

RICHLAND TOWNSHIP

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

RICHLAND TOWNSHIP

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Hutchinson, Gillahan & Freeh

Operating as a Division of MVA Audit PLLC

June 13, 2024

Board of Supervisors
Richland Township
1328 California Road
Quakertown, PA 18951

INDEPENDENT AUDITOR'S REPORT

Opinion

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

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

Basis for Opinions

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

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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 Richland Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- a) Exercise professional judgment and maintain professional skepticism throughout the audit.
- b) 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.
- c) 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 Richland Township's internal control. Accordingly, no such opinion is expressed.
- d) 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.
- e) Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Richland Township's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Richland Township has presented the Schedule of Funding Progress for the Pension Funds that accounting principles generally accepted in the United States of America has determined is required to be part of the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2024, on our consideration of Richland Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Richland Township's internal control over financial reporting and compliance.

Respectfully submitted,

Hutchinson, Gillahan & Freeh
and
MVA Audit PLLC

June 13, 2024

FINANCIAL SECTION

RICHLAND TOWNSHIP

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

For the Year Ended December 31, 2023

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

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

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

The Township's overall financial position, as reflected in total net position, increased by \$894,731, and current property tax revenues increased by \$73,315 to \$1,968,048 for the year ended December 31, 2023.

During the year, the Township reduced the amount of their debt by \$288,000.

RICHLAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

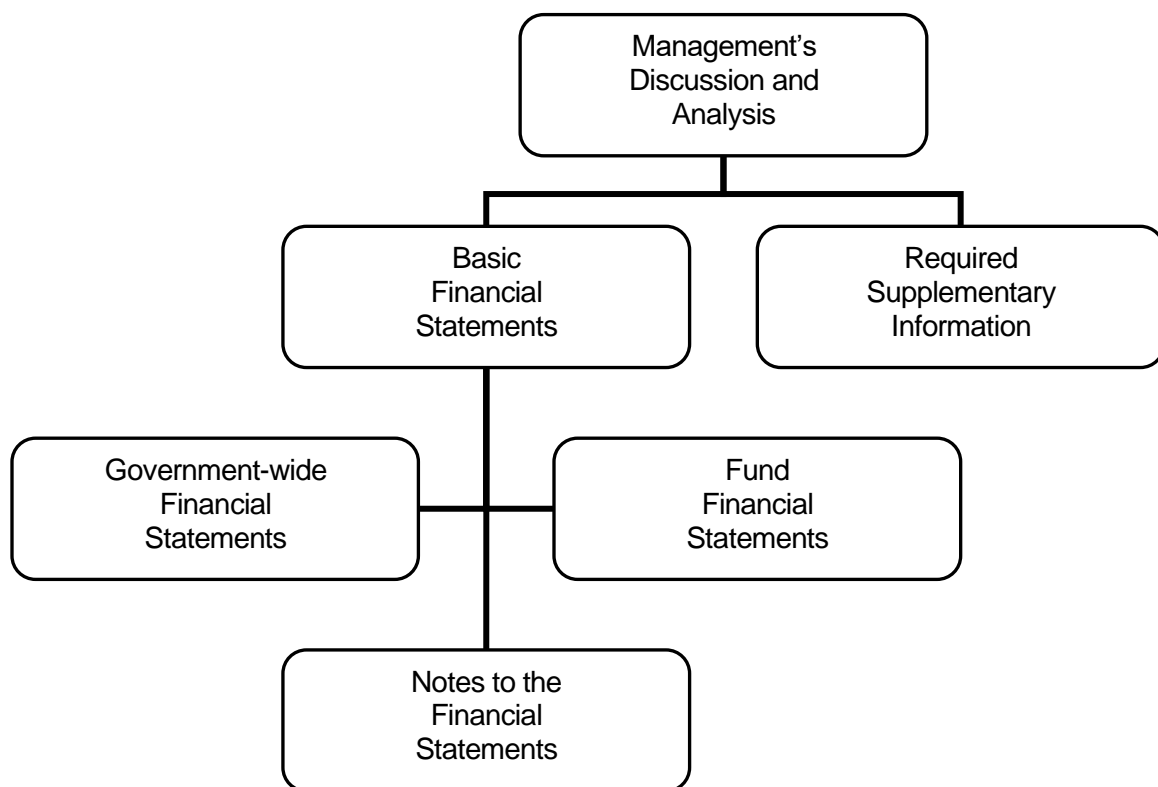
For the Year Ended December 31, 2023

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

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

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

Table 1
Required Components of Richland Township's Financial Report



RICHLAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended December 31, 2023

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

**Table 2 - Major Features of Richland Township's
Government-wide and Fund Financial Statements**

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

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

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

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

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

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

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

Governmental Activities

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

Business-Type Activities

The Township does not have any Business-Type Activities.

The Township's fund financial statements, which begin on page 14, provide detailed information about the most significant funds - not the Township as a whole.

Governmental Funds

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

RICHLAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended December 31, 2023

Fiduciary Funds

The Township is a fiduciary for the Developer Escrow Fund. All of the Township's activities are reported in separate statements of fiduciary net assets on page 16. These activities have been excluded from the Township's financial statements because the Township cannot use these assets to finance their operations. The Developer's Escrow Fund is the only custodial fund of the Township.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The Township's total net position (Table 3) was \$9,201,913 at December 31, 2023.

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

	2023		
	Govern- mental Activities	Business- Type Activities	Total
Current and Other Assets	\$ 9,215,258	\$ -	\$ 9,215,258
Current and Other Liabilities	\$ 13,345	\$ -	\$ 13,345
Net Position			
Capital projects	\$ 19,640	\$ -	\$ 19,640
Unrestricted	9,182,273	-	9,182,273
Total net position	\$ 9,201,913	\$ -	\$ 9,201,913

	2022		
	Govern- mental Activities	Business- Type Activities	Total
Current and Other Assets	\$ 8,317,437	\$ -	\$ 8,317,437
Current and Other Liabilities	\$ 10,255	\$ -	\$ 10,255
Net Position			
Capital projects	\$ 387,650	\$ -	\$ 387,650
Unrestricted	7,919,532	-	7,919,532
Total net position	\$ 8,307,182	\$ -	\$ 8,307,182

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

The results of this year's operations as a whole are reported in the statement of activities on page 13. All expenses are reported in the first column. The largest revenue is provided by general public taxes.

RICHLAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended December 31, 2023

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

Table 4 – Changes in Net Position
Fiscal Year Ended December 31, 2023 and 2022

	2023			2022		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
REVENUES						
<i>Program Revenues</i>						
Charges for services	\$ 496,516	\$ -	\$ 496,516	\$ 350,414	\$ -	\$ 350,414
Operating grants and contributions	985,096	-	985,096	1,629,222	-	1,629,222
<i>General Revenues</i>						
Property taxes	1,968,048	-	1,968,048	1,894,733	-	1,894,733
Other taxes	4,272,158	-	4,272,158	4,384,904	-	4,384,904
Grants, subsidies and contributions not restricted	223,806	-	223,806	165,900	-	165,900
Investment earnings	477,670	-	477,670	172,733	-	172,733
Sale of fixed assets	75	-	75	84,655	-	-
Proceeds from long term debt	-	-	-	-	-	-
Miscellaneous income	168,727	-	168,727	132,470	-	132,470
Total revenues	<u>8,592,096</u>	<u>-</u>	<u>8,592,096</u>	<u>8,815,031</u>	<u>-</u>	<u>8,815,031</u>
EXPENSES						
<i>Governmental Activities</i>						
General government	1,304,420	-	1,304,420	952,369	-	952,369
Public safety	3,564,175	-	3,564,175	3,457,612	-	3,457,612
Public works	1,656,487	-	1,656,487	1,596,637	-	1,596,637
Culture and recreation	101,064	-	101,064	153,194	-	153,194
Conservation and development	185,140	-	185,140	132,221	-	132,221
Debt service payments	326,906	-	326,906	322,281	-	322,281
Miscellaneous	559,173	-	559,173	505,746	-	505,746
Total expenses	<u>7,697,365</u>	<u>-</u>	<u>7,697,365</u>	<u>7,120,060</u>	<u>-</u>	<u>7,120,060</u>
Increase (decrease) in net position	<u>\$ 894,731</u>	<u>\$ -</u>	<u>\$ 894,731</u>	<u>\$ 1,694,971</u>	<u>\$ -</u>	<u>\$ 1,694,971</u>

RICHLAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended December 31, 2023

DEBT ADMINISTRATION

As of January 1, 2023, the Township had a total outstanding debt of \$1,233,000.

The Richland Township Water Authority has agreed to pay one half of the debt applicable to the photovoltaic solar energy system of which \$440,000 remains as of December 31, 2023.

The Township repaid principal of \$288,000 resulting in ending outstanding debt (Table 5) as of December 31, 2023, of \$945,000.

Table 5 – Outstanding Debt

	2023	2022
2021 General Obligation Note	\$ 945,000	\$ 1,233,000

General Fund Budget

The Township adopts an annual budget for its General Fund. This adoption, by law, occurs prior to December 31 of each year for the subsequent year. A comprehensive budgetary comparison (Table 6), original to final is provided in this report. Below is a summarized version of the budget comparison.

Table 6 – Budgetary Comparison

	2023			
	Budgeted Original	Budget Final	Actual (Budgetary Basis)	Variances with Final Budget Positive (Negative)
Revenues	\$ 7,233,596	\$ 7,233,596	\$ 7,344,021	\$ 110,425
Expenditures	7,907,029	7,907,029	6,549,881	1,357,148
Net Change in Fund Balance	(673,433)	(673,433)	794,140	1,467,573
Fund Balance - January 1, 2023	673,433	673,433	6,555,247	5,881,814
Fund Balance - December 31, 2023	\$ -	\$ -	\$ 7,349,387	\$ 7,349,387

	2022			
	Budgeted Original	Budget Final	Actual (Budgetary Basis)	Variances with Final Budget Positive (Negative)
Revenues	\$ 5,904,060	\$ 5,904,060	\$ 7,696,320	\$ 1,792,260
Expenditures	6,307,338	6,307,338	6,822,300	(514,962)
Net Change in Fund Balance	(403,278)	(403,278)	874,020	1,277,298
Fund Balance - January 1, 2022	403,278	403,278	5,681,227	5,277,949
Fund Balance - December 31, 2022	\$ -	\$ -	\$ 6,555,247	\$ 6,555,247

RICHLAND TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended December 31, 2023

CONTACTING THE TOWNSHIP FINANCIAL MANAGEMENT

The Township's financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show Township Supervisors accountability for the money it receives. If you have questions, please contact Township Manager, Leslie Huhn, 1328 California Road, Suite A, Quakertown, PA 18951, email address lhuhn@richlandtownship.org.

BASIC FINANCIAL STATEMENTS

RICHLAND TOWNSHIP

STATEMENT OF NET ASSETS MODIFIED CASH BASIS

As of December 31, 2023

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 9,173,326	\$ -	\$ 9,173,326	\$ 2,989,997
Investments	-	-	-	1,479,000
Due from component unit	13,307	-	13,307	-
Other receivables	28,625	-	28,625	-
Total current assets	<u>9,215,258</u>	<u>-</u>	<u>9,215,258</u>	<u>4,468,997</u>
Non-Current Assets				
Restricted cash and cash equivalents	-	-	-	858,671
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>858,671</u>
Total assets	<u>\$ 9,215,258</u>	<u>\$ -</u>	<u>\$ 9,215,258</u>	<u>\$ 5,327,668</u>
Deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Current Liabilities				
Developers escrow	\$ -	\$ -	\$ -	\$ 841,667
Due to primary government	-	-	-	13,307
Other payables	13,345	-	13,345	-
Total current liabilities	<u>13,345</u>	<u>-</u>	<u>13,345</u>	<u>854,974</u>
Total liabilities	<u>\$ 13,345</u>	<u>\$ -</u>	<u>\$ 13,345</u>	<u>\$ 854,974</u>
Deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION				
Restricted for capital projects	19,640	-	19,640	-
Unrestricted	9,182,273	-	9,182,273	4,472,694
Total net position	<u>\$ 9,201,913</u>	<u>\$ -</u>	<u>\$ 9,201,913</u>	<u>\$ 4,472,694</u>

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

RICHLAND TOWNSHIP

STATEMENT OF ACTIVITIES MODIFIED CASH BASIS

For the Year Ended December 31, 2023

FUNCTIONS / PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities								
General government	\$ 1,304,420	\$ 221,896	\$ 71,285	\$ -	\$ (1,011,239)	\$ -	\$ (1,011,239)	\$ -
Public safety	3,564,175	274,620	437,850	-	(2,851,705)	-	(2,851,705)	-
Public works	1,656,487	-	475,961	-	(1,180,526)	-	(1,180,526)	-
Culture and recreation	101,064	-	-	-	(101,064)	-	(101,064)	-
Conservation and development	185,140	-	-	-	(185,140)	-	(185,140)	-
Insurance	104,171	-	-	-	(104,171)	-	(104,171)	-
Employee benefits	438,346	-	-	-	(438,346)	-	(438,346)	-
Debt service	326,906	-	-	-	(326,906)	-	(326,906)	-
Miscellaneous	16,656	-	-	-	(16,656)	-	(16,656)	-
Total governmental activities	7,697,365	496,516	985,096	-	(6,215,753)	-	(6,215,753)	-
Business-Type Activities								
No activities	-	-	-	-	-	-	-	-
Total primary government	\$ 7,697,365	\$ 496,516	\$ 985,096	\$ -	\$ (6,215,753)	\$ -	\$ (6,215,753)	-
Component Units								
Richland Township Water Authority	\$ 1,304,918	\$ 1,485,737	\$ -	\$ -				\$ 180,819
GENERAL REVENUES:								
Property taxes, levied for general purposes, net					\$ 1,968,048	\$ -	\$ 1,968,048	\$ -
Other taxes for general purposes					4,272,158	-	4,272,158	-
Grants, subsidies, & contributions not restricted					223,806	-	223,806	-
Investment earnings and rents					477,670	-	477,670	156,335
Sale of fixed assets					75	-	75	-
Miscellaneous income					168,727	-	168,727	-
Total general revenues, special items, extraordinary items, and transfers					7,110,484	-	7,110,484	156,335
Change in net position					894,731	-	894,731	337,154
Net position - beginning					8,307,182	-	8,307,182	4,135,540
Net position - ending					\$ 9,201,913	\$ -	\$ 9,201,913	\$ 4,472,694

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

RICHLAND TOWNSHIP

BALANCE SHEET MODIFIED CASH BASIS

For the Year Ended December 31, 2023

	General Fund	Operating Open Space Fund	Highway Aid Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,334,107	\$ 1,583,525	\$ 19,640	\$ 236,054	\$ 9,173,326
Investments	-	-	-	-	-
Due from other funds	28,625	-	-	-	28,625
Due from component unit	-	-	-	13,307	13,307
Total assets	\$ 7,362,732	\$ 1,583,525	\$ 19,640	\$ 249,361	\$ 9,215,258
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to component unit	\$ -	\$ -	\$ -	\$ -	\$ -
Other payable	13,345	-	-	-	13,345
Total liabilities	13,345	-	-	-	13,345
Fund Balances					
- Nonspendable	-	-	-	-	-
- Restricted	-	-	19,640	-	19,640
- Committed	-	-	-	-	-
- Assigned	-	1,583,525	-	249,361	1,832,886
- Unassigned	7,349,387	-	-	-	7,349,387
Total fund balances	7,349,387	1,583,525	19,640	249,361	9,201,913
Total liabilities and fund balances	\$ 7,362,732	\$ 1,583,525	\$ 19,640	\$ 249,361	\$ 9,215,258

Reconciliation to Statement of Net Assets:

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

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

RICHLAND TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES – MODIFIED CASH BASIS ALL GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	General Fund	Operating Open Space Fund	Highway Aid Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 5,360,744	\$ 508,875	\$ -	\$ 128,342	\$ 5,997,961
Licenses, permits and fines	284,247	-	-	-	284,247
Investment earnings and rents	385,343	71,603	17,573	3,151	477,670
Intergovernmental revenue	565,147	-	434,078	-	999,225
Charge for services	445,045	-	-	84,453	529,498
Miscellaneous	18,534	-	-	-	18,534
Contributions/donations	219,146	-	-	-	219,146
Total revenues	<u>7,278,206</u>	<u>580,478</u>	<u>451,651</u>	<u>215,946</u>	<u>8,526,281</u>
EXPENDITURES					
Current					
General government	\$ 1,303,719	\$ -	\$ -	\$ 701	\$ 1,304,420
Public safety	3,435,833	-	-	128,342	3,564,175
Public works	823,186	-	819,661	13,640	1,656,487
Culture and recreation	101,064	-	-	-	101,064
Community development	-	185,140	-	-	185,140
Miscellaneous	8,435	-	-	-	8,435
Insurance	104,171	-	-	-	104,171
Pensions	438,346	-	-	-	438,346
Debt Service:					
Principal	158,000	-	-	130,000	288,000
Interest	-	-	-	38,906	38,906
Total expenditure	<u>6,372,754</u>	<u>185,140</u>	<u>819,661</u>	<u>311,589</u>	<u>7,689,144</u>
Deficiency of revenues over expenditures	<u>905,452</u>	<u>395,338</u>	<u>(368,010)</u>	<u>(95,643)</u>	<u>837,137</u>
OTHER FINANCING SOURCES (USES)					
Refund of prior year outflows	65,740	-	-	-	65,740
Refund of prior year inflows	(8,221)	-	-	-	(8,221)
Sale of fixed assets	75	-	-	-	75
Operating transfers in	-	-	-	168,906	168,906
Operating transfers out	(168,906)	-	-	-	(168,906)
Total other financing sources	<u>(111,312)</u>	<u>-</u>	<u>-</u>	<u>168,906</u>	<u>57,594</u>
Net change in fund balances	<u>794,140</u>	<u>395,338</u>	<u>(368,010)</u>	<u>73,263</u>	<u>894,731</u>
Fund balances - beginning	<u>6,555,247</u>	<u>1,188,187</u>	<u>387,650</u>	<u>176,098</u>	<u>8,307,182</u>
Fund balances - ending	<u>\$ 7,349,387</u>	<u>\$ 1,583,525</u>	<u>\$ 19,640</u>	<u>\$ 249,361</u>	<u>\$ 9,201,913</u>

Reconciliation to Statement of Net Assets:

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

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

RICHLAND TOWNSHIP

STATEMENT OF NET POSITION MODIFIED CASH BASIS FIDUCIARY FUND

As of December 31, 2023

	<u>Custodial (Developer Escrow Fund)</u>
ASSETS	
Cash and cash equivalent	\$ 301,361
Investments	-
Due from other funds	-
Total assets	<u>\$ 301,361</u>
LIABILITIES	
Other current liabilities	\$ -
Due to other funds	28,625
Due to developers	-
Due to municipalities	-
Total liabilities	<u>\$ 28,625</u>
NET POSITION	
Restricted for:	
Individual, organizations, and other governments	<u>272,736</u>
Total net position	<u>\$ 272,736</u>

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

RICHLAND TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITON – MODIFIED CASH BASIS

As of December 31, 2023

	<u>Custodial (Developer Escrow Fund)</u>
ADDITIONS	
Receipts from developers	\$ 54,474
Engineering fees reimbursed	358,570
Legal fees reimbursed	24,354
Admin fees due to general fund	<u>35,822</u>
Total additions	473,220
 DEDUCTIONS	
Legal	\$ 24,354
Engineering	358,570
Professional service fees	6,288
Admin fees due to general fund	<u>35,822</u>
Total deductions	<u>425,034</u>
 Net increase (decrease) in fidicuary net position	\$ 48,186
 Net position - beginning	<u>224,550</u>
 Net position - ending	<u>\$ 272,736</u>

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

RICHLAND TOWNSHIP

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

For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with	Budget to	Actual
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)	Modified Cash Difference	Amounts Modified Cash Basis
RESOURCES (INFLOWS):						
Taxes	\$ 5,029,000	\$ 5,029,000	\$ 5,360,744	\$ 331,744	\$ -	\$ 331,744
Fees, licenses and permits	356,125	356,125	284,247	(71,878)	-	(71,878)
Investment earnings and rents	174,700	174,700	385,343	210,643	-	210,643
Intergovernmental grants	834,321	834,321	565,147	(269,174)	-	(269,174)
Charges for services	416,250	416,250	445,045	28,795	-	28,795
Miscellaneous	10,000	10,000	18,534	8,534	-	8,534
Contributions/donations	21,200	21,200	219,146	197,946	-	197,946
Refund of prior year expenditures	10,000	10,000	65,740	55,740	-	55,740
Sales of fixed assets	2,000	2,000	75	(1,925)	-	(1,925)
Proceeds from long term debt	-	-	-	-	-	-
Transfer from other funds	380,000	380,000	-	(380,000)	-	(380,000)
Total resources	7,233,596	7,233,596	7,344,021	110,425	-	110,425
CHARGES TO APPROPRIATIONS (OUTFLOWS):						
General government	\$ 1,078,570	\$ 1,078,570	1,303,719	(225,149)	-	(225,149)
Public safety	3,950,979	3,950,979	3,435,833	515,146	-	515,146
Garbage collection	10,000	10,000	22,055	(12,055)	-	(12,055)
Highway and streets	1,975,715	1,975,715	801,131	1,174,584	-	1,174,584
Culture and recreation	99,100	99,100	101,064	(1,964)	-	(1,964)
Community development	-	-	-	-	-	-
Debt Service	261,000	261,000	158,000	103,000	-	103,000
Non-Departmental:						
Miscellaneous	20,500	20,500	8,435	12,065	-	12,065
Insurance	94,200	94,200	104,171	(9,971)	-	(9,971)
Pensions	416,965	416,965	438,346	(21,381)	-	(21,381)
Refund of prior year inflows	-	-	8,221	(8,221)	-	(8,221)
Transfer to other funds	-	-	168,906	(168,906)	-	(168,906)
Total charges to appropriations	7,907,029	7,907,029	6,549,881	1,357,148	-	1,357,148
Excess (Deficiency) of Inflows over Outflows	(673,433)	(673,433)	794,140	1,467,573	-	1,467,573
Fund balance - January 1, 2023	673,433	673,433	6,555,247	4,124,921	-	4,124,921
Fund balance - December 31, 2023	\$ -	\$ -	\$ 7,349,387	\$ 5,592,494	\$ -	\$ 5,592,494

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

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

Note 1 - Description of the Township and Reporting Entity

Richland Township, Bucks County, Pennsylvania (The Township) was incorporated in 1734, and operates under the Second-Class Township Code of the Commonwealth of Pennsylvania, enacted May 1, 1933, as amended. The Township has a Board of Supervisors form of government and provides the following services as authorized by its charter: public safety, public improvements, planning and zoning, and general administrative services.

Reporting Entity

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

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

Component Units

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

Richland Township Water Authority

The Authority owns and operates the water system. Any capital improvements are approved by the Authority Board. The Township Supervisors appoint the members serving on the Authority Board.

Copies of separate financial statements of the Richland Township Water Authority may be obtained at the Authority Office, 1328 California Rd., Ste. D., Quakertown, PA 18951.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

between those activities of the Township that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Township at year-end, along with discretely presented component units. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities and discretely presented component units. The Township does not have any business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township and the Component Unit, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function or Component Unit is self-financing or draws from the general revenues of the Township or the Component Unit.

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

B. Basis of Accounting

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

C. Fund Accounting

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

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

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

General Fund

The 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.

Operating Open Space Fund

The Operating Open Space Fund is used to account for the financial resources to be used for the acquisition and maintenance of open space in the Township.

Proprietary Funds

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

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

Richland Township Water Authority The operation of the water system owned and operated by the Richland Township Water Authority is shown as a discretely presented component unit on the modified cash basis of accounting.

The Township follows alternative #1 under GASB Statement No. 20 which requires following the FASB Statements and interpretations, APB opinions, and ARB's issued on or before November 30, 1989, except those that conflict with a GASB Statement.

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

D. Budgets and Budgetary Accounting

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

1. In accordance with the Township Code and Township procedures, the Township Manager submits to the Board of Supervisors, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year commencing the following January 1. The budget must be advertised and available for public inspection before adoption. The budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year. Departments for budgetary purposes are general government, public safety, public works, culture and recreation, and insurance, employee benefits and miscellaneous.

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

2. Public hearings are conducted to obtain taxpayer comment.
3. By December 31, the budget is approved by motion of the Board of Supervisors. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves. This is done as a level of budgetary control.
4. All modifications, transfers and amendments must be approved by the Board of Supervisors.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The legally adopted budgets of the Township are for the General Fund (which includes the Township's Police, Fire Protection, Recreation, Traffic Improvement, Maintenance Reserve and Volunteer Boards Fund).
7. The budgets are adopted on the modified cash basis of accounting discussed above. (The basis of accounting for budget purposes is the same as for financial statement reporting purposes.)
8. The Board of Supervisors may authorize supplemental appropriations during the year.

E. Use of Estimates

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

F. Implementation of New Accounting Standards

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

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements - Effective for the year 2023

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

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

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

G. Future Changes in Accounting Standards

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

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

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

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

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

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

H. Investments

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

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

I. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Any amount receivable from the discretely presented component unit is shown as a separate line item on the Government-wide Statement of Net Assets. The Township loan from the discretely presented component unit for the Veterans Park Project is not recorded on the Government-wide Statement of Net Assets. The Township loan to the discretely presented component unit for the Solar Panel Project is not recorded on the Government-wide Statement of Net Assets.

J. Real Estate Taxes

The total taxable assessed real estate valuation for the year ended 2023 is 174,056,100 at a rate of 10.55 mills for general purposes (allocated to Police Services) and .75 mills designated to the Fire Fund. Real estate taxes are levied on March 1 and are payable by June 30.

Real estate taxes paid by April 30 are subject to a 2% discount and after June 30 are subject to a 10% penalty. Delinquent real estate taxes are generally lienied by January 1 of the following year.

K. Net Position / Fund Balance Classifications

Net Position

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

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

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

Fund Balance

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

- **Nonspendable** fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** fund balance includes amounts that are restricted externally by creditors (such as through debt covenants), grantors, contributors, laws or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balance includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. The Township's highest level of decision making is the Board of Supervisors.
- **Assigned** fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

Note 3 - Stewardship, Compliance and Accountability

A. Compliance with Finance Related Legal and Contractual Provisions

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

B. Deficit Fund Balance or Retained Earnings of Individual Funds

There are no deficits in fund balances or net assets in any of the individual funds of the Township.

C. Excess of Expenditures over Appropriations in Individual Funds

The General Fund which has a legally adopted budget, did not have an excess of expenditures over appropriations.

D. Budgetary Compliance

The Township has a legally adopted budget for the General Fund. The Township does not make budget transfers between expenditure/expense accounts.

Note 4 - Cash

Primary Government

Custodial Credit Risk - Deposits

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

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

As of December 31, 2023, \$1,396,015 of the Township's bank balance of \$2,275,664 was exposed to custodial credit risk as:

Uninsured and uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the Township's name		1,396,015
TOTAL	\$	1,396,015

Reconciliation to Financial Statements

Uninsured amount above	\$	1,396,015
Plus: insured amount		879,649
Petty cash		1,038
Deposits in transit		-
Less: outstanding checks		(2,756)
Carrying amount - bank balances		2,273,946
Plus: deposits in pooled investments considered cash equivalents		7,200,741
Less: certificates of deposits considered investment by township code		-
Total cash per financial statements	\$	9,474,687

Restricted Cash

The cash balances included \$301,361 held as developer escrow funds. These funds are held by the Township to guarantee the completion of various construction projects by homeowners and developers.

Component Unit

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. As of December 31, 2023, \$2,181,819 of the Authority's bank balance of \$2,784,972 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the Authority's name		2,181,819
Total	\$	2,181,819

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

Reconciliation to Financial Statements

Uncollateralized amount above	\$ 2,181,819
Plus: insured amount	603,053
Petty cash	100
Deposit in transit	-
Less: outstanding checks	-
Carrying amount -bank balances	2,784,972
Plus: Deposits in pooled investments considered cash equivalents	2,542,696
Less: outstanding checks	(1,479,000)
Total cash per financial statements	\$ 3,848,668

Restricted Cash

The cash balance includes Developer Escrow Funds of \$858,671. The funds are expected to be utilized to fund development costs.

Note 5 – Investments

The permitted investments for Pennsylvania Townships, as amended by Act 10 of 2016, are defined in the Township Code as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C.; and,
4. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
5. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
6. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

7. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
8. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
 - The investments of the company are the authorized investments listed above.
 - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
 - The investment company is rated in the highest category by a nationally recognized rating agency.
10. Savings or demand deposits placed in accordance with the following conditions:
 - The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
 - The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, or the account of the public corporation or municipal authority.
 - The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
 - On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

Primary Government

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

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
PA Local Government Investment Trust		\$ 7,200,741
Certificates of deposit		-
Total		\$ 7,200,741

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

Fair Value Reporting

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer. Of the Township's investments, 100% are in certificates of deposit at QNB Bank. Of the Governmental Activities' investments, 100% are in certificates of deposit at QNB Bank. Of the General Fund's investments, 100% are in certificates of deposit in QNB Bank.

Custodial Credit Risk

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

Reconciliation to Financial Statements

Total investments above	\$ 7,200,741
Less: deposits in investment pools considered cash equivalents	(7,200,741)
Certificates of deposit considered cash equivalents	-
Total investments per financial statements	\$ -

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

Component Unit

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

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
PA Local Government Investment Trust	N/A	\$ 2,542,696
Certificates of deposit	6 Months	1,479,000
Total		\$ 4,021,696

Fair Value Reporting

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

Reconciliation to Financial Statements

Total investments above	\$ 4,021,696
Less: deposits in pooled investments considered cash equivalents	(2,542,696)
Total investments per financial statements	\$ 1,479,000

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

Note 6 – Short-Term Debt

Interfund Transfers

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

	Transfer In	Transfer Out
General Fund	\$ -	\$ 168,906
Capital Project (Solar Project Bond) Fund	168,906	-
TOTAL	\$ 168,906	\$ 168,906

Interfund Receivables and Payables

The following interfund receivable and payables were in existence as of December 31, 2023.

	Interfund Receivables	Interfund Payables
General fund	\$ 28,625	\$ -
Developers escrow fund	-	28,625
Total	\$ 28,625	\$ 28,625

Due from Component Unit

Richland Township entered into a joint project with the Richland Township Water Authority to construct a solar power system to reduce the electricity needs for both the Township and Authority. The project was being funded by a \$500,000 federal grant from the Pennsylvania Department of Environmental Protection and a bond issue, both in the name of the Township. Each entity has agreed to finance half of the project, although the grant and bond issue were entered into in the Township's name. As of December 31, 2023, the Authority owes the Township \$453,307. This amount represents the net of all solar project transactions for 2010 through 2023, since all bond proceeds, grant funds and interest were originally deposited into the Township accounts and all project expenditures were paid from Township accounts.

Note 7 – Long-Term Debt Commitments

Long-term liability balances and activity for the year ended December 31, 2023, were:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
GOVERNMENTAL ACTIVITIES					
<i>General Obligation Debt:</i>					
<i>Bonds and Notes Payable:</i>					
2021 General Obligation Note	\$ 1,233,000	\$ -	\$ 288,000	\$ 945,000	\$ 152,000
Total	\$ 1,233,000	\$ -	\$ 288,000	\$ 945,000	\$ 152,000

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

Payments on bonds and notes are made by the General Fund and Capital Project (Solar Project Bond) Funds.

Total interest paid during the year:

	Paid
GOVERNMENTAL ACTIVITIES:	
General Obligation Note - Series of 2021	\$ 38,906
Total interest paid by governmental activities	\$ 38,906

The total interest paid includes \$19,453 reimbursed by the Richland Township Water Authority (a component unit of Richland Township).

Primary Government Debt

A summary of long-term debt is:

General Obligation Note – Series of 2021

On August 3, 2021, the Township issued a \$1,750,000 general obligation note purchased by QNB. The purpose of this Note is to refinance the existing General Obligation Bond – Series of 2015 and to pay costs associated with issuance. The effective interest rate is 1.70% for nine (9) years. The Note matures December 1, 2029. The Richland Township Water Authority has agreed to pay one-half of the debt applicable to the photovoltaic solar system in the amount of \$1,150,000. In 2023, \$65,000 in principal was reimbursed by the Authority. The remaining amount due from the Authority is \$440,000.

The future debt service obligations are:

Fiscal Year	Principal	Interest	Total Payments
2024	\$ 152,000	\$ 16,065	\$ 168,065
2025	151,000	13,481	164,481
2026	156,000	10,914	166,914
2027	160,000	8,262	168,262
2028	164,000	5,542	169,542
2029	162,000	2,754	164,754
Total	\$ 945,000	\$ 57,018	\$ 1,002,018

Note 8 – Lease Agreement

On January 4, 2021, Richland Township Water Authority (lessee) entered into a lease agreement with Richland Township (lessor) to lease the 27' X 65' modular located behind the Municipal Building at 1328 California Road. The term of the lease agreement is for a six-year period commencing on January 4, 2021 and continuing for an additional one-year period subject to the approval and consent of the Richland Township Board of Supervisors at the end of the initial six-year period. The yearly lease fee will be \$12,000 per year to be payable on or before January 31st each year. Due to the use of the modified cash basis of accounting and the component unit presentation, this lease has not been included on the Statement of Net Assets.

Note 9 - Retirement Plans***General***

The Township contributes to three public employee retirement systems (PERS) plans. Two are defined benefit plans – one for its police employees and one for its non-uniformed employees hired before December 31, 2011. The third plan is a defined contribution plan for non-uniformed employees hired after December 31, 2011. The Plans participate in the PMRS, which is an agent multiple-employer public employee retirement system, which consists of over 1,000 participating employer plans. PMRS was created by the Pennsylvania General Assembly to administer pension plans on a contract basis. PMRS is trustee of the pension plans. PMRS maintains separate records for each plan and issues separate financial statements for each plan which can be obtained from the Township at 1328 California Road, Suite A, Quakertown, PA 18951. PMRS also issues a publicly available Comprehensive Financial Report (CAFR) that may be obtained by writing to PMRS, P.O. Box 1165, Harrisburg, PA 17108-1165 or by calling 1-800-622-7968. The Authority under which the benefit provisions have been established, or maybe amended, remains with the Supervisors of the Township of Richland.

Non-Uniformed Pension Plan***Plan Description***

The Richland Township Non-Uniformed Pension Plan is an agent multiple employers defined benefit pension plan controlled by the provisions of the Richland Township Code and various ordinances adopted pursuant to Act 69 of the Commonwealth of Pennsylvania. Act 205, the Municipal Pension Plan Funding Standard and Recovery Act, provides the authority for the Borough to establish and amend the plan.

All full-time salaried non-police employees are eligible to participate in the plan. Benefits vest after five years of service. Normal retirement is at age 62 and 5 years of credited service. Early retirement is available after 20 years of service.

Upon normal retirement, employees should receive a benefit of 1.5% of their final average compensation multiplied by all years of service but may not exceed 60% of the final average salary. Average compensation is the last five years annualized salary. There is no social security offset. The plan also provides certain death and disability benefits.

A. Summary of Significant Accounting Policies***Basis of Accounting***

The financial statements of the plan are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended. Benefits and expenses are recognized when due and payable in accordance with the terms of the plan. Benefit payments and expenses are paid from the current income of the plan.

Method Used to Value Investments

Investments are reported at fair value. The plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures are required by the Government Accounting Standards Board for aggregate PMRS investments are included in PMRS's separately issued CAFR and the separate plan statements issued by PMRS.

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

Funding Policy

Act 205, of the Commonwealth of Pennsylvania, requires that the annual contributions be based on the plans' annual minimum municipal obligation (MMO). The MMO is based on the plans' biennial actuarial valuations, which were performed as of January 1, 2023. For the Non-Uniform Plan, employees are not currently required to make contributions to the Plan. If a participating employee leaves covered employment of the Township, other than due to employment-connected death or disability, before 5 years of credited service, any accumulated employee contributions plus related investment earnings are refunded to the employee or to a designated beneficiary.

The Township's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The employer's contribution rate for normal cost is determined using the entry age normal actuarial funding method.

The Township's covered employees may be required to contribute a percentage of their salary to the employees' PERS as noted above. The Township is required to contribute the remaining amounts necessary to fund the plans, using the actuarial basis specified by state statute.

Investments

The Plans' assets are managed by the Pennsylvania Municipal Retirement System (PMRS). The Plans' assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by GASB Statement No. 3 for aggregate PMRS investments are included in PMRS' separately issued Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained from the PMRS or contacting their accounting office.

The PMRS Board is governed by the "prudent investor" rule in establishing investment policy. The "prudent investor" rule requires the exercise of that degree of judgment, skill, and care under the circumstances then prevailing which investors of prudence, discretion, and intelligence, who are familiar with such matters, exercise in the management of their own affairs not in regard to speculation, but in regard to permanent disposition of the funds, considering the probable income to be derived there from, as well as the probable safety of their capital.

The board has adopted its Statement of Investment Policy to formally document investment objectives and responsibilities. This policy, as well as applicable state law, established guidelines for permissible investments of PMRS. The pension plan's policy in regards to the allocation of invested plan assets is established and may be amended by the Board. For the measurement period ending December 31, 2023, the adopted allocation policy is as follows:

Domestic Equities (Large Capitalized Firms)	24.5%
Domestic Equities (Small Capitalized Firms)	8%
International Equities (Developed Markets)	14.5%
International Equities (Emerging Markets)	3%
Global Equities	5%
Fixed Income	29%
Real Estate	10%
Timber	5%
Cash	1%

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

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

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along with any other significant Plan related costs. The above expenses are allowable pension plan expenditures in accordance with Act 205 and may be funded with Plan assets.

Plan Membership

Plan membership of the plan as of the last measurement date consisted of the following:

Active Plan Members	3
Retirees and beneficiaries currently receiving benefits	13
Inactive members entitled to benefits but not yet receiving them	6
Total	22

Annual Pension Cost and Net Pension Obligation

The Township's annual pension cost and net pension obligation for the year are:

Annual Pension costs per MMO	\$	88,400
Contributions made	\$	88,400

Three-Year Trend Information

Year Ending Fund Balance	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2021	\$ 70,929	100%	\$ -
12/31/2022	\$ 71,547	100%	\$ -
12/31/2023	\$ 88,400	100%	\$ -

The annual required contribution for the current year was determined as part of the January 1, 2023, actuarial valuation using the entry age normal level dollar closed actuarial cost method. The actuarial assumptions at January 1, 2023, included (a) 5.25% rate of return, and (b) projected salary average increase are on age related scale with merit and inflation component which includes an inflation component for moderate cost of living increases. The actuarial value of the plan's assets was determined using market values as determined by the trustee.

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

Funded Status and Funding Progress

As of January 1, 2023, the most recent actuarial valuation date, the plan was 95.4% funded. The actuarial accrued liability for benefits was \$3,060,244 and the actuarial value of the assets was \$2,920,511, resulting in an actuarial accrued liability of \$139,733. The covered payroll of active employees covered by the plan was \$306,340 and the ratio of the UAAL to the covered payroll was 45.61%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial valuation of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Changes in Net Assets and Net Pension Liability

The table below shows the changes in the Total Pension Liability and the Plan Fiduciary Net Position (i.e., fair value of Plan assets) during the Measurement Period, and the Net Pension Liability (NPL) as of the Measurement date.

This report does not reflect changes in benefits, assumptions, or reserve accounts after the Measurement date. Except where noted below, the TPL as of December 31, 2022 was based on the data, actuarial methods and assumptions, and plan provisions described in Appendix A and Appendix E of the PMRS GASB 68 Report with a Measurement Date of December 31, 2022. The assumptions used to determine the TPL as of December 31, 2021 measurement date can be found in the January 1, 2022 PMRS actuarial valuation report or the prior year's GASB report.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 12/31/2021	\$ 3,003,439	\$ 3,415,312	\$ (411,873)
Changes for the year:			
Service cost	31,150	-	31,150
Interest	154,721	-	154,721
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	48,232	-	48,232
Contributions - employer	-	71,127	(71,127)
Contributions - PMRS assessment	-	420	(420)
Contributions - employee	-	-	-
PMRS investment income	-	147,690	(147,690)
Market value investment income	-	(528,517)	528,517
Transfers	-	-	-
Benefit payments	(177,298)	(177,298)	-
PMRS administrative expense	-	(420)	420
Additional administrative expense	-	(7,803)	7,803
Net changes	56,805	(494,801)	551,606
Balances at 12/31/2022	\$ 3,060,244	\$ 2,920,511	\$ 139,733

Police Pension Plan***Plan Description***

The Richland Township Police Pension Plan is an agent multiple employer defined benefit pension plan controlled by the provisions of the Richland Township Code and various ordinances adopted pursuant to Act 69 of the Commonwealth of Pennsylvania. Act 205, the Municipal Pension Plan Funding Standard and Recovery Act, provides the authority for the Township to establish and amend the plan.

All full-time police employees are eligible to participate in the plan. Benefits vest after five years of service. Normal retirement is at age 62 and five years of credited service. Early retirement is available after 20 years of service.

Upon normal retirement, employees should receive a benefit of 1.5% of their final average compensation multiplied by all years of service but may not exceed 60% of the final average salary. Average compensation is the last five years annualized salary. There is no social security offset. The plan also provides certain death and disability benefits.

A. Summary of Significant Accounting Policies***Basis of Accounting***

The financial statements of the plan are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended. Benefits and expenses are recognized when due and payable in accordance with the terms of the plan. Benefit payments and expenses are paid from the current income of the plan.

Method Used to Value Investments

Investments are reported at fair value. The plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures are required by the Government Accounting Standards Board for aggregate PMRS investments are included in PMRS's separately issued CAFR and the separate plan statements issued by PMRS.

Funding Policy

Act 205, of the Commonwealth of Pennsylvania, requires that the annual contributions be based on the plans' annual minimum municipal obligation (MMO). The MMO is based on the plans' biennial actuarial valuations, which were performed as of January 1, 2023. For the Police Plan, participating employees can be required to contribute 5% of their salary to the Plan. For the year 2023, members contributed 3% of their salary to the Plan. If a participating employee leaves covered employment of the Township, other than due to employment-connected death or disability, before 12 years of credited service, accumulated employee contributions plus related investment earnings are refunded to the employee or to a designated beneficiary.

The Township's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The employer's contribution rate for normal cost is determined using the entry age normal actuarial funding method.

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

The Township's covered employees may be required to contribute a percentage of their salary to the employees' PERS as noted above. The Township is required to contribute the remaining amounts necessary to fund the plans, using the actuarial basis specified by state statute. The Commonwealth of Pennsylvania also provides funds (distribution of foreign casualty insurance premium taxes) to the Township, which are used by the Township in making its regular contributions to the plans.

Investments

The Plans' assets are managed by the Pennsylvania Municipal Retirement System (PMRS). The Plans' assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by GASB Statement No. 3 for aggregate PMRS investments are included in PMRS' separately issued Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained from the PMRS or contacting their accounting office.

The PMRS Board is governed by the "prudent investor" rule in establishing investment policy. The "prudent investor" rule requires the exercise of that degree of judgment, skill, and care under the circumstances then prevailing which investors of prudence, discretion, and intelligence, who are familiar with such matters, exercise in the management of their own affairs not in regard to speculation, but in regard to permanent disposition of the funds, considering the probable income to be derived there from, as well as the probable safety of their capital.

The Board has adopted its Statement of Investment Policy to formally document investment objective and responsibilities. This policy, as well as applicable state law, established guidelines for permissible investment of PMRS. The pension plan's policy in regards to the allocation of invested plan assets is established and may be amended by the Board. For the measurement period ending December 31, 2023, the adopted allocation policy is as follows:

Domestic Equities (Large Capitalized Firms)	24.5%
Domestic Equities (Small Capitalized Firms)	8%
International Equities (Developed Markets)	14.5%
International Equities (Emerging Markets)	3%
Global Equities	5%
Fixed Income	29%
Real Estate	10%
Timber	5%
Cash	1%

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

Expenses

Investment expenses consist of investment management, custodial fees, and other significant investment related costs. Administrative expenses consist of consulting, actuarial, legal, and accounting services, along

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

with any other significant Plant related costs. The above expenses are allowable pension plan expenditures in accordance with Act 205 and may be funded with Plan assets.

Plan Membership

Plan membership of the plan as of the last measurement date consisted of the following:

Active plan members	16
Retirees and beneficiaries currently receiving benefits	3
Terminated plan members entitled to benefits but not yet receiving them	2
Total	21

Annual Pension Cost and Net Pension Obligation

This Township's annual pension cost and a net pension obligation for the year are:

Annual Pension costs per MMO	\$	308,746
Contributions made	\$	308,746

Three-Year Trend Information

Year Ending Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2021	\$ 225,587	100%	\$ -
12/31/2022	\$ 258,651	100%	\$ -
12/31/2023	\$ 308,746	100%	\$ -

The required annual contribution for the current year was determined as part of the January 1, 2023, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at January 1, 2023 included (a) 5.25% rate of return, and (b) projected salary average increases are on an age-related scale with merit and inflation component which includes an inflation component for moderate cost of living increases. The actuarial value of the plan's assets was determined using market values as determined by the trustee.

Funded Status and Funding Progress

As of January 1, 2023, the most recent actuarial valuation date, the plan was 88.87% funded. The actuarial accrued liability for benefits was \$7,282,113 and the actuarial value of the assets was \$6,471,595, resulting in an actuarial accrued liability of \$810,518. The covered payroll of active employees covered by the plan was \$1,703,107 and the ratio of the UAAL to the covered payroll was 47.54%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial valuation of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

Changes in Net Assets and Net Pension Liability

The table below shows the changes in the Total Pension Liability and the Plan Fiduciary Net Position (i.e., fair value of Plan assets) during the Measurement Period, and the Net Pension Liability (NPL) as of the Measurement date.

This report does not reflect changes in benefits, assumptions, or reserve accounts after the Measurement date. Except where noted below, the TPL as of December 31, 2022 was based on the data, actuarial methods and assumptions, and plan provisions described in Appendix A and Appendix E of the PMRS GASB 68 Report with a Measurement Date of December 31, 2022. The assumptions used to determine the TPL as of December 31, 2021 measurement date can be found in the January 1, 2022 PMRS actuarial valuation report or the prior year's GASB report.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 12/31/2021	\$ 6,417,940	\$ 7,125,882	\$ (707,942)
Changes for the year:			
Service cost	255,480	-	255,480
Interest	349,212	-	349,212
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	303,588	-	303,588
Contributions - employer	-	258,251	(258,251)
Contributions - PMRS assessment	-	400	(400)
Contributions - employee	-	34,062	(34,062)
PMRS investment income	-	320,330	(320,330)
Market value investment income	-	(1,205,898)	1,205,898
Transfers	-	-	-
Benefit payments	(44,107)	(44,107)	-
PMRS administrative expense	-	(400)	400
Additional administrative expense	-	(16,925)	16,925
Net changes	<u>864,173</u>	<u>(654,287)</u>	<u>1,518,460</u>
Balances at 12/31/2022	<u><u>\$ 7,282,113</u></u>	<u><u>\$ 6,471,595</u></u>	<u><u>\$ 810,518</u></u>

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

Note 10 - Deferred Compensation Plan

The Township provides a deferred compensation plan for voluntary participation of eligible township employees. The plan is administered by the International City Manager's Association Retirement Corporation and is in accordance with IRC Section 457, permitting the employees to defer a portion of their current salary until future years. The deferred amounts are not available to the employees until termination, retirement, death or unforeseeable emergency.

All compensation deferred under the plan, the property and rights purchased with such amounts, and all income attributable to such amounts are held for the exclusive benefit of the plan participants and not available to the employer's creditors. Participants' rights created under the plan are equivalent and in an amount equal to the fair market value of the deferred account maintained with respect to each participant.

Note 11 – Risk Management

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

Note 12 - Litigation

The Township is party to legal proceedings. The Township is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the Township.

Note 13 – Related Party Disclosure

Tim Arnold, an employee of the Richland Township Water Authority, holds the elected position of Supervisor for Richland Township, of which the Richland Township Water Authority is a component unit.

The Pennsylvania Ethics Commission has provided the following advice to directly address any potential conflict of interest:

The Ethics Act states that, where there is 3-member Board of Supervisors and abstention by one member results in a tie vote on a matter before the Board, the member who would otherwise abstain from the vote due to a conflict of interest may participate in the vote in order to break the tie, provided the member discloses the nature of the conflict and submits such disclosure in writing in addition to announcing the conflict.

Mr. Arnold has followed the advice given by the Pennsylvania Ethics Commission.

Note 14 – Other Loan Agreement

On April 25, 2008, Richland Township and the Richland Township Area Softball Association (RASA) amended a loan agreement as it related to the \$660,000 loan for the construction of the infrastructure of the softball fields for the new Veterans Park owned by the Township. The terms and conditions for the funding provide that RASA will repay the Township the entire amount of any monies received for the project over a term of 20 years at an interest rate of 3%. For financial statement purposes any funding provided to RASA is treated as

RICHLAND TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2023

an expenditure for Parks and Recreation. Any future payments received from RASA will be treated as revenue in the year of receipt. The Township received \$84,000 from RASA during the 2023 year.

Note 15 – Non-Financing Lease Right of Use Assets and Liabilities

The Organization has evaluated their lease obligations and has determined that there are no non-financing leases that are material to the financial statements as a whole that would require disclosure based on FASB ASU 2016-02 – Leases (Topic 842).

Note 16 – Fund Balance

Detailed information about aggregated fund balances:

Assigned Fund Balances

Operating Open Space Fund	\$ 1,583,525
Solar Project Bond Fund	<u>249,361</u>
Total capital projects funds	<u>\$ 1,832,886</u>

Restricted Fund Balances

State Liquid Fuels Fund	\$ <u>19,640</u>
Total special revenue funds	<u>\$ 19,640</u>

Note 17 – Subsequent Events

The subsequent events have been evaluated through June 13, 2024, which is the date the financial statements were available to be issued.

June 13, 2024

Board of Supervisors
Richland Township
1328 California Road
Quakertown, PA 18951

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Richland Township, as of and for the year ended December 31, 2023, which collectively comprise the Richland Township's basic financial statements and have issued our report thereon dated June 13, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Hutchinson, Gillahan & Freeh
and
MVA Audit PLLC

June 13, 2024

REQUIRED SUPPLEMENTAL INFORMATION

RICHLAND TOWNSHIP

SCHEDULE OF CHANGES IN NET PENSION LIABILITY – POLICE PENSION FUND REQUIRED SUPPLEMENTAL INFORMATION

December 31, 2023

Measurement Date as of:	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost (beginning of year)	\$ 255,480	\$ 233,316	\$ 233,510	\$ 210,423	\$ 204,496	\$ 181,238	\$ 161,566	\$ 198,680	\$ 182,421
Interest	349,212	321,249	280,234	255,830	234,215	213,286	192,576	182,655	169,776
Changes of benefit terms									
Differences between expected and actual experience	303,588	-	142,459	-	(13,794)	-	58,766	-	(115,147)
Changes of assumptions	-	-	162,202	-	-	-	147,771	(144,717)	-
Transfers	-	-	-	-	-	-	-	-	-
Benefit payments	(44,107)	(44,107)	(30,010)	(19,134)	(19,134)	(19,134)	(19,134)	(19,134)	(19,134)
Net changes in total pension liability	864,173	510,458	788,395	447,119	405,783	375,390	541,545	217,484	217,916
Total pension liability, beginning	6,417,940	5,907,482	5,119,087	4,671,968	4,266,185	3,890,795	3,349,250	3,131,766	2,913,850
Total pension liability, ending	\$ 7,282,113	\$ 6,417,940	\$ 5,907,482	\$ 5,119,087	\$ 4,671,968	\$ 4,266,185	\$ 3,890,795	\$ 3,349,250	\$ 3,131,766
Plan fiduciary net position									
Contributions - employer	258,251	225,167	221,443	211,407	224,745	210,471	219,086	215,103	161,415
Contributions - PMRS assessment	400	420	400	320	360	300	280	280	-
Contributions - employee	34,062	31,106	47,787	43,063	40,765	36,014	28,273	22,395	19,704
PMRS investment income	320,330	293,181	262,063	235,716	209,403	187,241	173,526	153,554	137,363
Market value investment income	(1,205,898)	459,062	467,876	634,454	(481,006)	413,980	57,412	(181,126)	(29,474)
Transfers	-	-	-	-	-	-	-	-	-
Benefit payments	(44,107)	(44,107)	(30,010)	(19,134)	(19,134)	(19,134)	(19,134)	(19,134)	(19,134)
PMRS administrative expense	(400)	(420)	(400)	(320)	(300)	(300)	(260)	(280)	(260)
Additional administrative expense	(16,925)	(16,605)	(11,418)	(8,148)	(9,345)	(8,611)	(8,501)	(6,401)	(5,268)
Net change in plan fiduciary net position	(654,287)	947,804	957,741	1,097,358	(34,512)	819,961	450,682	184,391	264,346
Plan Fiduciary net position, beginning	7,125,882	6,178,078	5,220,337	4,122,979	4,157,491	3,337,530	2,886,848	2,702,457	2,438,111
Plan Fiduciary net position, ending	\$ 6,471,595	\$ 7,125,882	\$ 6,178,078	\$ 5,220,337	\$ 4,122,979	\$ 4,157,491	\$ 3,337,530	\$ 2,886,848	\$ 2,702,457
Net pension liability (asset) - ending	\$ 810,518	\$ (707,942)	\$ (270,596)	\$ (101,250)	\$ 548,989	\$ 108,694	\$ 553,265	\$ 462,402	\$ 429,309
Plan fiduciary net position as a percentage of the total pension liability	88.87%	111.03%	104.58%	101.98%	88.25%	97.45%	85.78%	86.19%	86.29%
Covered employee payroll	1,703,107	1,555,353	1,592,915	1,435,422	1,358,837	1,204,294	1,130,923	1,120,457	1,031,008
Net pension liability (asset) as a percentage of covered employee payroll	47.59%	-45.52%	-16.99%	-7.05%	40.40%	9.03%	48.92%	41.27%	41.64%

RICHLAND TOWNSHIP

SCHEDULE OF CHANGES IN NET PENSION LIABILITY – NON-UNIFORMED PENSION FUND REQUIRED SUPPLEMENTAL INFORMATION

December 31, 2023

Measurement Date as of:	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost (beginning of year)	\$ 31,150	\$ 30,822	\$ 30,086	\$ 33,156	\$ 36,746	\$ 34,909	\$ 49,840	\$ 57,586	\$ 69,766
Interest	154,721	154,294	143,607	143,372	138,923	137,361	136,470	132,161	128,071
Changes of benefit terms									
Differences between expected and actual experience	48,232	-	63,943	-	65,346	-	17,004	-	(45,384)
Changes of assumptions	-	-	142,476	-	-	-	66,127	(12,365)	-
Transfers	-	-	-	-	-	-	-	-	-
Benefit payments	(177,298)	(177,298)	(177,298)	(160,852)	(144,711)	(144,027)	(95,298)	(87,400)	(44,975)
Net changes in total pension liability	56,805	7,818	202,814	15,676	96,304	28,243	174,143	89,982	107,478
Total pension liability, beginning	3,003,439	2,995,621	2,792,807	2,777,131	2,680,827	2,652,584	2,478,441	2,388,459	2,280,981
Total pension liability, ending	\$ 3,060,244	\$ 3,003,439	\$ 2,995,621	\$ 2,792,807	\$ 2,777,131	\$ 2,680,827	\$ 2,652,584	\$ 2,478,441	\$ 2,388,459
Plan fiduciary net position									
Contributions - employer	71,127	70,509	61,909	69,583	51,841	58,767	69,986	75,297	72,645
Contributions - PMRS assessment	420	420	420	420	420	460	460	460	-
Contributions - employee	-	-	-	-	-	-	-	-	-
PMRS investment income	147,690	144,882	134,966	132,650	124,696	120,347	151,876	113,805	117,125
Market value investment income	(528,517)	293,051	275,808	360,596	(197,914)	270,031	(168,822)	(20,315)	(16,034)
Transfers	-	-	-	-	-	-	-	-	-
Benefit payments	(177,298)	(177,298)	(177,298)	(160,852)	(144,711)	(144,027)	(95,298)	(87,400)	(44,975)
PMRS administrative expense	(420)	(420)	(420)	(420)	(420)	(460)	(460)	(460)	(480)
Additional administrative expense	(7,803)	(8,206)	(5,880)	(4,585)	(5,565)	(5,535)	(7,441)	(4,744)	(4,492)
Net change in plan fiduciary net position	(494,801)	322,938	289,505	397,392	(171,653)	299,583	(49,699)	76,643	123,789
Plan Fiduciary net position, beginning	3,415,312	3,092,374	2,802,869	2,405,477	2,577,130	2,277,547	2,327,246	2,250,603	2,126,814
Plan Fiduciary net position, ending	\$ 2,920,511	\$ 3,415,312	\$ 3,092,374	\$ 2,802,869	\$ 2,405,477	\$ 2,577,130	\$ 2,277,547	\$ 2,327,246	\$ 2,250,603
Net pension liability (asset) - ending	\$ 139,733	\$ (411,873)	\$ (96,753)	\$ (10,062)	\$ 371,654	\$ 103,697	\$ 375,037	\$ 151,195	\$ 137,856
Plan fiduciary net position as a percentage of the total pension liability	95.43%	113.71%	103.23%	100.36%	86.62%	96.13%	85.86%	93.90%	94.23%
Covered employee payroll	3,066,340	303,110	295,758	325,928	358,758	340,828	535,044	601,881	725,842
Net pension liability (asset) as a percentage of covered employee payroll	45.61%	-135.88%	-32.71%	-3.09%	103.59%	30.43%	70.09%	25.12%	18.99%

RICHLAND TOWNSHIP

SCHEDULE OF NET PENSION LIABILITY REQUIRED SUPPLEMENTAL INFORMATION

December 31, 2023

Schedule of Employer Contributions - Police Pension Plan

Last 10 Measurement years (if available)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (ADC)	\$ 258,651	\$ 225,567	\$ 221,803	\$ 211,727	\$ 177,800	\$ 210,771	\$ 219,346	\$ 215,363	\$ 161,415
Contributions in relation to the ADC	<u>258,651</u>	<u>225,587</u>	<u>221,843</u>	<u>211,727</u>	<u>225,045</u>	<u>210,771</u>	<u>219,366</u>	<u>215,383</u>	<u>161,415</u>
Contribution deficiency / (excess)	-	(20)	(40)	-	225,105	-	(20)	(20)	-
Covered employee payroll	1,703,107	1,555,353	1,592,915	1,435,422	1,358,837	1,204,294	1,130,923	1,120,457	1,031,008
Contributions as a percentage of covered employee payroll	15.19%	14.50%	13.93%	14.75%	16.57%	17.50%	19.40%	19.22%	15.66%

Schedule of Employer Contributions - Non-Uniform Pension Plan

Last 10 Measurement years (if available)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution (ADC)	\$ 71,547	\$ 70,929	\$ 62,329	\$ 82,583	\$ 52,261	\$ 59,227	\$ 70,446	\$ 75,757	\$ 72,645
Contributions in relation to the ADC	<u>71,547</u>	<u>70,929</u>	<u>62,329</u>	<u>70,003</u>	<u>52,261</u>	<u>59,227</u>	<u>70,446</u>	<u>75,757</u>	<u>72,645</u>
Contribution deficiency / (excess)	-	-	-	12,580	-	-	-	-	-
Covered employee payroll	306,340	303,110	295,758	325,928	358,758	340,828	535,044	601,881	725,842
Contributions as a percentage of covered employee payroll	23.36%	23.40%	21.00%	21.48%	14.57%	17.38%	13.17%	12.59%	10.01%

OTHER SUPPLEMENTAL INFORMATION

RICHLAND TOWNSHIP

COMBINING BALANCE SHEET MODIFIED CASH BASIS ALL NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	Non Major Special Revenue Funds	Non Major Capital Project Funds	Total Non-Major Governmental Funds
	Fire Fund	Solar Project Fund	
ASSETS			
Cash and cash equivalents	\$ -	\$ 236,054	\$ 236,054
Investments	-	-	-
Due from component unit	-	13,307	13,307
Due from other funds	-	-	-
Total assets	\$ -	\$ 249,361	\$ 249,361
LIABILITIES AND FUND BALANCES			
Due to general fund	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund Balances			
Restricted	-	-	-
Assigned	-	249,361	249,361
Unassigned	-	-	-
Total fund balances	-	249,361	249,361
Total liabilities and fund balances	\$ -	\$ 249,361	\$ 249,361

RICHLAND TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS ALL NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	Non Major Special Revenue Funds	Non Major Capital Project Funds	Total Non-Major Governmental Funds
	Fire Fund	Solar Project Fund	
REVENUES			
Taxes	\$ 128,342	\$ -	\$ 128,342
Intergovernmental revenue	-	-	-
Charges for service	-	84,453	84,453
Miscellaneous revenue	-	-	-
Investment earnings	-	3,151	3,151
Total revenues	<u>128,342</u>	<u>87,604</u>	<u>215,946</u>
EXPENDITURES			
General government	-	701	701
Public safety	128,342	-	128,342
Public works	-	13,640	13,640
Debt service - principal	-	130,000	130,000
Debt service - interest	-	38,906	38,906
Total expenditures	<u>128,342</u>	<u>183,247</u>	<u>311,589</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>(95,643)</u>	<u>(95,643)</u>
OTHER FINANCING SOURCES			
Transfer from general fund	-	168,906	168,906
Total other financing sources	<u>-</u>	<u>168,906</u>	<u>168,906</u>
Net change in fund balance	-	73,263	73,263
Fund balances - beginning	<u>-</u>	<u>176,098</u>	<u>176,098</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 249,361</u>	<u>\$ 249,361</u>

**INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

RICHLAND TOWNSHIP

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

For the Year Ended December 31, 2023

REVENUES RECEIVED

Taxes

Real estate taxes - current	\$	1,803,518	
Real estate taxes - delinquent		36,188	
Real estate transfer tax		524,940	
Earned income tax		2,683,698	
Emergency and municipal services tax		312,400	\$ 5,360,744

Licenses and Permits

Mobile park licenses		4,507	
Cable TV franchise		236,604	
Police permits		1,508	
Plumbing permits		3,689	
Driveway permits		125	
Street & curb permits		330	
Highway occupancy permit		-	246,763

Fines and Forfeits

Fines			37,484
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Intergovernmental

Federal grants		18,655	
Federal COVID funding		-	
Public utility realty tax		5,488	
Sanitation grant		41,883	
Beverage Licenses		1,350	
Pension state aid		268,083	
Foreign fire ins. premium tax		109,787	
Game commission land		153	
Local government intergovernmental services		119,748	565,147

Charges for Services

General government		172,453	
Public safety		267,932	
Culture and recreation		4,660	445,045

Investment and rental earnings

Interest income		285,209	
Rental income		100,134	385,343

Miscellaneous Earnings

Miscellaneous revenue	\$	18,534	
Donations from private sources		96,500	
Donations - developers		122,646	237,680

Total revenue received	\$		7,278,206
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RICHLAND TOWNSHIP

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

For the Year Ended December 31, 2023

EXPENDITURES

General Government

Legislative:

Salaries	\$ 9,750	
Employee benefits	745	
Dues	418	
Meetings/conferences	3,202	
Supplies	-	
Contributions/grants/subsidies	2,500	\$ 16,615

Executive:

Salaries	200,334	
Employee benefits	362,654	
Contracted services	-	
Supplies	4,212	
Office supplies	5,780	
Computer supplies	47,321	
Professional services	25,014	
Engineering/architectural	2,500	
Legal services	-	
Telephone services	12,478	
Postage	4,305	
Other communication	8,991	
Transportation	26	
Advertising	5,589	
Surety/fidelity bonds	1,885	
Dues/subscriptions/memberships	16,929	
Meetings/conferences	1,212	
Staff training	180	
Miscellaneous expenses	534	
Capital purchases	465	700,409

Finance and Accounting:

Salaries	56,176	
Employee Benefits	15,740	
Auditing services	22,020	
Payroll processing fees	7,405	
Meetings/conferences	-	101,341

Tax Collection:

Salaries	27,621	
Employee benefits	2,113	
Office supplies	1,286	
Postage	1,370	
Professional services	34,769	67,159

IT-Networking Services:

IT-Networking Services-Data Processing	13,794
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Engineering:

Engineering fees	225,869
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Legal:

Legal fees	78,522
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Buildings and Plant:

Salaries	9,507	
Supplies	1,456	
Heating fuel	8,997	
Repairs and maintenance	72,110	
Capital construction	1,201	
Electricity	6,739	100,010

Total general government	\$ 1,303,719
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PUBLIC SAFETY**Police:**

Salaries	\$	2,017,528	
Employee Benefits		425,041	
Materials and supplies		64,025	
Town watch expenses		1,712	
Fuel - gasoline		24,050	
Data and information systems		2,449	
Professional services		15,162	
MDT Wireless solution		6,802	
Police training		14,387	
Telephone services		7,516	
Collection commission		5,314	
Refunds		1,193	
Staff enrichment		244	
Recruiting		2,411	
Insurance		61,797	
Electric		32,201	
Dues/subscriptions/memberships		6,684	
Constable transport services		2,012	
Uniforms		5,975	
Vehicle operating exp		13,169	
Contributions		90	
Facility exp		43,798	
Capital equipment		<u>122,592</u>	\$ 2,876,152

Fire:

Professional services		252	
Insurance		34,650	
Water - hydrants		16,250	
Miscellaneous		76	
Contributions to Fire Co Relief Fund		109,787	
Contributions - Richland Twp. Fire Co.		41,700	
Contributions - Quakertown Fire Co.		44,000	
Contributions - Richlandtown Fire Co.		26,000	
Contributions - Trumbauersville Fire Co.		23,000	
Contributions - Upper Bucks EMS		10,000	
Equip. Contributions - Richland Twp. Fire Co.		17,660	
Equip. Contributions - Q-Town Fire Co.		85,629	
Equip. Contributions - Richlandtown Fire Co.		6,000	
Equip. Contributions - Trumbauersville Fire Co.		13,000	
Less Fire Fund Tax Allocation to Contributions		<u>(128,342)</u>	299,662

Code Enforcement:

Salaries		109,896	
Employee benefits		17,699	
Supplies		407	
Vehicle operating exp		466	
Professional services		118	
Staff training		423	
Dues/subscriptions/memberships		<u>-</u>	129,009

Planning and Zoning:

Salaries		100,304	
Employee benefits		24,048	
Engineering/architectural services		1,299	
Legal services		1,645	
Dues/subscriptions/memberships		126	
Advertising		2,824	
Miscellaneous		-	
Meetings/Conferences		<u>764</u>	131,010
Total public safety	\$		3,435,833

PUBLIC WORKS - SANITATION**Solid Waste:**

Contracted services	\$ 22,055	\$ 22,055
Total public works - sanitation		22,055

PUBLIC WORKS - HIGHWAYS AND STREETS**General Services:**

Salaries	263,978	
Employee benefits	108,176	
Supplies	4,074	
Vehicle fuel	22,830	
Propane	-	
Vehicle repairs and maintenance	31,113	
Repairs and maintenance supplies	18,253	
Small tools	3,078	
Electricity	43,071	
Transportation	-	
Uniform rental	4,623	
Meetings/conferences	959	
Dues/subscriptions/memberships	467	
Miscellaneous expenses	605	
Highway construction - repairs and maintenance	134,470	
Capital purchases	41,000	676,697

Winter Maintenance:

Salaries	1,410	
Miscellaneous	-	
Repairs and maintenance supplies	29,360	
Contracted service	3,622	34,392

Traffic Control Devices:

Salaries	1,980	
Supplies	5,941	
Electricity	10,016	
Capital purchases	3,848	
Repair/maintenance services	7,342	29,127

Maintenance and Repairs of Roads and Bridges:

Salaries	29,793	
Operating supplies	-	
Highway repairs and maintenance	13,115	
Rent machinery/equipment	95	
Highway construction	-	
Contracted services	17,912	60,915

Total public works - highways and street

801,131

CULTURE AND RECREATION**Parks:**

Salaries	39,246	
Fees	2,141	
Supplies	5,026	
Repair/maint. Supplies	18,497	
Community day	20,544	
Dues/subscriptions/memberships	100	
Park utilities	14,794	
Capital construction	101	
Trails - maintenance	615	101,064

Total culture and recreation

101,064

COMMUNITY DEVELOPMENT

Preservation - professional services	-	-
Total community development	\$	-

DEBT SERVICE

Debt principal	\$ 158,000	\$ 158,000
Total debt service		<u>158,000</u>

EMPLOYER BENEFITS AND WITHHOLDING ITEMS

Police Pension	308,746	
Non-Uniformed Pension	<u>129,600</u>	<u>438,346</u>
Total employer benefits and withholding items		<u>438,346</u>

INSURANCE

Life Insurance	7,920	
Surety/Fidelity Bonds	3,852	
Liability/Casualty Insurance	78,097	
Workers Compensation Insurance	<u>14,302</u>	<u>104,171</u>
Total insurance		<u>104,171</u>

UNCLASSIFIED EXPENDITURES

		<u>8,435</u>
Total expenditures		<u>6,372,754</u>

**Deficiency of revenues over
expenditures**

905,452

**OTHER FINANCING SOURCES AND
OTHER FINANCING USES**

Sale of Fixed Assets	75	
Refund of Prior Year Expenditures	65,740	
Refund of Prior Year Revenue	(8,221)	
Interfund Transfers In	-	
Interfund Transfers Out	<u>(168,906)</u>	<u>(111,312)</u>

Net change in fund balances

794,140

Fund balance - January 1, 2023

6,555,247

Fund balance - December 31, 2023

\$ 7,349,387

RICHLAND TOWNSHIP

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

For the Year Ended December 31, 2023

Operating Open Space Fund

FUND BALANCE - JANUARY 1, 2023 \$ 1,188,187

REVENUES AND OTHER FINANCING SOURCES

Interest income	\$ 69,953	
Rents	1,650	
Earned income taxes	508,875	580,478
Total fund available		1,768,665

EXPENDITURES AND OTHER FINANCING USES

Community Development:

Conservation easements	160,580	
Professional fees	22,525	
Legal fees	2,035	185,140

FUND BALANCE - DECEMBER 31, 2023 **\$ 1,583,525**

Solar Project Bond Fund

FUND BALANCE - JANUARY 1, 2023 \$ 176,098

REVENUES AND OTHER FINANCING SOURCES

Interest	\$ 3,151	
Charges for Service	84,453	
Energy credits	-	
Transfer from general fund	168,906	256,510
Total fund available		432,608

EXPENDITURES AND OTHER FINANCING USES

General Government:

Internet fees	701	
Bank fees	-	

Public Works:

Insurance	-	
Maintenance and repairs	13,640	

Debt Service:

Bond principal	130,000	
Interest expense	38,906	183,247

FUND BALANCE - DECEMBER 31, 2023 **\$ 249,361**

Highway Fund

FUND BALANCE - JANUARY 1, 2023		\$	387,650
REVENUES AND OTHER FINANCING SOURCES			
Interest	\$	17,573	
Commonwealth of PA - Subsidy		<u>434,078</u>	<u>451,651</u>
Total fund available			839,301
EXPENDITURES AND OTHER FINANCING USES			
Public Works:			
Highway Construction	\$	<u>819,661</u>	<u>819,661</u>
FUND BALANCE - DECEMBER 31, 2023		\$	<u>19,640</u>

Fire Fund

FUND BALANCE - JANUARY 1, 2023		\$	-
REVENUES			
Real Estate Taxes	\$	<u>128,342</u>	<u>128,342</u>
Total fund available			128,342
EXPENDITURES AND OTHER FINANCING USES			
Public Safety:			
Contributions to Fire Companies			<u>128,342</u>
FUND BALANCE - DECEMBER 31, 2023		\$	<u>-</u>

Developers Escrow Fund

NET POSITION - JANUARY 1, 2023			\$	224,550
RECEIPTS				
Admin Fees Due to General Fund	\$	35,822		
Engineering Fees Reimbursed		358,570		
Legal Fees Reimbursed		24,354		
Receipts from Developers		54,474		<u>473,220</u>
Total fund available				697,770
DISBURSEMENTS				
Admin Fees Due To General Fund	\$	35,822		
Engineering Fees Paid		358,570		
Legal Fees Paid		24,354		
Professional Service Fees Paid		<u>6,288</u>		<u>425,034</u>
NET POSITION - DECEMBER 31, 2023			\$	<u>272,736</u>