 19,766,062 | 19,053,828 | 3.74% |
| Buildings and building improvements | 25,903,327 | 25,903,327 | 0.00% |
| Furniture and equipment | 11,504,693 | 10,135,978 | 13.50% |
| Totals | <u>\$ 66,696,055</u> | <u>\$ 64,569,889</u> | |

TABLE 4
CHANGES IN OUTSTANDING NOTES AND BONDS PAYABLE
DECEMBER 31,

| SERIES | 2023 | 2022 | INC/DEC |
|-------------------------------------|----------------------------|----------------------------|---------------------------|
| General Obligation Note Series 2006 | \$ 408,000 | \$ 500,000 | \$ (92,000) |
| General Obligation Note Series 2013 | 3,644,000 | 4,334,000 | (690,000) |
| General Obligation Note Series 2017 | 6,427,000 | 7,059,000 | (632,000) |
| Pennvest | 3,084,963 | 2,958,551 | 126,412 |
| Totals | <u>\$13,563,963</u> | <u>\$14,851,551</u> | <u>\$(782,000)</u> |

ECONOMIC FACTORS

Ridley Township services an area of 5.3 square miles and a community of over 30,000 residents. The Township is located in the southeastern area of Delaware County, approximately 9 miles from Philadelphia, making it a convenient place to live, work and raise a family.

The Board of Commissioners are committed to providing top notch services to residents in a cost effective, responsible manner. In addition to the many projects and programs we were able to undertake in 2023, we also completed 1.995 feet of drainage improvement, expanded four playgrounds, constructed a community bocce court at Ridley Township Municipal Park, continued our multi-phase improvements project at Nall Field, resurfaced 15,200 feet of roads in the township, and updated police and public works vehicles and equipment all to better serve our community.

Development continued in 2023, with the start of several construction projects in the Township. *Spark Car Wash* will be located at MacDade Boulevard and Kedron Avenue, *Popeyes* is expected to open in 2024 at MacDade Boulevard and Amosland Road, redevelopment of Wawa at MacDade Boulevard and Bullens Lane, along with continuing renovations at the Boeing facility on Stewart Avenue all began in 2023 and will continue in 2024. The Board continues their efforts to attract businesses to Ridley Township by meeting with potential developers who are drawn to Ridley Township because of our close proximity to major highways and our supportive tax base.

TO CONTACT MANAGEMENT AND FOR REQUESTS FOR INFORMATION

The financial report of the Township of Ridley is intended to provide readers with a general overview of the Township's financial operations as well as to demonstrate the Township's accountability for its public appropriations or subsidies and grants. Questions concerning any of the information provided in this report or additional requests for financial information should be addressed to the Township Manager, Township of Ridley, 100 East MacDade Boulevard, Folsom, PA 19033.

TOWNSHIP OF RIDLEY

STATEMENT OF NET POSITION

DECEMBER 31, 2023

| | Primary Government Governmental Activities | Component Unit Ridley Township Public Library |
|--|---|--|
| Assets | | |
| Cash and cash equivalents | \$ 21,507,396 | \$ 11,660 |
| Investments | 5,115,879 | - |
| Accounts receivable (net of allowance) | 1,317,471 | - |
| Prepaid expenditures | 206,044 | 437 |
| Right to use operating leases | 17,500 | - |
| Capital assets | | |
| Land | 5,803,688 | - |
| Buildings | 25,903,327 | - |
| Infrastructure | 19,766,062 | - |
| Machinery, equipment, furniture and fixtures | 11,504,693 | 120,866 |
| Exhaustible book collection | - | 1,153,395 |
| Construction in progress | 3,718,385 | - |
| Accumulated depreciation | (29,109,679) | (1,123,711) |
| Capital assets net | <u>37,586,376</u> | <u>150,550</u> |
| Total assets | <u>65,750,666</u> | <u>162,647</u> |
| Deferred outflows of resources | | |
| Pension related differences and contributions post measurement date | 992,840 | - |
| Pension related differences on earnings, assumptions and actual experience | 6,042,871 | - |
| OPEB related differences on actual experience and changes in assumptions | 6,468,220 | - |
| | <u>13,503,931</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>79,254,597</u> | <u>162,647</u> |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | 899,089 | 27,802 |
| Due to fiduciary fund | 817 | - |
| Accrued interest | 7,810 | - |
| Environmental liability | 8,646 | - |
| Unearned revenue | 1,792,933 | - |
| Escrow liability and security deposit | 1,113,782 | - |
| Current portion of operating lease liability | 5,880 | - |
| Current portion of long-term liabilities | 1,626,210 | - |
| Long-term liabilities | | |
| Operating lease liabilities | 11,620 | - |
| Net police pension, non-uniform and union pension liability | 10,502,029 | - |
| Other post employment benefits liability | 26,394,014 | - |
| Sick pay liability | 427,941 | - |
| Debt due in more than one year | 11,937,763 | - |
| Total liabilities | <u>54,728,524</u> | <u>27,802</u> |
| Deferred inflows of resources | | |
| Pension related differences in experience | 795,713 | - |
| OPEB related differences on actual experience and changes in assumptions | 11,438,721 | - |
| Debt premium | 6,938 | - |
| | <u>12,241,372</u> | <u>-</u> |
| Total Liabilities and deferred inflows of resources | <u>66,969,896</u> | <u>27,802</u> |
| Net position | | |
| Invested in capital assets net of related debt | 53,132,092 | 150,550 |
| Restricted for: | | |
| Debt service | 1,493,420 | - |
| Capital projects | 3,637,980 | - |
| ARPA | 153,861 | - |
| Unrestricted | (46,132,652) | 422,548 |
| Total net position | <u>\$ 12,284,701</u> | <u>\$ 573,098</u> |

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

TOWNSHIP OF RIDLEY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

| Functions/programs | Expenses | Program Income | | | Net (Expenses) Revenues and Changes in Net Position | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|-------------------|----------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Govt Activities | Component Unit | |
| | | | | | | | |
| Primary Government | | | | | | | |
| General government | \$ 2,744,302 | \$ 250,688 | \$ - | \$ - | \$ (2,493,614) | \$ - | - |
| Public safety | 5,897,448 | 1,678,153 | 191,651 | - | (4,027,844) | - | - |
| Recreation | 1,276,724 | 416,376 | 163,034 | - | (697,314) | - | - |
| Sanitation | 3,455,484 | 2,829,962 | 184,652 | - | (440,870) | - | - |
| Sewers | 5,362,710 | 5,207,546 | 398,340 | - | 243,176 | - | - |
| Highways and streets | 2,967,939 | 80,325 | 827,711 | - | (2,059,903) | - | - |
| Health and human services | 1,017 | - | - | - | (1,017) | - | - |
| Pension contribution expense | 897,096 | - | 705,175 | - | (191,921) | - | - |
| Insurance and employee benefits | 4,587,621 | - | - | - | (4,587,621) | - | - |
| Library | 480,000 | 23,209 | - | - | (456,791) | - | - |
| Post employment benefit costs | 1,506,390 | - | - | - | (1,506,390) | - | - |
| Interest | 305,338 | - | - | - | (305,338) | - | - |
| Unallocated depreciation and amortization | 2,132,584 | - | - | - | (2,132,584) | - | - |
| Total governmental activities | \$ 31,614,653 | \$ 10,486,259 | \$ 2,470,563 | \$ - | (18,657,831) | - | - |
| Component Units: | | | | | | | |
| Ridley Township Public Library | \$ 738,020 | \$ 37,540 | \$ 655,335 | \$ 8,057 | - | - | (37,088) |
| General revenues | | | | | | | |
| Taxes | | | | | 15,140,165 | - | - |
| Grants and contributions not restricted to specific programs | | | | | 1,017,585 | - | - |
| Cable television | | | | | 564,592 | - | - |
| Interest and Investment earnings | | | | | 1,550,964 | 6,882 | - |
| Rent | | | | | 689,706 | - | - |
| Premium amortization | | | | | 2,253 | - | - |
| Miscellaneous refunds/reimbursements | | | | | 1,143,206 | - | - |
| Total general revenues | | | | | 20,108,471 | 6,882 | - |
| Change in net position | | | | | | | |
| Net position - beginning | | | | | 1,450,640 | (30,206) | - |
| Net position - ending | | | | | \$ 10,834,061 | \$ 603,304 | |
| | | | | | \$ 12,284,701 | \$ 573,098 | |

TOWNSHIP OF RIDLEY

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2023

| | General Fund | Sewer Fund | Highway Fund | Sinking Fund | Capital Improvement Fund | Capital Reserve Fund | Stormwater Fund | PENNVEST Fund | ARPA Fund | Total Governmental Funds |
|---|----------------------|---------------------|---------------------|---------------------|--------------------------|----------------------|---------------------|-------------------|---------------------|--------------------------|
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ 9,126,585 | \$ 2,074,052 | \$ 1,663,088 | \$ 1,024,722 | \$ 2,742,857 | \$ 3,370,923 | \$ 213,552 | \$ 100,487 | \$ 1,191,120 | \$ 21,507,396 |
| Investments | 3,289,920 | - | 300,257 | - | 1,007,329 | 208,630 | - | - | 600,000 | 5,115,879 |
| Accounts receivable (net of allowance) | 838,070 | - | - | 68,691 | 49,912 | 44,747 | - | - | 15,794 | 1,317,471 |
| Prepaid expenditures | 206,042 | - | - | - | - | - | - | - | - | 206,042 |
| Due from other funds | 369,702 | 128,448 | - | - | 446,732 | - | 233,806 | - | - | 1,218,688 |
| Total assets | \$ 13,860,319 | \$ 2,502,757 | \$ 1,663,088 | \$ 1,540,145 | \$ 3,800,108 | \$ 3,800,108 | \$ 3,878,106 | \$ 100,487 | \$ 1,806,914 | \$ 29,365,476 |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | | | | | |
| Total assets and deferred outflows of resources | | | | | | | | | | |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | |
| Liabilities: | | | | | | | | | | |
| Accounts payable and accrued expenses | \$ 578,496 | \$ 1,445 | \$ 17,552 | \$ - | \$ 33,920 | \$ - | \$ - | \$ 67,202 | \$ 4,573 | \$ 703,188 |
| Accrued payroll and related costs | 195,899 | - | - | - | 4,115 | - | - | 3,695 | - | 195,899 |
| Accrued interest | - | - | - | - | - | - | - | - | - | 7,810 |
| Environmental liability | 8,646 | - | - | - | - | - | - | - | - | 8,646 |
| 51,127 | - | - | - | - | 500 | 114,076 | - | - | 1,627,230 | 1,792,933 |
| 774,180 | - | - | - | - | - | 126,050 | 213,552 | - | - | 1,113,782 |
| 919,576 | 22,102 | - | - | - | 237,902 | - | - | 18,675 | - | 1,219,505 |
| Total liabilities | 2,527,924 | 23,547 | 17,552 | 4,115 | 272,322 | 240,126 | 213,552 | 89,572 | 1,653,053 | 5,041,783 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | |
| Unavailable taxes, trash and sewer fees | 448,070 | 258,739 | - | 42,610 | - | - | - | - | - | - |
| Total liabilities and deferred inflows of resources | 2,975,594 | 232,286 | 17,552 | 46,755 | 272,322 | 240,126 | 213,552 | 89,572 | 1,653,053 | 746,419 |
| Fund balances: | | | | | | | | | | |
| Restricted | - | - | - | - | - | - | - | - | - | 206,042 |
| Nonspendable | 206,042 | - | - | - | - | - | - | - | - | - |
| Committed for: | - | - | - | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - | - | - | - |
| Capital projects and open space | 5,600,000 | 2,220,471 | 1,645,536 | - | 1,493,420 | - | 3,637,980 | - | 10,915 | 153,861 |
| Assigned | 5,078,283 | - | - | - | - | 3,527,786 | - | - | - | 3,802,756 |
| Unassigned | - | - | - | - | - | - | - | - | - | 12,933,793 |
| Total fund balance | \$ 10,884,325 | \$ 2,220,471 | \$ 1,645,536 | \$ 1,663,088 | \$ 1,540,145 | \$ 3,527,786 | \$ 3,637,980 | \$ 10,915 | \$ 153,861 | 5,078,283 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 13,860,319 | \$ 2,502,757 | \$ 1,663,088 | \$ 1,540,145 | \$ 3,800,108 | \$ 3,878,106 | \$ 213,552 | \$ 100,487 | \$ 1,806,914 | \$ 29,365,476 |

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

RIDLEY TOWNSHIP

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

DECEMBER 31, 2023

| | |
|--|-----------------------------|
| Total fund balances - governmental funds | \$ 23,574,294 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of: | |
| | |
| Land | \$ 5,803,588 |
| Infrastructure assets | 19,766,062 |
| Other capital assets | 37,408,020 |
| Construction in progress | 3,718,385 |
| Accumulated depreciation | <u>(29,109,679)</u> |
| Total capital assets | 37,586,376 |
| Certain pension and OPEB expenditures or changes in expected experience or amounts paid after the measurement dates are considered to be deferred outflows and not charged to the current period but considered an asset | |
| | 13,503,931 |
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of: | |
| | |
| Bonds and notes payable, compensated absences and other post employment benefits | (40,385,918) |
| Net pension obligations | (10,502,029) |
| Certain revenues may be collected after year-end but are not available soon enough for the current period expenditures and considered deferred inflows in governmental funds | |
| | 749,419 |
| Certain deferred inflows are not reportable on the modified accrual basis but are relative to full accrual reporting including the premiums paid on bond financing | |
| | (6,938) |
| Other deferred inflows are also not reportable on the modified accrual basis but are pension and OPEB related and reported on the full accrual basis | |
| | <u>(12,234,434)</u> |
| Net position | <u><u>\$ 12,284,701</u></u> |

TOWNSHIP OF RIDLEY

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

FOR THE YEAR ENDED DECEMBER 31, 2023

| Revenue | General Fund | Sewer Fund | Highway Fund | Sinking Fund | Capital Improvement Fund | Capital Reserve Fund | Stormwater Fund | PENNVEST Fund | ARPA Fund | Total Governmental Funds |
|--|---------------|--------------|--------------|--------------|--------------------------|----------------------|-----------------|---------------|---------------|--------------------------|
| | \$ 11,349,516 | \$ - | \$ - | \$ 1,726,681 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 13,076,197 |
| Real estate taxes | 723,440 | - | - | - | - | - | - | - | - | 723,440 |
| Other taxes | 1,330,398 | - | 5,224,769 | - | - | - | - | - | - | 1,330,399 |
| Sewer charges | - | - | - | - | - | - | - | - | - | 5,224,769 |
| Cable television franchise fees | 564,592 | - | - | - | - | - | - | - | - | 564,592 |
| Licenses and permits | 1,308,835 | - | - | - | - | - | - | - | - | 1,308,835 |
| Rents and cell tower leases | 689,706 | - | - | - | - | - | - | - | - | 689,706 |
| Fines and forfeits | 98,343 | - | - | - | - | - | - | - | - | 98,343 |
| Investment earnings | 760,754 | 186,484 | 104,313 | 60,533 | 184,239 | 121,133 | - | - | - | 1,550,964 |
| Municipal State aid | 705,175 | - | - | - | - | - | - | - | - | 705,175 |
| Grants and other intergovernmental revenue | 422,891 | - | 794,717 | - | 412,340 | 149,034 | - | - | - | 2,782,972 |
| Charges for services | 3,850,870 | - | - | - | - | - | - | - | - | 3,850,870 |
| Other income | 704,184 | - | - | - | - | - | - | - | - | 1,223,531 |
| Total revenue | 22,508,705 | 5,411,253 | 809,030 | 1,789,214 | 735,526 | 650,567 | - | - | - | 33,131,793 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 2,538,730 | - | - | 20 | - | 4,053 | - | - | - | 201,499 |
| Public safety | 6,326,053 | - | - | - | - | - | - | - | - | 173,495 |
| Recreation | 1,076,724 | - | - | - | - | 200,000 | - | - | - | 1,276,724 |
| Sanitation | 3,455,484 | - | - | - | - | - | - | - | - | 3,455,484 |
| Sewers | - | 5,280,497 | - | - | - | - | - | - | - | 5,362,710 |
| Highways and streets | 1,574,449 | - | 929,060 | - | 192,127 | - | - | - | - | 2,967,939 |
| Health and human services | 1,017 | - | - | - | - | - | - | - | - | 1,017 |
| Pension fund contributions | 1,719,881 | - | - | - | - | - | - | - | - | 1,719,881 |
| Insurance and employee benefits | 4,587,621 | - | - | - | - | - | - | - | - | 4,587,621 |
| Library | 480,000 | - | - | - | - | - | - | - | - | 480,000 |
| Debt service: | | | | | | | | | | |
| Principal | - | - | - | 1,414,000 | - | - | - | - | - | 1,559,175 |
| Interest | - | - | - | 262,075 | - | - | - | - | - | 305,338 |
| Capital outlay: | | | | | | | | | | |
| Recreation | 165,208 | - | - | - | - | 162,927 | - | - | - | 328,136 |
| Streets and highways and sewers and sanitation | 494,289 | - | 167,342 | - | 169,633 | - | - | - | - | 1,407,363 |
| General government | - | - | - | - | 52,725 | - | - | - | - | 52,726 |
| Total expenditures | 22,419,467 | 5,260,497 | 1,096,402 | 1,676,095 | 414,486 | 366,580 | - | - | - | 32,747,964 |
| Excess of revenue over (under) expenditures | | | | | | | | | | |
| Other financing sources (uses): | | | | | | | | | | |
| Debt proceeds | - | - | - | - | - | - | - | - | - | 286,598 |
| Operating transfer in | 4,236 | - | - | - | 101,197 | 745,740 | - | - | - | 1,040,673 |
| Operating transfer out | (845,740) | - | - | (189,500) | - | (5,433) | - | - | - | (1,040,673) |
| (841,504) | - | - | - | (189,500) | 101,197 | 740,307 | - | - | - | 286,598 |
| Excess of revenue and other sources over (under) expenditures and other (uses) | (752,266) | 130,756 | (197,372) | (76,381) | 422,237 | 1,023,894 | - | (13,949) | 133,508 | 670,427 |
| Fund balance - beginning | 11,636,591 | 2,089,715 | 1,842,908 | 1,645,536 | \$ 1,493,420 | \$ 3,637,786 | \$ 2,614,086 | \$ 20,353 | \$ 153,881 | \$ 22,903,867 |
| Fund balance - ending | \$ 10,884,325 | \$ 2,220,471 | \$ 1,645,536 | \$ 1,493,420 | \$ 3,527,786 | \$ 3,637,980 | \$ 10,915 | \$ 153,881 | \$ 23,574,284 | |

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

THE TOWNSHIP OF RIDLEY

RECONCILIATION OF THE CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - total governmental funds \$ 670,427

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts were:

| | |
|----------------------|--------------------|
| Capital outlay | \$ 1,788,225 |
| Depreciation expense | <u>(2,132,584)</u> |
| | (344,359) |

Repayment of long term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consisted of:

| | |
|---|-----------|
| Debt proceeds | (286,598) |
| Principal repayment | 1,559,175 |
| Amortization on premium of bond refunding | 2,253 |

Pension expense on a full accrual basis is adjusted for presentation on the modified accrual basis

822,785

Long-term compensated absences and other post employment benefits are reported in the statement of net assets; changes in the liabilities are reported as an expense in the Statement of Activities

| | |
|--------------------------------|-----------|
| Other post employment benefits | (904,289) |
|--------------------------------|-----------|

Some revenues are not collected for several months or longer after the Township's year-end. They are not considered "available" revenues and are deferred in the governmental funds. Those amounts were for real estate taxes, sewer assessments and trash collections and reflected prior years revenues collected in the current period and are shown as net

(68,754)

Change in net position

\$ 1,450,640

TOWNSHIP OF RIDLEY
STATEMENT OF NET FIDUCIARY POSITION
DECEMBER 31, 2023

| | POLICE PENSION | ANNE HOWANSKI SCHOLARSHIP | DRUG FORFEITURE FUND | TOTAL FIDUCIARY FUNDS |
|---|-----------------------------|---------------------------------|----------------------------|-----------------------------|
| Assets: | | | | |
| Cash and cash equivalents | \$ 971,701 | \$ 3,267 | \$ 185,982 | \$ 1,160,950 |
| Investments at fair value | 29,775,427 | - | - | 29,775,427 |
| Accounts receivable | 7,719 | - | - | 7,719 |
| Due from other funds | 817 | - | - | 817 |
| Total assets | <u>30,755,664</u> | <u>3,267</u> | <u>185,982</u> | <u>30,944,913</u> |
| | 9.00 | | | |
| Liabilities | | | | |
| Accounts payable | 1,200 | - | - | 1,200 |
| Depositors/Contributors funds held in trust | - | 3,267 | 185,982 | 189,249 |
| Total liabilities | <u>1,200</u> | <u>3,267</u> | <u>185,982</u> | <u>190,449</u> |
| Net fiduciary position | | | | |
| Held in trust for pension benefits | <u><u>\$ 30,754,464</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 30,754,464</u></u> |

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

TOWNSHIP OF RIDLEY
STATEMENT OF CHANGES IN NET FIDUCIARY POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | POLICE PENSION | ANNE HOWANSKI SCHOLARSHIP | DRUG FORFEITURE FUND | TOTAL FIDUCIARY FUNDS |
|---|-----------------------------|--|-------------------------------------|--------------------------------------|
| Additions: | | | | |
| Township and Commonwealth contribution | \$ 656,480 | \$ - | \$ - | \$ 656,480 |
| Plan members | 198,108 | - | - | 198,108 |
| Drug forfeiture revenue | - | - | 25,602 | 25,602 |
| Miscellaneous | - | 1,000 | - | 1,000 |
| | <u>854,588</u> | <u>1,000</u> | <u>25,602</u> | <u>881,190</u> |
| Investment earnings: | | | | |
| Interest and dividends | 728,001 | - | - | 728,001 |
| Net appreciation in fair value of investments | 3,833,019 | - | - | 3,833,019 |
| Less investment expense | (97,853) | - | - | (97,853) |
| Total investment earnings | <u>4,463,167</u> | <u>-</u> | <u>-</u> | <u>4,463,167</u> |
| Total additions | <u>5,317,755</u> | <u>1,000</u> | <u>25,602</u> | <u>5,344,357</u> |
| Deductions: | | | | |
| Retirement benefits | 2,069,764 | - | - | 2,069,764 |
| Scholarships | - | 1,000 | - | 1,000 |
| Administrative expense | 15,700 | - | - | 15,700 |
| Drug forfeiture program expense | - | - | 25,602 | 25,602 |
| Total deductions | <u>2,085,464</u> | <u>1,000</u> | <u>25,602</u> | <u>2,112,066</u> |
| Changes in net fiduciary position | | | | |
| Net fiduciary position - beginning of year | 3,232,291 | - | - | 3,232,291 |
| | <u>27,522,173</u> | <u>-</u> | <u>-</u> | <u>27,522,173</u> |
| Net fiduciary position - end of year | <u><u>\$ 30,754,464</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 30,754,464</u></u> |

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

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Ridley Township is a First Class Township within the Commonwealth of Pennsylvania and is governed by a Board of Commissioners. The Township's annual financial report includes the accounts of all Township operations. The accounting policies of the Township conform to generally accepted accounting principles (GAAP) as applicable to municipalities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Township's financial reporting entity is comprised of the primary government (The Township of Ridley) and The Ridley Township Public Library (a component unit). In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the Township applied the criteria prescribed by GASB Statement No. 14, as amended by GASB Statement No. 39, "Determining whether Certain Organizations are Component Units", GASB Statement No. 61 "Financial Reporting Entity-Omnibus" and GASB Statement No. 80, "Blending Requirements for Certain Component Units". A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or, based on the nature and significance of the organization's relationship with the primary government, are such that exclusion would cause the reporting entity's financial statements to be misleading. Ridley Township has determined that the Ridley Township Public Library met these criteria and is discretely presented herein these financial statements. Separate financial statements for the Ridley Township Public Library are available.

B. Basis of Presentation

Government Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the government of the Township of Ridley as a whole. These statements include all funds of the reporting entity except for the fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business type activities. The Township, however, does not have any proprietary or business type funds. 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 charges to those who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items not included in program revenues are reported as general revenues.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Governmental Funds

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis is placed on major funds within the governmental categories. A fund for the purposes of these financial statements is considered major if it is the primary operating fund (General Fund) or it meets the following criteria:

1. Total assets, liabilities, revenues or expenditures of the fund are at least ten percent of the total for all funds of that category or type; and
2. Total assets, liabilities, revenues or expenditures of the fund are at least five percent of the total for all funds combined.
3. Other funds not necessarily meeting the above criteria are shown in these financial statements as major per the Township's discretion.

The Township considers all of its governmental funds to be major funds.

The funds of the financial reporting entity are described as follows:

General Fund: General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The activity in the General Fund also includes the activities of the Township's Library and Fire Tax Fund as well as a Recreation Fund accounting for recreation related grants. In addition, with the adoption of GASB Statement 84, *Fiduciary Funds*, the Township includes developer and resident escrow funds presented as asset and liability within the general fund.

Special Revenue Funds: The Special Revenue Funds account for revenue derived from specifically earmarked revenue sources. For the purposes of this report, the Special Revenue Funds are as follows and are all considered to be major funds: Sewer Fund and Highway Fund.

Debt Service Funds: The Sinking Fund is used to account for accumulation of resources for and the payment of general long-term debt principal and interest.

Capital Project Funds: The Township has two capital project funds: Capital Improvement Fund and the Capital Reserve Fund. These two funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stormwater Fund: The fund accounts for stormwater fees collected and intended to fund requisite inspections and related stormwater impact.

Pennvest Fund: The fund accounts for activities for stormwater improvements funded by a loan from Pennvest which is drawn down from Pennvest as expended.

ARPA Fund: The Township received \$3,281,588 in American Rescue Plan Act funding. The Township expended \$1,649,194 of these funds to date, of which \$1,003,990 was expended this period. The balance of \$1,627,230 is shown as unearned revenue in these financial statements.

Proprietary Funds

The Township of Ridley has no Proprietary Funds.

Fiduciary Funds

Fiduciary Funds are utilized to account for assets held by the Township as trustee or agent for individuals, private organizations and other governmental units. These funds principally include the accounts of the Municipal Police Pension Plan. However, as shown on the accompanying financial statements, there also exists escrow accounts designed to hold funds for drug forfeiture funds accounts for those funds that were seized as illegal drug activity which ultimately may need to be remitted back to the County of Delaware, and the Anne Howanski Scholarship fund to account for any donations received to give scholarships to seniors of Ridley High School.

C. Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. On the government-wide Statement of Net Position and Statement of Activities, governmental and business-like activities (as applicable) are presented using the economic resources measurement focus. The objective of the economic resources measurement focus is the determination of operating income, changes in net assets, net position and cash flows (if applicable). All assets and liabilities, whether current or non-current, are reported. All Governmental Fund Types are accounted for on a current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Operating statements of such funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days of the year-end. Expenditures, including capital outlay, are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Penalties and interest are recorded when received in cash because they are generally not measurable until actually received. Interest is accrued when its receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

E. Assets, Liabilities and Equity

Cash and cash equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit with a maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments

Investments classified in the financial statements include certificates of deposit whose original maturity term exceeds three months, as well as investments in the Pennsylvania Local Government Investment Trust (PLGIT).

With the exception of the Pension Trust Funds, the Township is permitted under state law to invest funds consistent with sound business practice in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

Fair Value Measurement

The Township's investments are measured and reported at fair value and are classified according to the following hierarchy:

Level 1—Investments reflect prices quoted in active markets.

Level 2—Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3—Investments which reflect prices based on unobservable resources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

The Township considers all investments to be Level 1.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are utilized in governmental fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as liabilities on the government-wide statements. The long-term debt consists of general obligation bonds and/or notes payable, pension and other post-employment benefits, accrued compensated absences, and operating lease obligations.

Equity classification

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets —consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted —consists of items within net position with constraints placed on the use either by outside groups such as grantors or laws and regulations of other governments; or through law.
- c. Unrestricted —includes all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Statements

Governmental fund equity is classified as fund balance. In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable—resources which cannot be spent because they are either a) not in spendable form) or; b) legally or contractually required to be maintained intact.

Restricted—resources can be spent only for the specific purposes stipulated by externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; b) imposed by law through constitutional provisions or enabling legislation.

Committed—resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned—resources neither restricted nor committed for which a government has a stated intended use as established by the Board or an official to which the Board has delegated the authority to assign amounts for specific purposes.

Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund, is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs, if applicable.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances in both government-wide and fund statements, particularly with regard to real estate taxes, sewer rental assessments and trash and rubbish collections, are based upon historical trends. Non-exchange transactions collectible but not available such as the real estate taxes, sewer rental assessments and trash and rubbish are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows and Outflows of Resources

Deferred outflows of resources include such items as:

- Grants paid in advance to a grantee
- Deferred amounts from refunding of debt
- Decrease in value of derivative instruments
- Payments made to a pension fund after the actuarial year but before the end of the fiscal year
- Pension and OPEB related differences on earnings, assumptions and actual experience

Deferred inflows of resources include such items as:

- Grants received in advance when time requirements are the only eligibility requirement that has not been met
- Resources received in advance that are related to an imposed nonexchange transaction such as prepaid taxes
- Assets recorded in governmental fund financial statements for which revenue is not available such as taxes receivable, previously reported as "deferred" revenue in the fund financial statements
- Current and advance refunding related items
- Increase in fair value of derivative instruments
- Service concession arrangements for up-front payments.
- Pension and OPEB related differences in earnings, assumptions and actual experience

Capital Assets

All fixed assets are valued at historical cost or estimated historical cost if actual was unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation. The Township has adopted a capitalization policy of \$5,000 per individual asset.

Depreciation of all exhaustible fixed assets is recorded as an unallocated expense in the Statement of Activities. Depreciation is shown as "unallocated" due to the assets' applicability to multiple functions of the government. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|----------------|-------------|
| Buildings | 30 years |
| Equipment | 3-5 years |
| Machinery | 10 years |
| Fire Trucks | 25 years |
| Vehicles | 3-15 years |
| Infrastructure | 40-50 years |

In the fund financial statements, fixed assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. VACATION AND SICK LEAVE

The Township's vacation policy for Township employees provides that employees, both uniform and non-uniform, are to take vacation within the Township's fiscal year it was earned, or the employee loses the vacation time. However, beginning in 2015, Uniform employees may elect to either sell back or carry over up to 40 hours of vacation and/or holiday days to the Township each year. The Township's non-uniform employees are permitted to accumulate up to 55 sick days. All such employees will only be paid for sick leave when adequate proof of illness has been demonstrated. Any excess sick days remaining at year-end are bought back by the Township at half value. Uniform employees are entitled to 90 days of sick time. From 91 to 120 days of illness, uniform employees must utilize available vacation and holiday time. After the 121st day of allowable time, the individual is required to be placed on disability. Accumulated sick leave does not vest for uniform or non-uniform employees.

G. USE OF ESTIMATES

The preparation of 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 at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

H. BUDGETARY

Budgets are legally adopted for the following funds: General (including the Fire Tax Fund and the Library Fund – as part of the General Fund), Sewer Fund, Highway Fund and Sinking Fund. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. An annual appropriated budget is adopted for all the funds. All annual appropriations lapse at fiscal year-end. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 31, a proposed operating budget is submitted to the Township Board of Commissioners for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the respective financing.
2. Public hearings are conducted at the Township offices to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for all funds except Trust and Agency and Capital Project Funds.
5. Budgeted amounts as of December 31, 2023 are as originally adopted, or as amended by the Township Board of Commissioners.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following presents those areas which incurred an excess of expenditures over appropriations for the year ended December 31, 2023:

| Excess expenditures over legally adopted budgets: | |
|---|------------|
| General Fund | |
| Transfers out | \$ 89,260 |
| Sinking Fund | |
| Administration | \$ 20 |
| Transfers out | \$ 189,500 |
| Highway Fund | |
| Highway expenditures | \$ 177,902 |

There was sufficient revenue and/or fund balance to allow for the expenditures.

I. OPERATING LEASE OBLIGATIONS

Ridley Township adopted Government Accounting Standards Board (GASB) Statement No. 87, *Leases* which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payments provisions of the contracts. Operating leases to be classified as such and reported at net present value as an asset and liability on the balance sheet would include all leases other than short-term leases which has a maximum possible term of 12 months or less. Effectively, this meant showing on the Statement of Financial Position the net present value of its existing operating leases shown herein as both an asset and a liability which includes copiers. Net present value of those leases are shown herein as Right to Use Operating Leases and Operating Lease liability.

NOTE 2 CASH DEPOSITS AND INVESTMENTS

Custodial Risk - Deposits is the risk that in the event of a bank failure, the government's deposits may not be returned, or the government will not be able to recover collateral securities in the position of an outside party. The entity does not have a policy for custodial credit risk. However, the Township of Ridley primarily maintains deposits either with financial institutions which, pursuant to Act No. 72 of Pennsylvania, pool assets required to be pledged to secure public deposits, the total value of the pool to equal not less than the sum of all the pledges required for each separate deposit, or in amounts insured by the Federal Deposit Insurance Corporation. Deposits for all funds are either fully insured or collateralized pursuant to Commonwealth of Pennsylvania statutes.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 CASH DEPOSITS AND INVESTMENTS (continued)

As of December 31, 2023, the aggregate book balance of deposits included in cash and cash equivalents was \$22,668,346 (including fiduciary funds) of which \$752,413 is insured by the federal depository insurance (FDIC). Therefore, included in bank deposits is the remaining \$21,915,933 collateralized as noted above pursuant to Act 72. The Township carrying amount of cash, cash equivalents, certificates of deposit and investment in the Pennsylvania Local Government Investment Trust (PLGIT) are as follows:

| | Cash and Cash Equivalents | Certificates of Deposit and PLGIT over three months maturity | Pennsylvania Local Government Investment Trust PLGIT | Total |
|-------------------------------|---------------------------------|--|---|----------------------|
| General Fund including escrow | \$ 2,864,729 | \$ 2,559,888 | \$ 5,686,668 | \$ 11,111,285 |
| Fire Tax Fund | 34,574 | 420,032 | 379,810 | 834,416 |
| Library Fund | 26,902 | 320,000 | 133,902 | 480,804 |
| Sewer Fund | 87,784 | - | 1,986,268 | 2,074,052 |
| Highway Fund | 1,406,436 | - | 256,652 | 1,663,088 |
| Sinking Fund | 23,705 | - | 1,001,017 | 1,024,722 |
| Capital Improvement Fund | 31,552 | 1,007,329 | 2,711,315 | 3,750,196 |
| Capital Reserve Fund | 1,686,017 | 208,630 | 1,684,906 | 3,579,553 |
| Stormwater Fund | 213,552 | - | - | 213,552 |
| Pennvest fund | 100,487 | - | - | 100,487 |
| ARPA Fund | 15,210 | 600,000 | 1,175,910 | 1,791,120 |
| Police Pension Fund | 960,311 | - | 11,390 | 971,701 |
| Ann Howanski Scholarship | 3,267 | - | - | 3,267 |
| Drug Forfeiture | 185,982 | - | - | 185,982 |
| | <u>\$ 7,640,508</u> | <u>\$ 5,115,879</u> | <u>\$ 15,027,838</u> | <u>\$ 27,784,225</u> |

Custodial Credit Risk - Investments 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 position of an outside party. The risks of default are limited due to the constraints imposed upon allowable investment instruments. The Township is authorized under Section 1705.1 of the First Class Township Code to invest in United States Treasury Bills, short-term obligations of the United States Government and its agencies or instrumentalities and savings accounts, time deposits or certificates of deposit insured by the FDIC or the FSLIC.

Investments in the Pennsylvania Local Government Investment Trust (PLGIT) in the amount of \$15,027,838 are invested in full faith and credit obligations of the Commonwealth of Pennsylvania and its agencies, instrumentalities and political subdivisions. This amount is insured as noted above in discussing deposits. Collateralization requirements of Act 72, when required for deposits in excess of insurance limits, are followed with respect to pooling, custody and type of collateral. Additional investments in PLGIT with maturity of over three months are considered investments and total \$4,907,249. Certificates of deposit were also held in the amount of \$208,630.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 CASH AND INVESTMENTS (continued)

The Township held a total of \$34,891,306 in investments (including \$29,775,427 in the Police Pension Plan).

Investments in external investment pools, in open-end mutual funds or in unallocated insurance contracts such as those maintained by the Police Pension Plan are disclosed and are not considered securities for the purposes of credit risk classification pursuant to GASB Statement No. 40.

Police Pension Plan

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned. At December 31, 2023, the carrying amount and the balance of the Plan's deposits in cash and cash equivalents was \$971,701. These cash balances were inclusive of the collateralization as noted above.

Investments

In accordance with Government Accounting Standards Board (GASB), investments are reported within fair value measurement. All investments are considered to be Level 1 within the fair value hierarchy in that investments reflect prices quoted in active markets. Unrealized gains and/or losses due to fluctuations in market value are recorded in the financial statements. Securities traded on national exchanges are valued at the last reported sales price. Realized gains or losses are recorded at the time of sale. Net appreciation or depreciation in the fair value of plan investments includes both realized and unrealized gains and losses and related fees as well as investment. Pension Plan investments at year end are as follows:

| | | |
|------------------------------------|-------|------------|
| I shares high yield | \$ | 411,637 |
| Vanguard Short Term Corp Bond Fund | | 776,747 |
| Vanguard All World | | 6,475,468 |
| Vanguard Scottsdale fund | | 815,807 |
| Vanguard Total Bond Fund | | 6,015,066 |
| Vanguard Growth ETF Fund | | 5,403,405 |
| Vanguard Mid Cap ETF Fund | | 2,705,371 |
| Vanguard Small Cap Fund | | 1,864,078 |
| Vanguard Value Fund | | 5,307,848 |
| | <hr/> | <hr/> |
| | \$ | 29,775,427 |

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 CASH AND INVESTMENTS (continued)

Investments in the following represented more than 5% of Plan investment value:

| | |
|------------------------------------|----------------------|
| Vanguard Short Term Corp Bond Fund | |
| All World Ex US | \$ 6,475,468 |
| Vanguard Total Bond Fund | 6,015,066 |
| Vanguard Growth ETF Fund | 5,403,405 |
| Vanguard Mid Cap ETF Fund | 2,705,371 |
| Vanguard Small Cap Fund | 5,307,848 |
| Vanguard Value Fund | 1,864,078 |
| | <u>\$ 27,771,236</u> |

The pension plan has established an investment policy regarding the allocation of invested assets and may be amended by the Township Board of Commissioners and its Pension Board. The policy strategy acts to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations as they become due.

The Police Pension Plan has adopted the following target allocation across asset classes:

| Asset Class | Long Term Expected | |
|--------------------|--------------------|---------------------|
| | Target | Real Rate of Return |
| Equities | 70.00% | 11.20% |
| Fixed Income | 27.00% | 2.60% |
| Cash | 3.00% | 0.60% |
| Net blended return | | 4.54% |

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments (net of pension expense) was 16.79% as compared with -16.28% in 2022. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 ACCOUNTS RECEIVABLE / REAL ESTATE TAXES

Real estate taxes are levied on February 1. A two percent (2%) discount is allowed if the taxes are paid on or before March 31. The face amount is due by May 31. Taxes paid after May 31 are subject to a ten percent (10%) penalty. Unpaid taxes are considered delinquent after December 31. Delinquent real estate taxes are then turned over to the County and are subject to lien. The tax rate in 2023 was 5.463 mills. The Township real estate tax collection was included within the scope of the overall township audit.

**THE TOWNSHIP OF RIDLEY
STATEMENT OF REAL ESTATE TAXES - 2023 DUPLICATE
YEAR ENDED DECEMBER 31, 2023**

| | <u>ASSESSED VALUATION</u> | <u>TOTAL TAX LEVY</u> |
|--|-------------------------------|---------------------------|
| Tax rate in mills | | 5.4630 |
| Tax duplicate | \$ 2,403,821,258 | \$13,124,308 |
| Deduct: taxes collected at face | | <u>12,924,588</u> |
| Taxes receivable for year ended December 31, 2023 | | <u>\$ 199,720</u> |
| Penalty assessed at 10% | | <u>\$ 19,972</u> |

**THE TOWNSHIP OF RIDLEY
STATEMENT OF REAL ESTATE TAXES - PRIOR YEARS
YEAR ENDED DECEMBER 31, 2023**

| | <u>TOTAL</u> |
|---|--------------------------|
| Prior year 2022 duplicate taxes | \$ 257,438 |
| Add: Penalties liened and collected to February 28, 2023 (net) | 25,744 |
| Deduct: Collections including penalties | <u>(75,487)</u> |
| Taxes returned to Collection (\$188,813 plus 10 percent penalty of \$18,882) | <u>\$ 207,695</u> |
| | |
| Prior years returned and liened balance January 1, 2022 | \$ 112,975 |
| Add: 2022 taxes returned for agency collection | <u>207,695</u> |
| Sub-total | 320,670 |
| Deduct: Collections | <u>(209,524)</u> |
| Prior years taxes receivable - December 31, 2023 | <u>\$ 111,146</u> |

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 ACCOUNTS RECEIVABLE / REAL ESTATE TAXES (continued)

The accounts receivable as of December 31, 2023 were as follows:

| | |
|----------------------------------|--------------------|
| Real estate taxes | \$ 330,838 |
| Less: allowance | (6,044) |
| Trash fees | 207,169 |
| Less: allowance | (3,969) |
| Sewer fees | 277,279 |
| Less: allowance | (5,280) |
| Accrued interest | 170,491 |
| Deed transfer | 45,461 |
| Cable franchise fees | 72,970 |
| Ridley School District Curb cuts | 21,858 |
| County Aid - Liquid Fuels | 32,994 |
| Delaware County | 4,071 |
| Crossing guard reimbursement | 37,467 |
| Library reimbursements | 3,286 |
| Booking fees | 869 |
| Police extra duty | 36,270 |
| Refunds and miscellaneous | 91,741 |
| | <u>\$1,317,471</u> |

NOTE 4 CAPITAL ASSETS

All fixed assets are valued at historical cost or estimated historical cost if actual was unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation. Infrastructure costs prior to 2012 are valued at estimated historical cost by engineers where exact records were unavailable with accompanying accumulated depreciation as applicable.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 CAPITAL ASSETS (continued)

| | Balance 01/01/23 | Additions | Deletions | Balance 12/31/23 |
|--|----------------------|-------------------|---------------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 5,803,588 | \$ - | \$ - | \$ 5,803,588 |
| Construction in progress | 3,723,989 | 436,253 | (441,857) | 3,718,385 |
| Total capital assets not being depreciated | 9,527,577 | 436,253 | (441,857) | 9,521,973 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 25,903,327 | - | - | 25,903,327 |
| Infrastructure | 19,053,828 | 694,234 | - | 19,748,062 |
| Furniture and fixtures | 763,024 | - | - | 763,024 |
| Equipment | 3,785,002 | 445,012 | (16,000) | 4,214,014 |
| Vehicles | 5,587,953 | 654,583 | (188,502) | 6,054,034 |
| Capital leases | - | 473,621 | - | 473,621 |
| Contributed capital | - | 18,000 | - | 18,000 |
| Total capital assets being depreciated | 55,093,134 | 2,285,450 | (204,502) | 57,174,082 |
| Total capital assets | 64,620,711 | 2,721,703 | (646,359) | 66,696,055 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | 10,208,188 | 746,767 | - | 10,954,955 |
| Infrastructure | 9,587,239 | 501,036 | - | 10,088,275 |
| Furniture and fixtures | 587,314 | 85,595 | - | 672,909 |
| Equipment | 2,500,743 | 498,999 | (16,000) | 2,983,742 |
| Vehicles | 4,298,113 | 300,187 | (188,502) | 4,409,798 |
| Total accumulated depreciation | 27,181,597 | 2,132,584 | (204,502) | 29,109,679 |
| Governmental activities capital assets, net of depreciation | \$ 37,439,114 | \$ 589,119 | \$ (441,857) | \$ 37,586,376 |

Construction in progress represents costs accumulated for projects not completed at year end. The Township has outstanding contract commitments in the amount of \$ 67,202. Engineering fees on projects comprise the majority of the construction in progress.

NOTE 5 LONG-TERM DEBT

A general obligation note in the amount of \$1,500,000 was issued in 2006 for the construction of new municipal marina docks and a fishing pier, renovations and upgrades to existing buildings and docks and the cost of issuance. The note, supported by the full faith and credit of the Township, is for a term of 20 years at a rate of 3.747%.

In 2013, a general obligation note was issued in the amount of \$10,000,000. The note, supported by the full faith and credit of the Township, is for a term of 15 years at a fixed rate of 1.973%. The note has been issued for the purpose of funding certain capital projects including improvements to the storm water and sanitary sewer systems, roads and bridges, the township building, marina and library.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 LONG-TERM DEBT (continued)

An additional general obligation note was issued in 2017 in the amount of \$10,000,000 for renovations to the Municipal Building, construction and improvements to bridges and roads, improvements to the storm and sanitary sewer systems and to reimburse the Township's operating funds for project costs. The note is supported by the full faith and credit of the Township and is for a term of 15 years at a fixed rate of 2.46%.

The Township entered into a debt agreement in 2021 with the Pennsylvania Infrastructure Investment Authority (PennVest) in the amount \$3,266,864 for a period of 240 months at the interest rate of 1.452% for years 1-5 and 2.033% from year 6 through the end of the loan period. Funds are drawn down from PennVest as incurred. At December 31, 2023, the Township had drawn down \$3,266,800.

The 2006, 2013 and 2017 General Obligation Notes were a direct placement with the Delaware Valley Regional Finance Authority (DelVal). The security of these notes is the full, faith, credit and taxing power of the Township.

DelVal has entered into interest rate swap agreements with various counterparties to provide fixed interest rates to borrowers. These transactions would normally only be terminated if the borrower requested such or if the borrower defaulted on its loan. The borrower then would be responsible for any termination payment. The DelVal swap transactions related to the fixed rate loans are effective under both the consistent critical terms and the quantitative method standards promulgated via GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments*.

The following presents long-term debt transactions of the Township for the year ended December 31, 2023:

| Notes/Bonds | Final Maturity | 1/1/2023 | Issued 2023 | Principal Paid | 12/31/2023 | Amount Due in One Year |
|-------------|----------------|----------------------|----------------------------|-----------------------|----------------------|------------------------|
| 2006 GON | 2027 | \$ 500,000 | \$ - | \$ (92,000) | \$ 408,000 | \$ 96,000 |
| 2013 GON | 2028 | 4,334,000 | - | (690,000) | 3,644,000 | 702,000 |
| Pennvest | 2042 | 2,943,540 | 286,598 | (145,175) | 3,084,963 | 181,210 |
| 2017 GON | 2032 | 7,059,000 | - | (632,000) | 6,427,000 | 647,000 |
| | | <u>\$ 14,836,540</u> | <u>\$ 286,598</u> | <u>\$ (1,559,175)</u> | <u>13,563,963</u> | <u>\$ 1,626,210</u> |
| | | | Sick pay liability | | 427,941 | |
| | | | OPEB liability | | 26,394,014 | |
| | | | Net pension liability | | | |
| | | | Police pension plan | | 5,005,858 | |
| | | | Non-uniformed pension plan | | 4,841,342 | |
| | | | Union pension fund | | 654,829 | |
| | | | | | <u>\$ 50,887,947</u> | |

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 LONG-TERM DEBT (continued)

The PennVest loan as shown above only includes the liability as of December 31, 2023 and does not show the full potential indebtedness.

The annual future requirements to amortize all debt outstanding inclusive of the PennVest obligation amount after full drawdown (as Township officials expect to drawdown the balance within the next calendar year) is as follows:

| | Principal | Interest | Total |
|-----------|---------------------|--------------------|---------------------|
| 2024 | \$ 1,589,259 | \$ 276,388 | \$ 1,865,647 |
| 2025 | 1,624,311 | 240,720 | 1,865,031 |
| 2026 | 1,660,449 | 202,473 | 1,862,922 |
| 2027 | 1,694,965 | 169,014 | 1,863,979 |
| 2028 | 1,615,676 | 158,393 | 1,774,069 |
| 2029-2033 | 3,808,780 | 455,820 | 4,264,600 |
| 2034-2038 | 863,140 | 117,248 | 980,388 |
| 2039-2042 | 707,383 | 14,307 | 721,690 |
| | <u>\$13,563,963</u> | <u>\$1,634,363</u> | <u>\$15,198,326</u> |

NOTE 6 INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables arise from interfund transactions. Principally, these amounts result from operating subsidies or loans. Interfund receivables and payables are eliminated within the government-wide financial statements but are shown on the governmental fund statements. At the balance sheet date, the amount of interfund receivables is equal to the amount of interfund payables as follows:

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 INTERFUND RECEIVABLES AND PAYABLES (continued)

| Fund | Interfund Receivables | Interfund Payables |
|--------------------------|--------------------------|-----------------------|
| General fund | \$ 389,702 | \$ 919,576 |
| Capital reserve fund | 253,806 | - |
| Capital improvement fund | - | 237,902 |
| Sinking fund | 446,732 | - |
| PennVest fund | - | 18,675 |
| Sewer fund | 128,448 | 22,102 |
| ARPA fund | - | 21,250 |
| Police pension fund | 817 | - |
| | <u>\$ 1,219,505</u> | <u>\$ 1,219,505</u> |

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; 2) move receipts restricted to debt service from the funds collecting the receipts as debt service payments become due; and 3) use unassigned and uncommitted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers were as follows:

| Fund | Transfers to Other Funds | Transfers from Other Funds |
|--------------------------|-----------------------------|-------------------------------|
| General fund | \$ 845,740 | \$ 4,236 |
| Sinking fund | 189,500 | |
| Capital Reserve fund | 5,433 | 745,740 |
| Pennvest fund | - | 189,500 |
| Capital improvement fund | - | 101,197 |
| | <u>\$ 1,040,673</u> | <u>\$ 1,040,673</u> |

NOTE 7 PENSIONS

Police Pension Plan

Plan Description – The Township of Ridley Police Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 1715 and Ordinance No. 1875, as amended. The Plan is governed by the Board of Township Commissioners, which is responsible for the management of Plan assets. The Board of Township Commissioners delegated the authority to manage certain Plan assets to CBIZ/InR Advisory Services, LLC. The police pension plan is subject to the funding and reporting requirements of the Pennsylvania Municipal Pension Plan Funding Standards and Recovery Act (Act 205 of 1984).

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 7 PENSIONS (continued)

Pension plan financial statements are prepared using the accrual basis of accounting. Employees' and employer contributions are recognized as revenues in the period in which employee services are performed. Pension plan investments are valued at fair market value as noted previously. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Basic Provisions -- Under the provisions of the Township's Police Pension Plan, pension benefits vest after 12 years of service. A police officer may retire at age 55 with 20 years of service or at age 50 with 25 years of service if hired before 1994 and receive annual pension benefits equal to 50% of the officer's final 36-month average salary plus a service increment of \$100 per month for each year of service worked after 25 years up to a maximum of \$300 per month, and an additional \$50 per month after years 29 and 30, to a maximum of \$400 per month.

Also, the Police Pension Plan provides for survivor benefits to surviving spouse and/or children under age 18 (or under the age of 23, if in college) of an officer killed in the line of duty or who dies while eligible for retirement and disability benefits (75% of officer's monthly salary for service-related disablement less Workers' Compensation benefits less any disability insurance benefits funded by the Township, if officer is not eligible for Social Security disability benefits, 100% of officer's monthly salary at time of disablement less Social Security disability benefits less Workers' Compensation benefits less any disability insurance benefits funded by the Township, if officer is eligible for Social Security disability benefits).

Active members may also elect to participate in the Deferred Retirement Option Program (DROP) for a period up to 36 months after attaining age 52 and 27 years service. Monthly pension is calculated as of the date of DROP participation. At the termination of DROP, account balance is distributed to the member. As of December 31, 2023, there were no members participating in the DROP Program.

Funding Policy

All full-time Township police officers who are members of the Police Pension Plan must contribute 5% of their salaries to the Pension Plan. In addition, the Township must provide annual contributions equal to the minimum municipal obligation (MMO) less State aid to satisfy the actuarially determined contribution requirements. The MMO for 2023 was \$656,480 of which the Township contributed \$295,151. The balance of \$361,329 was comprised of Commonwealth of Pennsylvania aid. The 2024 MMO is anticipated to be \$764,007. A significant portion of this amount is expected to be received from the General Municipal Pension System pursuant to Act 205.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 PENSIONS (continued)

The Township and Commonwealth contributions over the past ten years were as follows:

| | Police | | |
|------|------------|--------------|--------------|
| | Township | Commonwealth | Total |
| 2014 | \$ 548,033 | \$ 240,106 | \$ 788,139 |
| 2015 | \$ 523,990 | \$ 285,253 | \$ 809,243 |
| 2016 | \$ 314,524 | \$ 297,476 | \$ 612,000 |
| 2017 | \$ 301,698 | \$ 339,698 | \$ 641,229 |
| 2018 | \$ 687,923 | \$ 346,645 | \$ 1,034,568 |
| 2019 | \$ 689,580 | \$ 337,953 | \$ 1,027,533 |
| 2020 | \$ 921,963 | \$ 315,125 | \$ 1,237,088 |
| 2021 | \$ 941,503 | \$ 297,432 | \$ 1,238,935 |
| 2022 | \$ 363,470 | \$ 341,910 | \$ 705,380 |
| 2023 | \$ 295,151 | \$ 361,329 | \$ 656,480 |

Annual Pension Cost and Net Pension Obligation

The Township received on behalf of the Township plans \$705,175 in Commonwealth funds pursuant to Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, of which \$361,329 was deposited to the Police Pension Plan. Plan membership as of December 31, 2023, consisted of the following:

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 43 |
| Inactive employees entitled to but not yet receiving benefits | 2 |
| Active employees | 30 |
| Total plan participants | <u>75</u> |

Police active membership contributions for 2023 was \$198,108 based on the active police covered salary of \$3,900,000.

The minimum municipal obligation (MMO) contribution for the current year was determined as part of the January 1, 2021 actuarial valuation using the entry age actuarial cost method. An actuarial valuation was conducted as of January 1, 2023. Update procedures were used to roll forward to December 31, 2023. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5% per year, and an inflation rate of 2.25%. Asset valuation method is five year smoothing.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 PENSIONS (continued)

Net Pension Liability of the Township

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

| | |
|------------------------------|---------------------|
| Total pension liability | \$ 35,760,322 |
| Plan fiduciary net position | 30,754,464 |
| <u>Net pension liability</u> | <u>\$ 5,005,858</u> |

Plan fiduciary net position as a percentage of the total pension liability: 86%.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation date of January 1, 2023 using the following actuarial assumptions applied to all periods in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.25 percent |
| Salary increases | 5 percent per annum, including inflation |
| Investment rate of return | 7.50 percent per annum |
| Actuarial cost method | Entry age |
| Amortization method | Level dollar |
| Amortization period | 11 years |
| Asset valuation method | Five year smoothing |

Mortality rates were based on the PUBS-2010 Mortality projected to 2026 using scale MP-2020.

Long term expected rate of return

The long-term expected rate of return on pension plan investments is determined using asset allocation studies conducted by the Plan's investment management consultants in December 2023 in which best-estimate ranges of expected future real rates of return (net of investment expense and inflation) were developed for each major asset class. The ranges were 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. As noted above in the Investment section of these notes, the real rate of return net of pension plan investment expense and including the 2.25% inflation assumption was a blended rate of 6.94%. The long term expected rate of return excluding expected inflation of 2.25% was 4.54%. However, the annual rate of return on the plan investments, as noted previously (net of investment expense) was 16.79%.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 PENSIONS (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50% per year. Based on that assumption, the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments of current Plan members. However, if the assumptive long-term rate of return results in less than the assumptive actuarial discount rate used to determine pension liability the actual pension liability may be in excess of that actuarially reported at this time. This may result in future increased total and net pension liability.

| | 1% Decrease 6.50% | Current Discount Rate 7.50% | 1% Increase 8.50% |
|-----------------------|------------------------------------|--|------------------------------------|
| Net pension liability | \$ 9,139,223 | \$ 5,005,858 | \$ 1,534,224 |

For the year ended December 31, 2023, the Township recognized total pension expense in its government fund statements in the amount of \$1,719,881 inclusive of the Police Pension and Non Uniform Plan of which \$656,480 was related to the Police Pension. The Township also reported deferred outflows of resources and deferred inflows of resources related to Police pension as follows:

| | <i>Deferred Outflows of Resources</i> | <i>Deferred Inflows of Resources</i> |
|--|---|--|
| Difference between expected and actual experience | \$ 20,779 | \$ 795,713 |
| Changes in assumptions | 1,307,556 | - |
| Net difference between projected and actual investment earnings | 1,711,275 | - |
| Changes in proportions | - | - |
| Difference between employer contributions and proportionate share of total contributions | - | - |
| Contributions subsequent to measurement date | <u>\$ 3,039,610</u> | <u>\$ 795,713</u> |

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 PENSIONS (continued)

Certain amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense in future years as follows:

| Year ending December 31: | | |
|--------------------------|----|-----------|
| 2024 | \$ | 649,783 |
| 2025 | \$ | 988,124 |
| 2026 | \$ | 1,242,830 |
| 2027 | \$ | (626,148) |
| 2028 | \$ | (10,692) |
| Thereafter | \$ | - |

Non-Uniformed Pension Plan

Plan Description

The Township of Ridley contributes to the Pennsylvania Municipal Retirement System ("PMRS"), which is an agent multiple-employer public employee retirement system. It is the responsibility of the PMRS to function as an investment and administrative agent for the Township with respect to the pension plan. PMRS issues a separate Comprehensive Annual Financial Report ("CAFR"). A copy of the CAFR can be obtained by contacting the PMRS accounting office.

The Pennsylvania Municipal Retirement System (PMRS), pursuant to the December 31, 2022 reporting/measurement date, has also developed a long-term expected rate of return for its individual participating municipalities known as its Regular Interest Rate. The long-term expected rate of return on pension plan investments is determined by a building block method in which best-estimates of expected future real rates of return are developed for each major asset class for the PMRS portfolio as a whole and at different levels of probability or confidence. The long term expected system rate of return as reported by PMRS is 7.42%. The Long term expected rate of return for individual participating municipalities is referred to as the regular interest rate and at December 31, 2022 (the measurement date) is equal to the discount rate of 5.25%. The annual money weighted rated of return for PMRS investments in 2022 was -12.83%, the most recent information available.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 PENSIONS (continued)

The PMRS target asset rate and long-term expected real rate of return is as follows:

| Asset Class | Target | Long Term Expected Real Rate of Return |
|---------------------------|----------------|--|
| Domestic equities | 32.50% | 10.70% |
| International equity | 17.50% | 10.61% |
| Global equities | 5.00% | 4.53% |
| Real estate | 10.00% | 4.92% |
| Cash and cash equivalents | 1.00% | 0.30% |
| Timber | 5.00% | 4.00% |
| Fixed income | 29.00% | 7.60% |
| | <u>100.00%</u> | |

Board established long term expected rate of return 7.43%

Under the provisions of the Township's Pension Plan, pension benefits vest after seven years of service. Normal retirement age is 65. An employee may retire early after 20 years of service with a voluntary termination or after 8 years with an involuntary termination. Retirement benefits are based on the final average salary ("FAS") during the last five years of employment. Benefit equals 1.25 times years of credited service times FAS. Also, the Pension Plan provides for death benefits and disability benefits (50% of final salary for service related disability with benefit offset by Workers' Compensation Benefit and 30% of final salary for non-service related disability with ten years of service required for eligibility).

Funding Policy

All participating employees of the PMRS must contribute 3% of their gross earnings to the Pension Plan. The Township must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements. However, PMRS participating employees may also contribute up to an additional 17% of their after-tax gross earnings to the Pension Plan as part of a PMRS Cash Balance Plan. Within this plan, the Township is required to contribute one percent of each member's contribution.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 PENSIONS (continued)

Plan members pursuant to the January 1, 2023 most recent actuarial determination consisted of the following:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 36 |
| Inactive employees entitled to but not yet receiving benefits | 5 |
| Active employees | 63 |
| Total plan participants | <u>104</u> |

Member contributions totaled \$296,673 for the year ended December 31, 2023, based on eligible covered payroll of \$4,328,537.

Contributions to the plan for the past ten years were as follows:

| | Non-Uniformed | | |
|------|---------------|--------------|------------|
| | Township | Commonwealth | Total |
| 2014 | \$ - | \$ 179,759 | \$ 179,759 |
| 2015 | \$ - | \$ 262,479 | \$ 262,479 |
| 2016 | \$ - | \$ 260,435 | \$ 260,435 |
| 2017 | \$ - | \$ 277,147 | \$ 277,147 |
| 2018 | \$ 6,298 | \$ 301,414 | \$ 307,712 |
| 2019 | \$ 35,159 | \$ 347,509 | \$ 382,668 |
| 2020 | \$ 59,655 | \$ 392,830 | \$ 452,485 |
| 2021 | \$ 92,419 | \$ 385,549 | \$ 477,968 |
| 2022 | \$ 83,626 | \$ 321,187 | \$ 404,813 |
| 2023 | \$ 594,103 | \$ 343,845 | \$ 937,948 |

Annual Pension Cost and Net Pension Obligation

The Township's annual MMO for the Ridley PMRS Non-uniformed Pension Plan for the current year was \$937,948. The MMO for 2024 is expected to be \$931,248.

The annual required contribution for the current year was determined as part of the January 1, 2021 actuarial valuation. Pursuant to GASB 68, PMRS established a measurement date of December 31, 2022. Contributions between that measurement date and the reporting date are reported within the deferred outflows offsetting the cash outflow or expenditure reported. Pension expense within the governmental funds included the 1% of the members' contributions of \$54,911. Total Municipal Pension expense in the government fund totaled \$969,853, which is comprised of the MMO of \$937,948 and other fees for administration and new member fee.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 PENSIONS (continued)

Net Pension Liability of the Township

The components of the net pension liability of the Township at December 31, 2022, the measurement date, were as follows:

| | |
|-----------------------------|---------------------|
| Total pension liability | \$ 22,695,588 |
| Plan fiduciary net position | (17,854,246) |
| Net pension liability | <u>\$ 4,841,342</u> |

Plan fiduciary net position as a percentage of the total pension liability 78.67%

Actuarial Assumptions

The total pension liability at December 31, 2022 (the PMRS measurement date) was determined by an actuarial valuation January 1, 2023. The following actuarial assumptions have been applied to all periods in the measurement:

| | |
|------------------------|---|
| Inflation | 2.80% |
| Salary increases | Age related scale with merit and inflation component |
| Discount rate | 5.25% |
| Actuarial cost method | Entry Age |
| Amortization period | Level dollar based on the amortization periods in Act 205 |
| Asset valuation method | Based on the municipal reserves |

Mortality rates for post-retirement were based on the RP-2000 for males projected 5 years with Scale AA; females projected 10 years with Scale AA. Pre-retirement mortality is based on RP-2000 Mortality Table males projected 15 years with Scale AA; and females projected 15 years with Scale AA, setback five years.

Long term expected rate of return

The long-term expected rate of return on pension plan investments is determined by a building block method in which best-estimates of expected future real rates of return are developed for each major asset class for the PMRS portfolio as a whole and at different levels of probability or confidence. The long term expected system rate of return as reported by PMRS is 7.43%. The long term expected rate of return for individual participating municipalities is referred to as the regular interest rate and at December 31, 2022 is equal to the discount rate of 5.25%.

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 PENSIONS (continued)

Discount Rate

The discount rate used to measure the total pension liability as noted above was 5.25% per year. Based on that assumption, the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments of current Plan members. However, if the assumptive long-term rate of return results in less than the assumptive actuarial discount rate used to determine pension liability (asset) the actual pension liability (asset) may be in excess of that actuarially reported at this time. This may result in future increased total and net pension liability.

Following shows the impact of the net pension liability (asset) to the discount rate applied pursuant to the measurement date:

| Current | | |
|--------------------|----------------------|--------------------|
| 1% Decrease | Discount Rate | 1% Increase |
| 4.25% | 5.25% | 6.25% |
| \$ 7,060,394 | \$ 4,841,342 | \$ 2,946,817 |

At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pension as follows (with the addition of the contribution to the plan made subsequent to the measurement date):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between expected and actual experience | \$ 745,242 | \$ - |
| Changes in assumptions | 329,636 | - |
| Net difference between projected and actual investment earnings | 935,543 | - |
| Changes in proportions | - | - |
| Difference between employer contributions and proportionate share of total contributions | - | - |
| Contributions subsequent to measurement date | 992,840 | - |
| | <u>\$ 3,003,261</u> | <u>\$ -</u> |

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 PENSIONS (continued)

Based on the measurement date of December 31, 2022, certain amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense in future years as follows:

| Year ending December 31, | |
|--------------------------|--------------|
| 2023 | \$ 1,053,957 |
| 2024 | \$ 416,909 |
| 2025 | \$ 734,160 |
| 2026 | \$ 763,618 |
| 2027 | \$ 34,617 |
| Thereafter | \$ - |

The contributions subsequent to measurement date are reported within deferred outflows and are shown above as being recognized in 2023. They are not included in the determination of the anticipated future pension expense which was based on a measurement date of December 31, 2022 but are reported as deferred outflows as pursuant to GASB 68.

Union Pension Fund

Certain employees of the Township had participated in the National Conference of Firemen and Oilers Pension Fund. The Township participation in the plan was discontinued in 2010. The Township continues funding of the previously vested members and will incur this charge of \$93,547 through 2030. The liability totals \$654,829 and is included in the total pension liability on the Statement of Net Position.

NOTE 8 OTHER POST EMPLOYMENT BENEFITS

The Township provides full certain medical benefits to both uniform and non-uniform retirees in effect at the time of their respective retirements. Township funding of these benefits is on a pay-as-you-go basis. There are currently 179 persons covered by these plans, with 59 persons (retirees and/or beneficiaries) receiving these benefits. For the year ended December 31, 2023, the amount paid for these benefits totaled \$ 602,100.

The Plan is unfunded, and no financial report is prepared. The Plan is authorized and under the control, maintenance and operation of the Township Commissioners. The required contribution of the Township is based on a pay-as-you-go financing requirement. The Board of Commissioners has the authority within contractual limitations to amend the plan including changing the obligation of plan members and the Township to contribute to the Plan. Benefits defined as OPEB include medical, prescription drug, vision and life insurance (as applicable).

OPEB liability and OPEB cost for Non-Uniform and Uniform employees is as follows:

| | Non uniform | Uniform | Total |
|--------------------|--------------------|----------------|---------------|
| Net OPEB Liability | \$ 5,162,538 | \$ 21,231,476 | \$ 26,394,014 |
| OPEB Cost | \$ 474,820 | \$ 1,361,166 | \$ 1,835,986 |

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (continued)

The increase in OPEB liability is shown as follows:

| | |
|--|----------------------|
| Annual OPEB cost (expense) | \$ 1,835,986 |
| Contributions made (pay as you go) | (602,100) |
| Adjustment to estimate for imputed benefit cost and assumption changes | 911,508 |
| Increase in net OPEB obligation | 2,145,394 |
| Net OPEB obligation at January 1, 2023 | 24,248,620 |
| Net OPEB obligation at December 31, 2023 | <u>\$ 26,394,014</u> |

The Total OPEB Liability is based on entry age normal actuarial funding method. Liabilities are based on the results of actuarial calculations performed as of January 1, 2023 rolled forward to December 31, 2023. The actuarial valuation is performed biennially.

Following is the history of OPEB cost/expense and the percentage of pay-as-you-go to the actuarially determined expense as well as the net OPEB total obligation for the Township.

| Fiscal year Ended | Annual OPEB Cost/Expense | Percentage of OPEB Cost Contributed | | Net OPEB Obligation |
|--------------------------|---------------------------------|--|----------------------------|----------------------------|
| | | OPEB Cost Contributed | Net OPEB Obligation | |
| December 31, 2014 | \$ 2,067,907 | 24.81% | \$ 7,547,051 | * |
| December 31, 2015 | \$ 2,291,720 | 30.20% | \$ 9,146,691 | * |
| December 31, 2016 | \$ 2,355,705 | 29.71% | \$ 10,802,593 | * |
| December 31, 2017 | \$ 2,421,941 | 33.08% | \$ 12,423,435 | * |
| December 31, 2018 | \$ 1,654,027 | 37.34% | \$ 23,145,768 | * |
| December 31, 2019 | \$ 1,722,696 | 33.90% | \$ 23,910,958 | ** |
| December 31, 2020 | \$ 3,637,231 | 14.17% | \$ 36,265,320 | ** |
| December 31, 2021 | \$ 3,728,150 | 15.12% | \$ 37,503,838 | ** |
| December 31, 2022 | \$ 2,068,903 | 28.07% | \$ 24,248,620 | ** |
| December 31, 2023 | \$ 1,835,986 | 32.79% | \$ 24,248,620 | ** |

** GASB 75 calculation

* GASB 45 calculations

| | |
|---|----------------------|
| Actuarial accrued liability (AAL) | \$ 26,394,014 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability | <u>\$ 26,394,014</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0% |

TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 OTHER POST EMPLOYMENT BENEFITS (continued)

Following is a sensitivity analysis of the liability to changes in the discount rate as provided by the actuarial determination:

| | Current Discount | | |
|--------------------|-----------------------------|----------------------|-----------------------------|
| | 1% Decrease 3.00% | Rate 4.00% | 1% Increase 5.00% |
| Net OPEB liability | \$ 30,663,591 | \$ 26,394,014 | \$ 22,945,094 |

Following is an additional sensitivity analysis of the net OPEB liability to changes in the healthcare trend rates:

| | 1% Decrease | Current Trend | 1% Increase |
|--------------------|--------------------|----------------------|--------------------|
| | | Rate | |
| Net OPEB liability | \$ 22,217,995 | \$ 26,394,014 | \$ 31,757,120 |

At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to other post employment benefits as follows:

| | <i>Deferred Outflows of Resources</i> | <i>Deferred Inflows of Resources</i> |
|--|---|--|
| Difference between expected and actual experience | \$ 2,241,567 | \$ 2,446,697 |
| Changes in assumptions | 4,226,653 | 8,992,024 |
| Net difference between projected and actual investment earnings | - | - |
| Changes in proportions | - | - |
| Difference between employer contributions and proportionate share of total contributions | - | - |
| | \$ 6,468,220 | \$ 11,438,721 |

Based on the measurement of December 31, 2023, certain amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense in future years as follows:

| Year ending December 31, | |
|--------------------------|----------------|
| 2024 | \$ (77,864) |
| 2025 | \$ (77,864) |
| 2026 | \$ (359,275) |
| 2027 | \$ (1,532,211) |
| 2028 | \$ (1,532,201) |
| Thereafter | \$ (1,391,086) |

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9 DEFERRED COMPENSATION PLAN

The Township has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by the Township and is available to all Township employees. Employees defer a portion of their salaries until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Township (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Township's general creditors. Participants' rights under the plan are equal to those of general creditors of the Township in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Township's legal counsel that the Township has no liability for losses under the plan agreement but does have the duty of due care that would be required of an ordinary prudent investor. The Township believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10 LEASES

The Township has a commercial lease agreement with a restaurant within the Township Marina for an initial term of five years beginning March 1, 2017 through February 28, 2022, with a potential five-year term extension which has been exercised extending from March 1, 2022 through February 28, 2027. Rental is \$15,000 per month. Rental income this year totaled \$180,000.

Further, the Township had entered into a four-year commercial lease with the County of Delaware for use of its property for a magisterial district court. The initial term of the lease began January 1, 2018 and ran through December 31, 2021. The lease was extended through December 31, 2025. Rental income this year was \$38,920.

| | Marina | District Court | Total |
|------|-------------------|------------------|-------------------|
| 2024 | \$ 210,000 | \$ 38,920 | \$ 248,920 |
| 2025 | 216,000 | 12,973 | 228,973 |
| 2026 | 216,000 | - | 216,000 |
| 2027 | 36,000 | - | 36,000 |
| | <u>\$ 678,000</u> | <u>\$ 51,893</u> | <u>\$ 729,893</u> |

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11 RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees and others; and nature disasters. The Township carries commercial insurance for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the Township's policy coverage. Settled claims resulting from these risks have not exceeded commercial insurance in the past three years.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Intergovernmental Grants – Intergovernmental grants received by the Township are subject to audit and adjustment by the funding agencies or their representatives. If grant revenues are received for expenditures, which are subsequently disallowed, the Township may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements at December 31, 2023.

Claims and Other Legal Proceedings – The Township is involved in various claims and lawsuits arising in the normal course of business, including claims for tax assessment appeals. In the opinion of management, the ultimate outcome of these claims and lawsuits will not have a material adverse effect on the Township's financial position as of December 31, 2023.

Operating Leases – The Township has the following operating leases:

- The Township is leasing gymnasium and office space from the Ridley School District for \$35,000 per year on a year to year basis.
- Copier and scanning machines, which leases extend from 2022 through 2026.

As previously noted, Ridley Township adopted Government Accounting Standards Board (GASB) Statement No. 87, *Leases* which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payments provisions of the contracts. The gymnasium lease does not fall under the policy. However, the copier leases are reported on the Statement of Financial Position as both an asset and a liability. The following schedule includes those leases.

| Year ending: | | |
|---------------|----|---------|
| 2024 | \$ | 6,360 |
| 2025 | | 6,360 |
| 2026 | | 6,360 |
| 2026 | | 530 |
| Present Value | | 19,610 |
| Interest | | (2,110) |
| Total payment | \$ | 17,500 |

Operating lease expense for the copiers for the year totaled \$6,360.

**TOWNSHIP OF RIDLEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 13 RISKS AND UNCERTAINTY

Since the balance sheet date, certain economic uncertainties have arisen including the volatility of the stock market. This event has resulted in a risk of decline of market value of investments with particular regard to the Police Pension Plan and PMRS valuation of the Non-Uniform Plan. The ultimate financial impact of the economic and market conditions is undetermined at this time.

NOTE 14 SUBSEQUENT EVENTS

Township management has evaluated subsequent events through May 20, 2024, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF RIDLEY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2023

| | General Fund | | | Variance with Final Budget - |
|---|-----------------|----------------|---------------|---------------------------------|
| | Original Budget | Final Budget | Actual | Favorable (Unfavorable) |
| REVENUES | | | | |
| Real estate taxes | \$ 11,080,500 | \$ 11,080,500 | \$ 11,349,516 | \$ 269,016 |
| Local enabling act taxes | 1,877,000 | 1,877,000 | 2,053,839 | 176,839 |
| Licenses and permits | 1,884,000 | 1,884,000 | 1,873,427 | (10,573) |
| Fines and forfeits | 158,500 | 158,500 | 98,343 | (60,157) |
| Rent | 737,530 | 737,530 | 689,706 | (47,824) |
| Investment earnings | 85,000 | 85,000 | 760,754 | 675,754 |
| Grants and entitlements | 1,297,000 | 1,297,000 | 1,128,066 | (168,934) |
| Departmental earnings and charges for services | 3,598,500 | 3,598,500 | 3,850,870 | 252,370 |
| Miscellaneous and other revenue | 606,000 | 606,000 | 704,184 | 98,184 |
| Total revenues | 21,324,030 | 21,324,030 | 22,508,705 | 1,184,675 |
| EXPENDITURES | | | | |
| General governmental | 2,717,375 | 2,717,375 | 2,538,730 | 178,645 |
| Public Safety | 7,511,900 | 7,511,900 | 6,326,053 | 1,185,847 |
| Health and sanitation | 3,879,200 | 3,879,200 | 3,456,501 | 422,699 |
| Recreation | 1,410,500 | 1,410,500 | 1,241,933 | 168,567 |
| Highways and streets | 3,470,700 | 3,470,700 | 2,068,748 | 1,401,952 |
| Insurance and employee benefits | 6,885,000 | 6,885,000 | 6,307,502 | 577,498 |
| Library contribution | 480,000 | 480,000 | 480,000 | - |
| Total expenditures | 26,354,675 | 26,354,675 | 22,419,467 | 3,935,208 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (5,030,645) | (5,030,645) | 89,238 | 5,119,883 |
| OTHER FINANCING SOURCES (USES) OF FUNDS: | | | | |
| Financing revenue | 76,000 | 76,000 | - | (76,000) |
| Operating transfers in | - | - | 4,236 | 4,236 |
| Operating transfers out | (756,480) | (756,480) | (845,740) | (89,260) |
| Total other financing sources (uses) of funds, net | (680,480) | (680,480) | (841,504) | (161,024) |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS | \$ (5,711,125) | \$ (5,711,125) | (752,266) | \$ 4,958,859 |
| FUND BALANCE - BEGINNING | | | 11,636,591 | |
| FUND BALANCE - ENDING | | | \$ 10,884,325 | |

Note: Budget includes General Fund, Library Fund and Fire Fund

REQUIRED SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF RIDLEY

BUDGETARY COMPARISON SCHEDULE
SEWER FUND

FOR THE YEAR ENDED DECEMBER 31, 2023

| | | | | Variance with Final Budget - Favorable (Unfavorable) |
|---|---------------------|---------------------|----------------|---|
| | Sewer Rental Fund | | | |
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Sewer rentals, penalties and interest | \$ 5,125,000 | \$ 5,125,000 | \$ 5,224,769 | \$ 99,769 |
| Other income | - | - | - | - |
| Investment earnings | - | - | 186,484 | 186,484 |
| Total revenues | 5,125,000 | 5,125,000 | 5,411,253 | 286,253 |
| EXPENDITURES | | | | |
| Sewer maintenance expenditures | 5,717,000 | 5,717,000 | 5,280,497 | 436,503 |
| Total expenditures | 5,717,000 | 5,717,000 | 5,280,497 | 436,503 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (592,000) | (592,000) | 130,756 | 722,756 |
| OTHER FINANCING SOURCES (USES) OF FUNDS: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| Total other financing sources (uses) of funds, net | - | - | - | - |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS | \$ (592,000) | \$ (592,000) | 130,756 | \$ 722,756 |
| FUND BALANCE - BEGINNING | | | | 2,089,715 |
| FUND BALANCE - ENDING | | | | <u>\$ 2,220,471</u> |

REQUIRED SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF RIDLEY

BUDGETARY COMPARISON SCHEDULE
HIGHWAY FUND

FOR THE YEAR ENDED DECEMBER 31, 2023

| | Highway Fund | | | Variance with Final Budget - |
|---|---------------------|---------------------|--------------------|---------------------------------|
| | Original Budget | Final Budget | Actual | Favorable (Unfavorable) |
| REVENUES | | | | |
| Grants | \$ 766,760 | \$ 766,760 | \$ 794,717 | \$ 27,957 |
| Investment earnings | - | - | 104,313 | 104,313 |
| Total revenues | 766,760 | 766,760 | 899,030 | 132,270 |
| EXPENDITURES | | | | |
| General highway expenditures | 918,500 | 918,500 | 1,096,402 | (177,902) |
| Total expenditures | 918,500 | 918,500 | 1,096,402 | (177,902) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (151,740) | (151,740) | (197,372) | (45,632) |
| OTHER FINANCING SOURCES (USES) OF FUNDS: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| Total other financing sources (uses) of funds, net | - | - | - | - |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS | \$ (151,740) | \$ (151,740) | (197,372) | \$ (45,632) |
| FUND BALANCE - BEGINNING | | | 1,842,908 | |
| FUND BALANCE - ENDING | | | <u>\$1,645,536</u> | |

REQUIRED SUPPLEMENTAL INFORMATION

THE TOWNSHIP OF RIDLEY

**BUDGETARY COMPARISON SCHEDULE
SINKING FUND**

FOR THE YEAR ENDED DECEMBER 31, 2023

| | Sinking Fund | | | Variance with Final Budget - |
|---|---------------------|---------------------|---------------------|---------------------------------|
| | Original Budget | Final Budget | Actual | Favorable (Unfavorable) |
| REVENUES | | | | |
| Real estate taxes | \$ 1,652,500 | \$ 1,652,500 | \$ 1,728,681 | \$ 76,181 |
| Other income | - | - | - | - |
| Investment earnings | - | - | 60,533 | 60,533 |
| Total revenues | <u>1,652,500</u> | <u>1,652,500</u> | <u>1,789,214</u> | <u>136,714</u> |
| EXPENDITURES | | | | |
| Administration | - | - | 20 | (20) |
| Debt service - principal and interest | 1,892,500 | 1,892,500 | 1,676,075 | 216,425 |
| Total expenditures | <u>1,892,500</u> | <u>1,892,500</u> | <u>1,676,095</u> | <u>216,405</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (240,000) | (240,000) | 113,119 | 353,119 |
| OTHER FINANCING SOURCES (USES) OF FUNDS: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | (189,500) | (189,500) |
| Total other financing sources (uses) of funds, net | <u>-</u> | <u>-</u> | <u>(189,500)</u> | <u>(189,500)</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS | \$ (240,000) | \$ (240,000) | (76,381) | \$ 163,619 |
| FUND BALANCE - BEGINNING | | | 1,569,801 | |
| FUND BALANCE - ENDING | | | \$ 1,493,420 | |

TOWNSHIP OF RIDLEY

**REQUIRED SUPPLEMENTAL INFORMATION
(UNAUDITED)**

SCHEDULE OF EMPLOYER CONTRIBUTIONS AND RELATED INFORMATION

POLICE PENSION PLAN

| | Schedule of Employer Contributions | Covered Employee Payroll | Contribution as a Percentage of Covered Payroll |
|------------|---|-------------------------------------|--|
| 12/31/2014 | \$ 788,139 | \$ 2,949,624 | 26.72% |
| 12/31/2015 | \$ 809,243 | \$ 3,253,276 | 24.87% |
| 12/31/2016 | \$ 612,000 | \$ 3,335,424 | 18.35% |
| 12/31/2017 | \$ 641,229 | \$ 3,752,518 | 17.09% |
| 12/31/2018 | \$ 1,034,568 | \$ 4,043,768 | 25.58% |
| 12/31/2019 | \$ 1,027,533 | \$ 3,959,812 | 25.95% |
| 12/31/2020 | \$ 1,237,088 | \$ 3,974,944 | 31.12% |
| 12/31/2021 | \$ 1,238,935 | \$ 4,000,000 | 30.97% |
| 12/31/2022 | \$ 705,380 | \$ 4,400,000 | 16.03% |
| 12/31/2023 | \$ 656,480 | \$ 3,900,000 | 16.83% |

NON-UNIFORM PENSION PLAN – PMRS

| | Schedule of Employer Contributions | Covered Employee Payroll | Contribution as a Percentage of Covered Payroll |
|------------|---|-------------------------------------|--|
| 12/31/2013 | \$ 179,744 | \$ 3,366,345 | 5.34% |
| 12/31/2014 | \$ 179,759 | \$ 3,507,731 | 5.12% |
| 12/31/2015 | \$ 262,479 | \$ 3,565,278 | 7.36% |
| 12/31/2016 | \$ 260,435 | \$ 3,556,423 | 7.32% |
| 12/31/2017 | \$ 277,147 | \$ 3,775,074 | 7.34% |
| 12/31/2018 | \$ 301,414 | \$ 3,925,700 | 7.68% |
| 12/31/2019 | \$ 382,668 | \$ 3,866,458 | 9.90% |
| 12/31/2020 | \$ 452,485 | \$ 4,252,909 | 10.64% |
| 12/31/2021 | \$ 477,968 | \$ 4,370,383 | 10.94% |
| 12/31/2022 | \$ 404,813 | \$ 4,327,897 | 9.35% |

TOWNSHIP OF RIDLEY

**REQUIRED SUPPLEMENTAL INFORMATION
(UNAUDITED)**

**SCHEDULE OF CHANGES IN RIDLEY TOWNSHIP'S
POLICE PENSION PLAN
NET PENSION LIABILITY AND RELATED RATIOS**

| | | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------|
| Total Pension Liability | | | | | | | | | | | |
| Service cost | \$ 709,830 | \$ 732,332 | \$ 648,799 | \$ 488,767 | \$ 465,492 | \$ 531,755 | \$ 506,433 | \$ 426,959 | \$ 406,628 | \$ 363,372 | |
| Interest | 2,517,584 | 2,477,897 | 2,432,524 | 2,313,739 | 2,219,156 | 2,104,141 | 2,006,423 | 1,839,113 | 1,749,894 | 1,664,120 | |
| Changes in benefit terms | | | | | | | | | | | |
| Differences between expected and actual experience | (679,137) | - | (516,506) | - | - | 335,629 | - | 663,849 | - | (840,815) | |
| Changes in assumptions | (2,069,764) | (1,934,092) | (1,721,022) | (1,544,344) | (1,506,925) | (1,423,032) | (1,215,568) | (1,108,31) | (1,04,112) | (933,537) | |
| Benefit payments | 478,513 | 1,276,137 | 3,542,370 | 1,258,162 | 1,513,352 | 1,212,864 | 2,205,499 | 1,156,941 | 848,485 | 1,113,955 | |
| Net change in total pension liability | 35,281,809 | 34,005,672 | 30,463,302 | 29,205,140 | 27,691,788 | 26,478,924 | 24,273,455 | 23,116,514 | 22,266,847 | 21,154,892 | |
| Total pension liability - beginning | \$ 35,750,322 | \$ 35,281,809 | \$ 34,005,672 | \$ 30,463,302 | \$ 29,205,140 | \$ 27,691,788 | \$ 26,478,924 | \$ 24,273,455 | \$ 23,117,332 | \$ 22,258,847 | |
| Total pension liability - ending | | | | | | | | | | | |
| Plan Fiduciary Net Position | | | | | | | | | | | |
| Contributions - Employer | \$ 295,151 | \$ 363,470 | \$ 941,503 | \$ 921,963 | \$ 689,580 | \$ 687,923 | \$ 301,698 | \$ 314,524 | \$ 523,990 | \$ 548,033 | |
| Contributions - State Aid | 361,329 | 341,910 | 297,432 | 315,125 | 337,953 | 345,645 | 339,531 | 297,476 | 285,253 | 240,106 | |
| Contributions - Members | 198,108 | 199,008 | 195,178 | 218,464 | 199,990 | 196,062 | 199,149 | 187,929 | 178,401 | 166,340 | |
| Investment income and appreciate (depreciation) | 4,462,349 | (5,318,724) | 3,851,083 | 3,889,838 | 4,638,225 | (1,429,726) | 3,372,844 | 1,527,661 | (242,342) | 1,181,051 | |
| Miscellaneous | (382) | (1,934,092) | (1,721,022) | (1,544,344) | (1,506,925) | (1,423,032) | (1,215,568) | (1,108,31) | (1,04,112) | (933,537) | |
| Benefit payments including refunds | (2,069,764) | (1,934,092) | (1,544,344) | (7,000) | (12,600) | (6,600) | (12,000) | (6,600) | (14,000) | (5,200) | |
| Administrative expense | (14,500) | (7,400) | (6,355,828) | 3,548,874 | 3,794,046 | 4,350,793 | (1,627,258) | 2,985,654 | 1,211,879 | (282,810) | 1,196,793 |
| Net change in plan fiduciary net position | 3,232,291 | (6,355,828) | | | | | | | | | |
| Plan fiduciary net position - beginning | 27,522,173 | 33,878,001 | 30,329,127 | 26,535,900 | 22,185,107 | 23,812,365 | 20,826,711 | 19,614,832 | 18,897,642 | 18,700,849 | |
| Plan fiduciary net position - ending | \$ 30,754,64 | \$ 27,522,173 | \$ 33,878,001 | \$ 30,329,946 | \$ 26,535,900 | \$ 22,185,107 | \$ 23,812,365 | \$ 20,826,711 | \$ 19,614,832 | \$ 19,897,642 | |
| Net Pension Liability | \$ 5,005,858 | \$ 7,759,636 | \$ 127,671 | \$ 133,356 | \$ 2,669,240 | \$ 5,506,681 | \$ 2,666,559 | \$ 3,446,744 | \$ 3,502,500 | \$ 2,371,205 | |

Plan fiduciary net position as a percentage of total pension liability

| Covered employee payroll | | Schedule of investment returns | | | | | Annual money-weighted rate of return net of investment expense | | |
|--|--------------|--------------------------------|--------------|--------------|--------------|--------------|---|--------------|--------------|
| 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| \$ 3,900,000 | \$ 4,400,000 | \$ 4,000,000 | \$ 3,974,944 | \$ 3,959,812 | \$ 4,043,768 | \$ 3,752,518 | \$ 3,335,424 | \$ 3,253,276 | \$ 2,949,624 |
| 126.36% | 176.36% | 3.19% | 3.35% | 67.41% | 136.18% | 71.06% | 103.34% | 107.66% | 80.39% |
| Plan's net pension liability as a percentage of covered employee payroll | | | | | | | | | |
| 16.78% | -16.28% | 13.08% | 15.01% | 20.91% | -6.20% | 16.20% | 7.88% | -1.17% | 6.25% |

TOWNSHIP OF RIDLEY

REQUIRED SUPPLEMENTAL INFORMATION
(UNAUDITED)SCHEDULE OF CHANGES IN RIDLEY TOWNSHIP'S
NONUNIFORM PMRS
NET PENSION LIABILITY

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <i>Total Pension Liability</i> | | | | | | | | | |
| Service cost | \$ 625,584 | \$ 604,377 | \$ 460,087 | \$ 412,702 | \$ 410,172 | \$ 393,790 | \$ 346,473 | \$ 376,679 | \$ 358,084 |
| Interest | \$ 1,152,668 | \$ 1,113,588 | \$ 873,282 | \$ 836,046 | \$ 778,004 | \$ 743,546 | \$ 727,729 | \$ 702,499 | \$ 656,883 |
| Changes in benefit terms | - | - | 2,067,527 | - | - | - | - | - | - |
| Differences between expected and actual experience | 207,712 | - | 1,024,553 | - | 359,233 | - | 150,453 | - | 205,194 |
| Change in assumptions | - | - | 659,273 | - | - | - | 277,900 | (40,837) | - |
| Benefit payments | (1,337,084) | (634,890) | (566,870) | (507,614) | (420,145) | (532,079) | (699,635) | (397,210) | (409,157) |
| Net change in total pension liability | 648,880 | 1,083,075 | 4,427,852 | 741,134 | 1,128,264 | 605,267 | 802,920 | 641,081 | 810,984 |
| Total pension liability - beginning | 22,046,708 | 20,963,633 | 16,535,781 | 15,794,647 | 14,666,383 | 14,061,126 | 13,258,206 | 12,617,125 | 11,806,141 |
| Total pension liability - ending | \$ 22,695,588 | \$ 22,046,708 | \$ 20,963,633 | \$ 16,535,781 | \$ 15,794,647 | \$ 14,666,383 | \$ 14,061,126 | \$ 13,258,206 | \$ 12,617,125 |
| <hr/> | | | | | | | | | |
| <i>Plan Fiduciary Net Position</i> | | | | | | | | | |
| Contributions - Employer | \$ 402,934 | \$ 383,648 | \$ 390,850 | \$ 384,314 | \$ 329,401 | \$ 312,959 | \$ 258,515 | \$ 226,596 | \$ 179,879 |
| Contributions - Members | 250,588 | 216,864 | 202,021 | 179,403 | 178,999 | 171,488 | 162,162 | 156,572 | 134,754 |
| PMRS investment income | 905,215 | 885,709 | 882,702 | 759,996 | 714,866 | 667,159 | 671,268 | 658,911 | 627,014 |
| Market value investment income | (3,645,003) | 1,550,480 | 1,586,265 | 2,078,321 | (1,384,533) | 1,473,584 | 381,476 | (87,557) | 87,360 |
| PMRS assessment | 2,060 | 1,900 | 1,980 | 1,920 | 1,980 | 1,900 | 1,920 | 1,840 | - |
| Benefit payments including refunds | (1,337,084) | (634,890) | (566,870) | (507,614) | (420,145) | (532,079) | (699,635) | (397,210) | (409,157) |
| Administrative expense | (49,889) | (52,055) | (40,439) | (28,190) | (33,861) | (32,462) | (34,686) | (29,399) | (25,966) |
| Net change in plan fiduciary net position | (3,471,179) | 2,351,647 | 2,366,509 | 2,888,150 | (613,293) | 2,062,549 | 741,020 | (254,157) | 593,904 |
| Plan fiduciary net position - beginning | \$ 21,325,425 | \$ 18,973,778 | \$ 16,607,269 | \$ 13,799,119 | \$ 14,352,412 | \$ 12,289,863 | \$ 11,548,843 | \$ 11,803,000 | \$ 11,209,086 |
| Plan fiduciary net position - ending | \$ 17,854,246 | \$ 21,325,425 | \$ 18,973,778 | \$ 16,607,269 | \$ 13,799,119 | \$ 14,352,412 | \$ 12,289,863 | \$ 11,548,843 | \$ 11,803,000 |
| Net Pension Liability (Asset) | \$ 4,841,342 | \$ 721,283 | \$ 1,989,855 | \$ (71,483) | \$ 2,055,528 | \$ 313,971 | \$ 1,771,263 | \$ 1,709,363 | \$ 814,125 |
| <hr/> | | | | | | | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 78.67% | 96.73% | 90.51% | 100.43% | 86.99% | 97.88% | 87.40% | 87.11% | 93.55% |
| Covered employee payroll | \$ 4,327,897 | \$ 4,370,383 | \$ 4,252,909 | \$ 3,851,926 | \$ 3,925,700 | \$ 3,775,074 | \$ 3,555,423 | \$ 3,565,278 | \$ 3,507,731 |
| Net pension liability as a percentage of covered employee payroll | 111.86% | 16.50% | 46.75% | -1.86% | 52.36% | 8.32% | 49.80% | 47.94% | 23.21% |
| Annual money-weighted rate of return net of investment expense | -12.83% | 13.34% | 13.08% | 20.90% | -4.57% | 17.84% | 8.23% | -0.27% | 5.20% |

TOWNSHIP OF RIDLEY

REQUIRED SUPPLEMENTAL INFORMATION
(UNAUDITED)

SCHEDULE OF CHANGES IN RIDLEY TOWNSHIP'S
NET OPEB LIABILITY AND RELATED RATIOS

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | | |
| Service cost | \$ 855,165 | \$ 897,923 | \$ 1,362,342 | \$ 1,430,460 | \$ 1,584,810 | \$ 849,938 |
| Interest | 798,862 | 824,773 | 695,940 | 718,741 | 693,554 | 1,062,262 |
| Changes in benefit terms | - | - | - | - | - | - |
| Differences between expected and actual experience | - | - | 4,010,536 | - | (2,652,820) | - |
| Changes in assumptions | - | - | 7,264,901 | - | (11,875,086) | 1,147,041 |
| Benefit payments | (955,453) | (957,506) | (979,357) | (910,683) | (1,005,676) | (913,847) |
| Net change in total OPEB liability | 698,574 | 765,190 | 12,354,362 | 1,238,518 | (13,255,218) | 2,145,394 |
| Total OPEB liability beginning | <u>22,447,194</u> | <u>23,145,768</u> | <u>23,910,958</u> | <u>36,265,320</u> | <u>37,503,838</u> | <u>24,248,620</u> |
| Total OPEB liability ending | <u>\$ 23,145,768</u> | <u>\$ 23,910,958</u> | <u>\$ 36,265,320</u> | <u>\$ 37,503,838</u> | <u>\$ 24,248,620</u> | <u>\$ 26,394,014</u> |
| Plan Fiduciary Net Position | | | | | | |
| Plan fiduciary net position - beginning | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Plan fiduciary net position - ending | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Plan fiduciary net position as a percentage of total OPEB liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |



CYNTHIA FELZER LEITZELL, CPA
STELLA C. ECONOMIDIS, CPA

LEITZELL & ECONOMIDIS, PC

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Township of Ridley
Folsom, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Township of Ridley, Folsom, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township of Ridley, Folsom, Pennsylvania's basic financial statements and have issued our report thereon dated May 20, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Ridley's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Ridley Township's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leitzell & Economidis, PC

LEITZELL & ECONOMIDIS, PC
Certified Public Accountants

Media, Pennsylvania
May 20, 2024