

**PENNDDEL BOROUGH
BUCKS COUNTY, PENNSYLVANIA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2023

PENNDDEL BOROUGH
BUCKS COUNTY, PENNSYLVANIA

December 31, 2023

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INDEPENDENT AUDITORS' REPORT

Borough Council
300 Bellevue Avenue
Pennel Borough, Pennsylvania

Report on the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pennel Borough, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough'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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pennel Borough, Pennsylvania, as of December 31, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and highway aid fund for the year then ended in accordance with modified cash basis of accounting described in Note I.

Basis for Opinions

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note I of the financial statement, 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 opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Other Matters

Required Supplemental Information

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require the historical trend information on pages 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Bee, Bergvall & Co.

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

Warrington, PA
July 24, 2023

PENNDDEL BOROUGH

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 985,190	\$ 1,501,233	\$ 2,486,423
TOTAL ASSETS	<u>\$ 985,190</u>	<u>\$ 1,501,233</u>	<u>\$ 2,486,423</u>
 <u>LIABILITIES</u>			
Payables	\$ 565	\$ -	\$ 565
Current maturities of notes payable	-	59,200	59,200
Long-term notes payable, net of current portion	-	339,800	339,800
Total Liabilities	<u>565</u>	<u>399,000</u>	<u>399,565</u>
 <u>NET POSITION</u>			
Restricted for:			
Highway and streets	34,764	-	34,764
Fire	6,605	-	6,605
Unrestricted	<u>943,256</u>	<u>1,102,233</u>	<u>2,045,489</u>
Total Net Position	<u>984,625</u>	<u>1,102,233</u>	<u>2,086,858</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 985,190</u>	 <u>\$ 1,501,233</u>	 <u>\$ 2,486,423</u>

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

PENNDDEL BOROUGH

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended December 31, 2023

	Total Primary Government	Governmental Activities				
		Total	General Government	Public Safety	Public Works	Culture & Recreation
Expenses:						
Program expenses	\$ 2,308,832	\$ 1,571,275	\$ 587,252	\$ 593,885	\$ 151,599	\$ 238,539
Debt service	70,182	70,182	70,182	-	-	-
Total Expenses	2,379,014	1,641,457	657,434	593,885	151,599	238,539
Program Revenues:						
Charges for services	1,198,291	151,608	44,330	107,278	-	-
Operating grants and contributions	103,337	103,337	24,643	16,522	62,172	-
Capital grants and contributions	312,956	312,956	-	59,960	-	252,996
Total Program Revenues	1,614,584	567,901	68,973	183,760	62,172	252,996
Net (Expense) Revenue	(764,430)	(1,073,556)	(588,461)	(410,125)	(89,427)	14,457
General Revenues:						
Taxes:						
Real estate	454,988	454,988				
Earned Income Tax	631,217	631,217				
Transfer tax	33,120	33,120				
Mercantile tax	48,390	48,390				
Local service tax	32,534	32,534				
Other tax	12,939	12,939				
Interest and rents	77,243	77,243				
Miscellaneous	52,104	47,613				
Transfers	-	(6,775)				
Total General Revenues and Transfers	1,342,535	1,331,269				
Change in Net Position	578,105	257,713				
Net Position - Beginning	1,508,753	726,912				
Net Position - Ending	\$ 2,086,858	\$ 984,625				

<u>Business - Type Activities</u>		
<u>Total</u>	<u>Sewer</u>	<u>Trash</u>
\$ 737,557	\$ 514,338	\$ 223,219
-	-	-
<u>737,557</u>	<u>514,338</u>	<u>223,219</u>
1,046,683	824,488	222,195
-	-	-
-	-	-
<u>1,046,683</u>	<u>824,488</u>	<u>222,195</u>
309,126	310,150	(1,024)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,491	4,491	-
6,775	6,775	-
<u>11,266</u>	<u>11,266</u>	<u>-</u>
320,392	321,416	(1,024)
<u>781,841</u>	<u>788,210</u>	<u>(6,369)</u>
<u>\$ 1,102,233</u>	<u>\$ 1,109,626</u>	<u>\$ (7,393)</u>

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

PENNDDEL BOROUGH

BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS

December 31, 2023

	General	Capital Reserve	Debt Service	Other Governmental Fund	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 556,946	\$ 386,875	\$ -	\$ 41,369	\$ 985,190
Due from other funds	65,567	-	-	-	65,567
TOTAL ASSETS	\$ 622,513	\$ 386,875	\$ -	\$ 41,369	\$ 1,050,757
 <u>LIABILITIES</u>					
Payables	\$ 565	\$ -	\$ -	\$ -	\$ 565
Due to other funds	-	-	65,567	-	65,567
TOTAL LIABILITIES	565	-	65,567	-	66,132
 <u>FUND BALANCES</u>					
Restricted for:					
Highway and streets	-	-	-	34,764	34,764
Fire	-	-	-	6,605	6,605
Assigned for:					
Capital projects	-	386,875	-	-	386,875
Unassigned	621,948	-	(65,567)	-	556,381
TOTAL FUND BALANCES	621,948	386,875	(65,567)	41,369	984,625
TOTAL LIABILITIES AND FUND BALANCES	\$ 622,513	\$ 386,875	\$ -	\$ 41,369	\$ 1,050,757

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

PENNDDEL BOROUGH

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

For the Year Ended December 31, 2023

	<u>General</u>	<u>Capital Reserve</u>	<u>Debt Service</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes:					
Property	\$ 354,060	\$ -	\$ 45,889	\$ 55,039	\$ 454,988
Earned income	631,217	-	-	-	631,217
Transfer	33,120	-	-	-	33,120
Local service	32,534	-	-	-	32,534
Other	61,329	-	-	-	61,329
Fees, licenses and permits	38,765	-	-	-	38,765
Investment income and rent	55,003	20,003	-	2,237	77,243
Intergovernmental revenues	41,165	312,956	-	62,172	416,293
Fines and forfeitures	26,827	-	-	-	26,827
Program revenues	86,016	-	-	-	86,016
Other	46,519	-	-	1,094	47,613
Total Revenues	<u>1,406,555</u>	<u>332,959</u>	<u>45,889</u>	<u>120,542</u>	<u>1,905,945</u>
Expenditures					
Current:					
General government	331,115	99,670	-	-	430,785
Public safety	471,771	68,651	-	53,463	593,885
Highways and roads	20,942	83,952	-	46,705	151,599
Culture and recreation	3,949	234,590	-	-	238,539
Miscellaneous	156,467	-	-	-	156,467
Debt service:					
Principal	-	-	53,000	-	53,000
Interest	-	-	17,182	-	17,182
Total Expenditures	<u>984,244</u>	<u>486,863</u>	<u>70,182</u>	<u>100,168</u>	<u>1,641,457</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>422,311</u>	<u>(153,904)</u>	<u>(24,293)</u>	<u>20,374</u>	<u>264,488</u>
Other Financing Sources (Uses)					
Transfers in	-	200,000	197,000	3,996	400,996
Transfers out	<u>(200,000)</u>	<u>-</u>	<u>(207,771)</u>	<u>-</u>	<u>(407,771)</u>
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>200,000</u>	<u>(10,771)</u>	<u>3,996</u>	<u>(6,775)</u>
Net Change in Fund Balances	222,311	46,096	(35,064)	24,370	257,713
Fund Balance - Beginning	<u>399,637</u>	<u>340,779</u>	<u>(30,503)</u>	<u>16,999</u>	<u>726,912</u>
Fund Balance - Ending	<u>\$ 621,948</u>	<u>\$ 386,875</u>	<u>\$ (65,567)</u>	<u>\$ 41,369</u>	<u>\$ 984,625</u>

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

PENNDDEL BOROUGH

GENERAL FUND

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

For the Year Ended December 31, 2023

	<u>GENERAL FUND</u>			
	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property	\$ 386,800	\$ 386,800	\$ 354,060	\$ (32,740)
Earned income tax	475,000	475,000	631,217	156,217
Transfer	45,000	45,000	33,120	(11,880)
Local service	25,000	25,000	32,534	7,534
Other	30,700	30,700	61,329	30,629
Fees, licenses and permits	49,800	49,800	38,765	(11,035)
Investment income and rent	55,100	55,100	55,003	(97)
Intergovernmental revenues	38,228	38,228	41,165	2,937
Fines and forfeitures	24,000	24,000	26,827	2,827
Program revenues	106,850	106,850	86,016	(20,834)
Other	24,400	24,400	46,519	22,119
Total Revenues	<u>1,260,878</u>	<u>1,260,878</u>	<u>1,406,555</u>	<u>145,677</u>
Expenditures				
Current				
General government	398,330	398,330	331,115	(67,215)
Public safety	544,327	544,327	471,771	(72,556)
Highways and roads	18,100	18,100	20,942	2,842
Culture and recreation	13,654	13,654	3,949	(9,705)
Miscellaneous	169,081	169,081	156,467	(12,614)
Total Expenditures	<u>1,143,492</u>	<u>1,143,492</u>	<u>984,244</u>	<u>(159,248)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>117,386</u>	<u>117,386</u>	<u>422,311</u>	<u>304,925</u>
Other Financing Sources (Uses)				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net Change in Fund Balances	(82,614)	(82,614)	222,311	304,925
Fund Balance - Beginning	82,614	82,614	399,637	
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621,948</u>	

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

PENNDDEL BOROUGH

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS

December 31, 2023

	<u>Business - Type Activities</u>			
	<u>Sewer</u>	<u>Sewer Capital</u>	<u>Refuse</u>	<u>Total</u>
<u>ASSETS</u>				
Current Assets				
Cash	\$ 806,471	\$ 694,762	\$ -	\$ 1,501,233
Due from other funds	-	7,393	-	7,393
Total Assets	<u>\$ 806,471</u>	<u>\$ 702,155</u>	<u>\$ -</u>	<u>\$ 1,508,626</u>
 <u>LIABILITIES</u>				
Current Liabilities				
Current maturities of notes payable	\$ 37,200	\$ 22,000	\$ -	\$ 59,200
Due to other funds	-	-	7,393	7,393
Total Current Liabilities	<u>37,200</u>	<u>22,000</u>	<u>7,393</u>	<u>66,593</u>
 Long-Term Debt				
Long-term notes payable	<u>113,800</u>	<u>226,000</u>	<u>-</u>	<u>339,800</u>
Total Long-Term Debt	<u>113,800</u>	<u>226,000</u>	<u>-</u>	<u>339,800</u>
 Total Liabilities	<u>151,000</u>	<u>248,000</u>	<u>7,393</u>	<u>406,393</u>
 <u>NET POSITION</u>				
Unrestricted	<u>655,471</u>	<u>454,155</u>	<u>(7,393)</u>	<u>1,102,233</u>
Total Net Position	<u>\$ 655,471</u>	<u>\$ 454,155</u>	<u>\$ (7,393)</u>	<u>\$ 1,102,233</u>

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

PENNDDEL BOROUGH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
POSITION - MODIFIED CASH BASIS - PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	Business - Type Activities			
	Sewer	Sewer Capital	Refuse	Total
Operating Revenues				
Sewer service charges	\$ 824,488	\$ -	\$ -	\$ 824,488
Trash fees	-	-	222,195	222,195
Other revenues	4,491	-	-	4,491
Total Operating Revenues	828,979	-	222,195	1,051,174
Operating Expenditures				
Trash operations	-	-	223,219	223,219
Sewer operations	513,353	985	-	514,338
Total Operating Expenditures	513,353	985	223,219	737,557
Operating Income (Loss)	315,626	(985)	(1,024)	313,617
Income (Loss) Before Operating Transfers	315,626	(985)	(1,024)	313,617
Transfers in	37,000	410,000	-	447,000
Transfers out	(243,225)	(197,000)	-	(440,225)
Change in Net Position	109,401	212,015	(1,024)	320,392
Net Position, Beginning	546,070	242,140	(6,369)	781,841
Net Position, Ending	\$ 655,471	\$ 454,155	\$ (7,393)	\$ 1,102,233

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

PENNDDEL BOROUGH

STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS - PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	Business - Type Activities			
	Sewer	Sewer Capital	Refuse	Total
Cash Flows from operating activities				
Cash received from customers	\$ 824,488	\$ -	\$ 222,195	\$ 1,046,683
Cash Paid to suppliers	(460,038)	(2,009)	(222,195)	(684,242)
Cash Paid to employees	(53,315)	-	-	(53,315)
Other cash receipts	4,491	-	-	4,491
Net cash provided by (used in) operating activities	<u>315,626</u>	<u>(2,009)</u>	<u>-</u>	<u>313,617</u>
Cash flows from non-capital financing activities				
Transfer from (to) other funds, net	(206,225)	213,000	-	6,775
Intergovernmental grants	-	-	-	-
Net cash provided by (used in) non-capital financing activities	<u>(206,225)</u>	<u>213,000</u>	<u>-</u>	<u>6,775</u>
Cash flows from capital and related financing activities				
Payments on long term debt	(37,000)	(210,000)	-	(247,000)
Net cash provided by (used in) capital and related financing activities	<u>(37,000)</u>	<u>(210,000)</u>	<u>-</u>	<u>(247,000)</u>
Net increase (decrease) in cash	72,401	991	-	73,392
Beginning cash	734,070	693,771	-	1,427,841
Ending cash	<u>\$ 806,471</u>	<u>\$ 694,762</u>	<u>\$ -</u>	<u>\$ 1,501,233</u>

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

Net operating income (loss)	\$ 315,626	\$ (985)	\$ (1,024)	\$ 313,617
Changes in assets and liabilities				
(Increase) decrease in due to/from other funds	-	(1,024)	1,024	-
Cash provided by (used in) operating activities	<u>\$ 315,626</u>	<u>\$ (2,009)</u>	<u>\$ -</u>	<u>\$ 313,617</u>

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

PENNDDEL BOROUGH

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS

December 31, 2023

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 22,510	\$ 74,942
Investments, at fair value		
Exchange Traded Funds (ETFs)	637,850	-
Mutual funds	-	-
Total Current Assets	<u>660,360</u>	<u>74,942</u>
TOTAL ASSETS	<u>\$ 660,360</u>	<u>\$ 74,942</u>
<u>NET POSITION</u>		
Net Position Restricted for		
Assets held in trust for pensions	\$ 660,360	\$ -
Individuals, organizations, and developers	-	74,942
	<u>\$ 660,360</u>	<u>\$ 74,942</u>

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

PENNDDEL BOROUGH

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

For the Year Ended December 31, 2023

	<u>Pension Trust Funds</u>	<u>Custodial Fund</u>
Additions		
Contributions		
Member contributions	\$ 5,177	\$ -
Municipal contributions	1,915	-
State contributions	23,312	-
Escrows receipts	-	38,196
Total Contributions	<u>30,404</u>	<u>38,196</u>
Investment Income		
Net appreciation (depreciation) in fair value of investments	64,901	-
Interest and dividends	<u>22,284</u>	<u>-</u>
Total Investment Income	87,185	-
Less: investment expense	<u>(2,650)</u>	<u>-</u>
Net Investment Income	<u>84,535</u>	<u>-</u>
Total Additions	<u>114,939</u>	<u>38,196</u>
Deductions		
Administrative expense	11,200	-
Benefits	10,438	-
Escrow disbursements	-	31,747
Total Deductions	<u>21,638</u>	<u>31,747</u>
Change in Net Position	93,301	6,449
Net Position Restricted for Pension Benefits:		
Beginning of Year	<u>567,059</u>	<u>68,493</u>
End of Year	<u>\$ 660,360</u>	<u>\$ 74,942</u>

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

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of Significant Accounting Policies

A. *Reporting entity*

Penndel Borough is a municipal corporation existing and operating under the Borough code of the Commonwealth of Pennsylvania. The Borough Council (the “Council”) is the basic level of government which has financial accountability and control over all activities related to municipal functions in the Borough of Penndel. The Council is not included in any other governmental “reporting entity” as defined by the Government Accounting Standards Board, since Council members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and have primary accountability for fiscal matters.

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

B. *Government-wide and fund financial statements*

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

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

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of Significant Accounting Policies (Continued)

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

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

Fund Financial Statements

Fund financial statements are provided for governmental funds, including its fiduciary funds. Separate statements for each fund category, governmental, proprietary, and fiduciary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate column in the fund financial statements.

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

The government-wide statements report governmental activities and business-type activities using the *modified-cash basis of accounting* generally including the reclassification or elimination of internal activity (between or within funds). Proprietary funds and fiduciary fund financial statements also report using the *modified-cash basis* and internal activity is not eliminated in these statements. Revenues are recorded when received and expenses are recorded when paid except for the recording of long-term debt in the proprietary funds and fiduciary funds report investments at market. Property tax revenues and grants and similar items are recognized in the year for which they are received.

Governmental fund financial statements reported using the modified cash basis of accounting. Revenues are recognized when they are received. Expenditures generally are recorded when paid. General capital asset acquisitions are reported as expenditures in governmental funds.

PENNDDEL BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. Summary of Significant Accounting Policies (Continued)

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

Basis of Presentation - Fund Accounting and Measurement Focus

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

The Borough reports the following major governmental funds:

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

The *Capital Reserve Fund* is used to account for resources for the acquisition or construction of specific capital facilities by the Borough.

The *Debt Service Fund*, is used to account for resources for the repayment of debt expenditures.

Proprietary Funds - These funds are used to account for operations that are organized to be self-supporting through user charges.

The *Sewer Fund* is used to account for the collections from the activities of the Borough's sewer treatment system.

The *Sewer Capital Fund* is used to account for resources for the improvement of the sewer system.

The *Refuse Fund* is used to account for the financial activity of the Borough's refuse collection services.

Trust and Custodial Funds - are used to account for assets held by the Borough in a trustee or custodial capacity (escrows) for individuals and/or other funds.

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of Significant Accounting Policies (Continued)

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

Pension Trust Fund - This fund is used to account for resources required to be held in trust for the members and beneficiaries of the Borough's defined benefit pension plans - the Police and Municipal Employees Pension Funds.

Custodial Fund - This fund is used to account for subdivision/land development, shade tree, water/sewer, and all other types of escrows held by the Borough in a custodial capacity.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges for services, consisting of rent. Principal operating expenses are the costs of providing goods or services and include administrative expenses. All revenues and expenses not meeting this definition classified as nonoperating in the financial statements.

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

During the course of operations, the Borough has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental-activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental-activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of Significant Accounting Policies (Continued)

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

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

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

Investments for the Borough are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the pool's amortized cost-based net asset value per share, which approximates fair value. There are no limitations or restrictions on withdrawals.

2. Use of estimates

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

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

I. Summary of Significant Accounting Policies (Continued)

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

3. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Property taxes are levied as of March 1 on property values assessed as of the same date. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through July 1; and a 10% penalty after July 1. Any unpaid taxes are attached as an enforceable lien on such property as of January 15 of the following year. The Borough employs an elected tax collector to collect the property tax levied.

4. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations for governmental activities are not reported as liabilities in the governmental activities, statement of net assets since they are being reported on the modified cash basis of accounting. Long-term debt and other long-term obligations for business-type activities are reported as liabilities in the business-type activities, statement of net assets since they are being reported on the modified-cash basis of accounting.

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

PENNDDEL BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. Summary of Significant Accounting Policies (Continued)

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

5. Net position

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

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

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

6. Fund balance

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

No spendable fund balance - Includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

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

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

PENNDDEL BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. Summary of Significant Accounting Policies (Continued)

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

6. Fund balance (continued)

Assigned fund balance - Includes amounts intended to be used by the Borough for specific purposes but do not meet the criteria to be classified as committed. The governing body, the Borough Council, has by resolution authorized the Borough Secretary/Treasurer to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned. In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

7. Subsequent events

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

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

II. Stewardship, Compliance, and Accountability

A. *Budgetary information*

Annual budgets are prepared and adopted on the modified cash basis of accounting for all funds of the Borough. All annual appropriations lapse at fiscal year-end.

Prior to November, Council approves a preliminary budget for the upcoming fiscal year, reflecting proposed expenditures and the means of financing them. During November, the Borough holds budget hearings before the purpose of receiving oral and written comments from interested parties in regard to the proposed budget for the following year. The Borough makes available to the public its proposed operating budget for all funds. The operating budget includes proposed expenditures and the means of financing them. The Borough holds public hearings and a final budget must be prepared and adopted no later than December 31 through the passage of an ordinance.

Any budget revisions require the approval of Borough Council. The Council authorized the use of unallocated fund balance in 2015. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

B. *Excess expenditures over appropriations*

For the year ended December 31, 2023, the General Fund expenditures exceeded budget in the highway and roads category by \$2,842. The additional expenditures were funded with greater than anticipated revenues.

C. *Negative fund balance*

At December 31, 2023 the debt service fund and the refuse fund have a negative fund balance of (\$65,567) and (\$7,369), respectively. The deficits will be eliminated with anticipated revenues or a transfer from another fund in the coming year.

III. Detailed Notes on All Funds

A. *Deposits and investments*

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Borough's deposits may not be returned to it.

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed Notes on All Funds (Continued)

A. *Deposits and investments (continued)*

Custodial Credit Risk - Deposits (continued)

As of December 31, 2023, the Borough's carrying amount of deposits was \$2,486,423 and the bank balance was \$2,529,824, the difference being outstanding checks and deposits in transit. Of the bank balance, up to \$250,000 is covered by federal depository insurance and \$450,905 is invested in externally pooled investments, which are not subject to credit risk. Any balances exceeding federal depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Borough's name. The risks of default are eliminated due to the constraints imposed upon allowable investment instruments by the Borough's investment policy and through state limitations as discussed in Note I, D, 1.

The Borough participates in an external investment pool, the Pennsylvania Local Government Investment Trust ("PLGIT"). PLGIT is a common law trust established pursuant to the Intergovernmental Cooperation Act and similar statutes by Local Governments in Pennsylvania for the purpose of pooling their investments. It is a fundamental policy of PLGIT to maintain a net position value of \$1 per share, but there can be no assurance that the net position value will not vary from \$1 per share.

At December 31, 2023, management of PLGIT has indicated that all investments made of the PLGIT were either obligations of the U.S. Government or its agencies or instrumentalities, or certificates of deposit insured by FDIC. The Borough has carrying deposits of \$448,956 in external investment pools, held with PLGIT Bank. These deposits are considered cash equivalents because of their short maturity dates and are included in the deposits footnote above. The investment in the external investment pool are recorded at the pool's amortized cost, which approximates fair value. The external investment pool was rated AAAM by Standard & Poor's and has average maturities of less than 30 days. The investment pool operates in accordance with appropriate state laws and regulations. The Borough's position in the external investment pool is the same as the value of the pool shares and is reported at amortized cost which approximates fair value. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. The Authority can withdraw funds from the external investment pool without limitation or fees upon adequate notice.

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed Notes on All Funds (Continued)

A. *Deposits and investments (continued)*

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

At year-end balances were as follows:

		<u>Average Rating</u>	<u>Average Maturity</u>
Governmental Funds:			
Money market account	\$ 2,037,467	n/a	n/a
External investment pool	<u>448,956</u>	AAAm	30 days
Total Governmental Funds	<u><u>\$ 2,486,423</u></u>		
Fiduciary Funds:			
Cash and short term investments	\$ 97,452	n/a	n/a
Exchange Traded Funds	<u>637,850</u>	n/a	n/a
Total Fiduciary Funds	<u><u>\$ 735,302</u></u>		

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Borough's policy regarding its fixed income investments generally limits the maximum maturity of a security to ten years. As of December 31, 2023, the Borough did not have any investments maturing beyond the ten-year period.

Credit Risk. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of Borough funds as described in Section I, Note D. The Borough does not have a formal investment policy for credit risk. The investments in the external investment pool were rated AAAm by Standard & Poor's. See above ratings.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of a Borough's investment in a single issuer. There were no investments greater than 5% in any one single issuer that would be considered a concentration of credit risk for the Borough.

PENNDDEL BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. Detailed Notes on All Funds (Continued)

A. *Deposits and investments (continued)*

Fair Value Measurements. The Borough categorizes its fair value measurements within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Borough has the following recurring fair value measurements as of December 31, 2023:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Governmental Funds:				
External Investment Pool	\$ 448,956	\$ -	\$ 448,956	\$ -
	<u>\$ 448,956</u>	<u>\$ -</u>	<u>\$ 448,956</u>	<u>\$ -</u>
Fiduciary Funds:				
Exchange Traded Funds	\$ 637,850	\$ 637,850	\$ -	\$ -
	<u>\$ 637,850</u>	<u>\$ 637,850</u>	<u>\$ -</u>	<u>\$ -</u>

B. *Interfund receivables, payables, and transfers*

Interfund balances as of December 31, 2023:

	<u>Due To</u>	<u>Due From</u>
General fund	\$ -	\$ 65,567
Debt Service	65,567	-
Refuse	-	7,393
Sewer capital	7,393	-
Total	<u>\$ 72,960</u>	<u>\$ 72,960</u>

Interfund balances are the primary result of:
(1) reimbursement of expenditures and debt service payments

PENNDDEL BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. Detailed Notes on All Funds (Continued)

B. Interfund receivables, payables, and transfers (continued)

Interfund transfers:

	<u>Transfer</u> <u>In</u>	<u>Transfer</u> <u>Out</u>
General fund	\$ -	\$ 200,000
Capital Reserve	200,000	-
Debt service	197,000	207,771
Nonmajor funds	3,996	-
Sewer	37,000	243,225
Sewer capital	<u>410,000</u>	<u>197,000</u>
Total	<u>\$ 847,996</u>	<u>\$ 847,996</u>

Interfund transfers are the primary result of:

- (1) to fund capital expenditures
- (2) to fund debt service payments

C. Rentals

The Borough leases certain of its real property to various communications companies which use it to house antennae and related property. The leases generally have initial lease terms in excess of ten years, with options to renew, and contain various escalation clauses, some of which take effect annually, while others are effective at the option renewal dates. Rent collected under these leases during 2023 was \$32,903.

D. Long-term debt

General Obligation Notes

The Borough issues general obligation notes to provide funds for the acquisition and construction of major capital facilities, and other capital projects. General obligation notes have been issued for both governmental and proprietary activities. The original amount of general obligation notes was \$2,057,196.

General obligation notes are direct obligations and pledge the full faith and credit of the Borough. These notes are generally issued as 20-30 year serial notes with varying amounts of principal maturing each year. Amounts outstanding at December 31, 2023 are as follows:

<u>Purpose</u>	<u>Interest rate</u>	<u>Amount</u>
Governmental activities	1.111 % to 1.490%	\$ 360,000
Business-type activities	1.111 % to 1.490%	<u>399,000</u>
		<u>\$ 759,000</u>

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed Notes on All Funds (Continued)

D. Long-term debt (continued)

Interest Rate Management: The Borough has notes outstanding with Delaware Valley Regional Finance Authority (DVRFA) as described below. The DVRFA has issued bonds to provide funds for these loans and has entered into interest rate swap agreements with Bank of America, N.A., Barclays Bank PLC, Citibank, N.A., and PNC Bank, National Association. The objective is to reduce the costs to participants in the DVRFA Loan Program and to enhance the ability of participants to manage their interest rate risks. The interest rate swaps serve as hedges against swings in the cash flows that would be required to repay outstanding debt.

Terms: The significant terms of the interest rate swap were as follows:

Description	Date of Issue	Maturity Date	Principal Outstanding	Type of Note	Rate in effect at year end	Related interest Rate Swap Agreements	
						Fixed rate loans	DelVal Bonds
Governmental Activities							
Note 2006v	25-Jul-06	25-Nov-27	101,000	Fixed	1.11100%	4,920	3,610
Note 2012	12-Oct-12	25-Nov-32	259,000	Fixed	1.11100%	25,423	9,258
Business-type Activities							
Note 2006v	25-Jul-06	25-Nov-27	151,000	Fixed	1.11100%	7,344	5,398
Note 2020a	18-Dec-20	25-Nov-40	248,000	Fixed	1.11100%	48,207	8,865

Interest Rate Risk: The Borough has the option under the loan agreements to pay a variable rate of interest or a fixed rate. If the Borough elects the variable rate, the interest rate, based upon the Securities Industry and Financial Markets Association Municipal Swap Index (the "Municipal Swap Index"), adjusts weekly with a maximum interest rate of 15%. If the Borough elects a fixed rate, the rate, with terms and conditions selected by the Borough, would be set based upon the fixed rate swap market at that time with a new confirm executed by DVRFA under the DVRFA Swap Agreement. The Borough has the option to convert all or a portion of the variable rate notes to a fixed rate at any time to mitigate the exposure to changes in interest rates.

Basis Risk: The Borough does not have a basis risk.

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed Notes on All Funds (Continued)

D. Long-term debt (continued)

Credit Risk: The Borough is exposed to credit risk on the swaps only when their fair values are negative or liabilities. At December 31, 2023, the swap had a positive fair value and the maximum amount of loss due to credit risk is zero. The long term unsecured, senior debt ratings of DVRFA are currently A2 and A+ by Moody's and Standards & Poor's, respectively.

Termination Risk: The Borough is obligated to pay any Termination Payment associated with the portion of the DVRFA Swap Agreement allocable to the applicable note. A Termination Payment may be incurred due to the termination of all or a portion of the DVRFA Swap Agreement with the mutual consent of all parties and the Borough. These termination payments could be triggered in the event of (i) a payment default by the Borough under the Loan Agreement, (ii) a payment default by DVRFA or banks under the DVRFA Swap Agreement, (iii) the occurrence of events that may precipitate a payment default by DVRFA or the banks or (iv) the downgrading of the long term, unsecured, senior debt ratings of the banks or DVRFA. In all instances of termination, except a payment default on a note converted to a fixed rate, DVRFA would seek to replace the DVRFA Swap Agreement with a new interest rate swap agreement with similar terms and conditions. The amount of the Termination Payment is determined by the market value of the DVRFA Swap Agreement; therefore, the cost or income of the replacement swap should offset the cost or income from the Termination Payment.

DVRFA may not be able to secure the replacement interest rate swap if the swap market is not functioning normally or if DVRFA does not have access to the swap market. If DVRFA was obligated to make a payment and sufficient funds were not available, DVRFA could access each borrower its allocable share of the termination payment. The estimated Termination Payment (i.e., the market value) for the DVRFA Swap Agreement allocable to the Borough debt as of December 31, 2023, is shown in the table on the previous page.

In the event of a Termination Payment, DVRFA would assess the net loss, if any, to the Borough. Any net gain on the Termination Payment allocable to variable rate Notes would be retained by DVRFA.

Rollover Risk: This is the risk that the derivative does not last as long as the associated debt is outstanding. There is rollover risk on the interest rate swaps only to the extent that the swaps may be terminated prior to the maturity of the debt, as described above. Absent of a termination event, the swap is scheduled to mature at the same time as the related debt.

PENNDDEL BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. Detailed Notes on All Funds (Continued)

D. Long-term debt (continued)

Market Access Risk: The Borough does not have this risk.

Debt service for general obligation notes is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities.

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

	Beginning			Ending	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental activities:					
Notes payable	<u>\$ 413,000</u>	<u>\$ -</u>	<u>\$ 53,000</u>	<u>\$ 360,000</u>	<u>\$ 51,800</u>
Business type activities:					
Notes payable	<u>\$ 646,000</u>	<u>\$ -</u>	<u>\$ 247,000</u>	<u>\$ 399,000</u>	<u>\$ 59,200</u>

Debt service for general obligation notes is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities.

Annual debt service requirements to maturity for notes are as follows:

	<u>Governmental Activities</u>		
Year Ending December 31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 51,800	\$ 7,869	\$ 59,669
2025	53,000	6,674	59,674
2026	54,800	5,479	60,279
2027	52,200	4,243	56,443
2028	29,000	2,966	31,966
2029-2032	<u>119,200</u>	<u>5,418</u>	<u>124,618</u>
	<u>\$ 360,000</u>	<u>\$ 32,649</u>	<u>\$ 392,649</u>

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

III. Detailed Notes on All Funds (Continued)

D. Long-term debt (continued)

Year Ending December 31	<u>Business Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 59,200	\$ 13,418	\$ 72,618
2025	61,000	11,788	72,788
2026	62,200	10,159	72,359
2027	58,800	8,466	67,266
2028	24,000	6,731	30,731
2029-2033	125,000	22,186	147,186
2034-2038	8,800	12,650	21,450
	<u>\$ 399,000</u>	<u>\$ 85,398</u>	<u>\$ 484,398</u>

IV. Other Information

A. Risk management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Borough carries commercial insurance.

B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Borough expects such amounts, if any, to be immaterial. In the normal course of business, there are various relatively minor claims and suits pending against the Borough, none of which materially affect the financial position of the Borough.

C. Defined benefit pension plans

Plan Description and Membership

The Borough sponsors two single employer defined benefit pension plans, the Municipal Employees' Pension Plan and the Police Pension Plan. These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone reports. The plans are administered by the Borough. The most recent valuation was as of January 1, 2023. Details below are from the valuation.

PENNDDEL BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other Information (Continued)

C. *Defined benefit pension plans (continued)*

Police Pension Defined Benefit Pension Plan - The plan is a contributory, single employer defined benefit plan that covers all full-time uniformed police officers of the Borough who join the Plan upon employment.

Municipal Employees' Defined Benefit Pension Plan - The Plan is a contributory, single employer defined benefit plan that covers all full-time permanent, Municipal employees of the Borough who join the Plan upon employment.

The Pension Plans are governed by Borough Council who has established 2 committees authorized to make recommendations to the Board in its finance and investment-related planning, including review of Pension Plan finances for both the Police Pension Plan and the Municipal Employees' Pension Plan. The Committees consists of three Council members each. The Committees meets quarterly for the purpose of reviewing the investment performance with the investment manager.

At December 31, 2023, Penndel Borough's Defined Benefit Pension Plans consisted of the following:

	<u>Police</u>	<u>Municipal Employees</u>
Inactive employees (or their beneficiaries) currently receiving benefits	1	0
Inactive employees entitled to benefits but not yet receiving them	0	0
Active employees	<u>1</u>	<u>2</u>
Total Members	<u>2</u>	<u>2</u>

Benefits Provided

Police Pension Defined Benefit Pension Plan: The Plan provides retirement, death, and disability to the plan members and their beneficiaries. A member is eligible for normal retirement after attainment of age 55 and completion of 25 years of service. The normal retirement pension is payable during the member's lifetime, with payments continuing after the member's death to the surviving spouse, or eligible child, equal to 50% of the initial amount payable to the member. The amount of monthly pension is equal to 50% of average monthly pay less 75% of the primary Social Security amount. Average monthly pay is based on the last 36 months of employment. If a member continues working after his normal retirement date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued to the last retirement date. If a member is disabled in the line of duty, he is eligible for a disability pension.

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other Information (Continued)

C. Defined benefit pension plans (continued)

Benefits Provided (continued)

The disability pension is equal to the benefit based on 50% of the officer's pay at the time of disablement, reduced by any Social Security disability benefits payable for the same illness or injury. If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had he been retired at the time of his death. A member's benefits vest upon completion of 12 years of service. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination. The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit multiplied by the ratio of the number of years and completed months of service to date to the total number of years and completed months of service projected at normal retirement. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

Municipal Employees' Defined Benefit Pension Plan: The Plan provides retirement, death, and disability to the plan members and their beneficiaries. A member is eligible for normal retirement after attainment of age 65 and completion of 10 years of employment. The normal retirement pension is payable during the member's lifetime. Other forms of payment are available at retirement. The amount of monthly pension is equal to 50% of average monthly. Average monthly pay is based on the last 36 months of employment. If a member continues working after his normal retirement date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued as of the member's normal retirement date actuarially increased to his/her actual retirement date. If a member is eligible for retirement at the time of death, a death benefit is payable to his surviving spouse, provided the surviving spouse is not remarried, or to dependent children under the age of 18 equal to 100% of the benefit the member would have been receiving had he been retired at the time of his death and elected the joint and 100% survivor option. A member's benefits vest upon completion of 5 years of service. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination. Service prior to age 21 is excluded. The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit multiplied by the ratio of the number of years and completed months of service to date to the total number of years and completed months of service projected at normal retirement. Benefit provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings.

PENNDDEL BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other Information (Continued)

C. Defined benefit pension plans (continued)

Measurement Focus and Basis of Accounting

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

Method Used to Value Investments: Pension Plan investments are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

Contributions

Municipal employee members contribute 3% of pay, and Police members contribute 4% of their pay. Interest is credited to each member's account annually at 6% annual interest for both plans. Contributions are determined on an annual basis. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

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

The Borough's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Borough funds. The Borough received state aid, which is recognized as revenue and expenses, in the amount of \$23,312 for the pensions for the year ended December 31, 2023.

PENNDDEL BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other Information (Continued)

C. *Defined benefit pension plans (continued)*

Investments

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

Rate of Return: For the year ended December 31, 2023, the annual money-weighted rate of return on Plan investments, net of investment expense was 14.94 percent for the Municipal Employees’ Pension Plan and 14.99 percent for the Police Pension Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

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

	<u>Police</u>	<u>Municipal Employees</u>
Total pension liability	\$ 153,941	\$ 430,263
Plan fiduciary net position	(184,963)	(475,396)
Net Pension Liability	<u>\$ (31,022)</u>	<u>\$ (45,133)</u>
Plan fiduciary net position as a percentage of the total pension liability	120%	110%

Actuarial Assumptions: The total pension liability in the January 1, 2021 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>Police</u>	<u>Municipal Employees</u>	
Inflation	3.0%	3.0%	
Salary increases	5.0%	5.0%	(average, including inflation)
Investment rate of return	7.5%	7.5%	(including inflation)
Postretirement cost of living increase	0.0%	0.0%	

PENNDDEL BOROUGH
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other Information (Continued)

C. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

Mortality rates were based on the PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into this table are rates for projected generationally using MP-2021 to reflect mortality improvement.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2021 to December 31, 2022.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2021 as summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	60%	5.50% - 7.50%
Fixed Income	37%	1.00% - 3.00%
Cash	3%	0.00% - 1.00%

Discount Rate: The discount rate used to measure the total pension liability was 7.5% for the Municipal Employees and Police Pension Plans. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other Information (Continued)

C. *Defined benefit pension plans (continued)*

Net Pension Liability (continued)

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<u>Police Pension Plan</u>			
Balance at December 31, 2022	\$ 140,608	\$ 166,097	\$ (25,489)
Changes for the year:			
Service cost	11,785	-	11,785
Interest	11,104	-	11,104
Change of benefit terms	-	-	-
Differences between expected and actual experience	865	-	865
Change of assumptions	-	-	-
Contributions - employer	-	8,970	(8,970)
Contributions - employee	-	2,248	(2,248)
Net investment income	-	24,169	(24,169)
Benefit payments, including refunds of employee contributions	(10,421)	(10,421)	-
Administrative expense	-	(6,100)	6,100
Other changes	-	-	-
Net Changes	13,333	18,866	(5,533)
Balance at December 31, 2023	\$ 153,941	\$ 184,963	\$ (31,022)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<u>Non-Uniformed Pension Plan</u>			
Balance at December 31, 2022	\$ 446,593	\$ 400,963	\$ 45,630
Changes for the year:			
Service cost	14,315	-	14,315
Interest	30,018	-	30,018
Change of benefit terms	-	-	-
Differences between expected and actual experience	(60,663)	-	(60,663)
Change of assumptions	-	-	-
Contributions - employer	-	16,257	(16,257)
Contributions - employee	-	2,928	(2,928)
Net investment income	-	60,348	(60,348)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(5,100)	5,100
Other changes	-	-	-
Net Changes	(16,330)	74,433	(90,763)
Balance at December 31, 2023	\$ 430,263	\$ 475,396	\$ (45,133)

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other Information (Continued)

C. *Defined benefit pension plans (continued)*

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

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability (asset)	<u>(6.5%)</u>	<u>(7.5%)</u>	<u>(8.5%)</u>
Police	\$ (12,446)	\$ (31,022)	\$ (46,650)
Municipal employees	(512)	(45,133)	(83,684)

Pension Expense and Deferred Outflows and Inflows of Resources: For the year ended December 31, 2023, the Borough recognized pension expense of \$22,318 for the Municipal Employees' Pension Plan and \$10,168 for the Police Pension Plan. At December 31, 2023, the Borough has deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Police Pension</u>		
Differences between expected and actual experience	\$ 2,179	\$ 30,820
Changes in assumptions	4,081	-
Net difference between projected and actual earnings on pension plan investments	<u>12,708</u>	<u>-</u>
Total	<u>\$ 18,968</u>	<u>\$ 30,820</u>
<u>Non-Uniformed Pension</u>		
Differences between expected and actual experience	\$ 7,381	\$ 75,635
Changes in assumptions	11,094	-
Net difference between projected and actual earnings on pension plan investments	<u>28,326</u>	<u>-</u>
Total	<u>\$ 46,801</u>	<u>\$ 75,635</u>

PENNDDEL BOROUGH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

IV. Other Information (Continued)

C. *Defined benefit pension plans (continued)*

Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Since the statements are prepared on the modified cash basis of accounting, no amounts have been reported on the statement of financial position for the above items.

1. *Change in assumptions* is reported in the government-wide statement of net position. A net difference results when actuarial assumptions are changed. This amount is deferred and amortized over a ten-year period.
2. *Differences between expected and actual experience on pension plan liability* is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized as resources in the period that the amounts become available.
3. *Net difference between projected and actual earnings on pension plan investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five-year period.

PENNDDEL BOROUGH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. Other Information (Continued)

C. Defined benefit pension plans (continued)

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

Year Ended		
<u>December 31:</u>	<u>Police</u>	<u>Non-Uniformed</u>
2022	\$ (6,161)	\$ (2,847)
2023	(10,454)	(9,401)
2024	(7,196)	(3,895)
2025	(4,870)	1,123
2026	(3,645)	3,692
Thereafter	<u>(14,403)</u>	<u>(37,931)</u>
Total	<u>\$ (46,729)</u>	<u>\$ (49,259)</u>

Payable to the Pension Plan: For the year ended December 31, 2023, there were no amounts payable to either plan.

D. Escrow cash deposits and investments

The Borough acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Borough and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Borough. At December 31, 2023, \$74,942 represents the balance of these monies held in escrow.

**REQUIRED
SUPPLEMENTARY INFORMATION**

PENNDDEL BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability					
Service cost	\$ 11,785	\$ 11,543	\$ 10,993	\$ 10,170	\$ 9,686
Interest	11,104	10,173	9,385	8,556	7,977
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	865	-	1,926	-	(52,835)
Changes of assumptions	-	-	-	-	6,996
Benefit payments, including refunds of employee contributions	<u>(10,421)</u>	<u>(10,421)</u>	<u>(10,421)</u>	<u>(10,421)</u>	<u>(10,421)</u>
Net change in total pension liability	13,333	11,295	11,883	8,305	(38,597)
Total pension liability - beginning	<u>140,608</u>	<u>129,313</u>	<u>117,430</u>	<u>109,125</u>	<u>147,722</u>
Total pension liability - ending (a)	<u>\$ 153,941</u>	<u>\$ 140,608</u>	<u>\$ 129,313</u>	<u>\$ 117,430</u>	<u>\$ 109,125</u>
Plan fiduciary net position					
Contributions - employer	\$ 8,970	\$ 8,419	\$ 7,064	\$ 5,175	\$ 4,872
Contributions - employee	2,248	2,153	2,081	1,995	1,877
Net investment income	24,169	(30,208)	19,782	23,906	27,069
Benefit payments, including refunds of employee contributions	(10,421)	(10,421)	(10,421)	(10,421)	(10,421)
Administrative expense	(6,100)	(2,575)	(4,800)	(2,250)	(4,650)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	18,866	(32,632)	13,706	18,405	18,747
Plan fiduciary net position - beginning	<u>166,097</u>	<u>198,729</u>	<u>185,023</u>	<u>166,618</u>	<u>147,871</u>
Plan fiduciary net position - ending (b)	<u>\$ 184,963</u>	<u>\$ 166,097</u>	<u>\$ 198,729</u>	<u>\$ 185,023</u>	<u>\$ 166,618</u>
Borough's net pension liability - ending (a)-(b)	<u>\$ (31,022)</u>	<u>\$ (25,489)</u>	<u>\$ (69,416)</u>	<u>\$ (67,593)</u>	<u>\$ (57,493)</u>
Plan fiduciary net position as a percentage of the total pension liability	120.2%	118.1%	153.7%	157.6%	152.7%
Covered payroll	\$ 88,154	\$ 78,232	\$ 76,172	\$ 73,626	\$ 71,830
Borough's net pension liability as a percentage of covered payroll	-35.2%	-32.6%	-91.1%	-91.8%	-80.0%
Annual money-weighted rate of return, net of investment expense	14.99%	-15.24%	11.07%	14.61%	19.32%

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

For the 1/1/23 valuation, Mortality rates were based on the PubS-2010 mortality table including rates for disabled retirees and contingent survivors. Incorporated into the table are rates

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	8,810	\$ 8,390	\$ 7,345	\$ 6,995	\$ 6,800
	11,328	11,157	10,333	9,796	8,947
	-	-	-	-	-
	-	3,671	-	-	4,650
	-	5,715	-	-	-
	<u>(10,421)</u>	<u>(25,217)</u>	<u>(10,421)</u>	<u>(10,421)</u>	<u>(10,421)</u>
	9,717	3,716	7,257	6,370	9,976
	<u>138,005</u>	<u>134,289</u>	<u>127,032</u>	<u>120,662</u>	<u>110,686</u>
\$	<u>147,722</u>	<u>\$ 138,005</u>	<u>\$ 134,289</u>	<u>\$ 127,032</u>	<u>\$ 120,662</u>
\$	1,629	\$ 6,148	\$ 8,598	\$ 7,767	\$ 8,273
	1,194	1,620	2,142	2,276	2,193
	(8,561)	22,170	11,379	(1,674)	9,283
	<u>(10,421)</u>	<u>(25,217)</u>	<u>(10,421)</u>	<u>(10,421)</u>	<u>(10,421)</u>
	(1,925)	(4,475)	(1,900)	(3,050)	-
	-	-	-	-	-
	<u>(18,084)</u>	<u>246</u>	<u>9,798</u>	<u>(5,102)</u>	<u>9,328</u>
	<u>165,955</u>	<u>165,709</u>	<u>155,911</u>	<u>161,013</u>	<u>151,685</u>
\$	<u>147,871</u>	<u>\$ 165,955</u>	<u>\$ 165,709</u>	<u>\$ 155,911</u>	<u>\$ 161,013</u>
\$	<u>(149)</u>	<u>\$ (27,950)</u>	<u>\$ (31,420)</u>	<u>\$ (28,879)</u>	<u>\$ (40,351)</u>
	100.1%	120.3%	123.4%	122.7%	133.4%
\$	48,787	\$ -	\$ 76,926	\$ 82,741	\$ 63,568
	-0.3%	n/a	-40.8%	-34.9%	-63.5%
	-5.63%	14.30%	7.63%	-0.87%	6.78%

PENNDDEL BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability					
Service cost	\$ 14,315	\$ 15,807	\$ 15,054	\$ 14,400	\$ 13,714
Interest	30,018	31,158	27,881	24,935	22,190
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(60,663)	-	(704)	-	(79,430)
Changes of assumptions	-	-	-	-	22,652
Benefit payments, including refunds of employee contributions	-	-	-	-	-
Net change in total pension liability	(16,330)	46,965	42,231	39,335	(20,874)
Total pension liability - beginning	<u>446,593</u>	<u>399,628</u>	<u>357,397</u>	<u>318,062</u>	<u>338,936</u>
Total pension liability - ending (a)	<u>\$ 430,263</u>	<u>\$ 446,593</u>	<u>\$ 399,628</u>	<u>\$ 357,397</u>	<u>\$ 318,062</u>
Plan fiduciary net position					
Contributions - employer	\$ 16,257	\$ 15,414	\$ 17,037	\$ 16,523	\$ 23,030
Contributions - employee	2,928	2,885	2,923	2,863	2,863
Net investment income	60,348	(69,162)	43,168	50,378	47,782
Benefit payments, including refunds of employee contributions	-	-	-	-	-
Administrative expense	(5,100)	(2,575)	(4,800)	(2,250)	(4,650)
Other	-	-	-	-	-
Net change in plan fiduciary net position	74,433	(53,438)	58,328	67,514	69,025
Plan fiduciary net position - beginning	<u>400,963</u>	<u>454,401</u>	<u>396,073</u>	<u>328,559</u>	<u>259,534</u>
Plan fiduciary net position - ending (b)	<u>\$ 475,396</u>	<u>\$ 400,963</u>	<u>\$ 454,401</u>	<u>\$ 396,073</u>	<u>\$ 328,559</u>
Borough's net pension liability - ending (a)-(b)	<u>\$ (45,133)</u>	<u>\$ 45,630</u>	<u>\$ (54,773)</u>	<u>\$ (38,676)</u>	<u>\$ (10,497)</u>
Plan fiduciary net position as a percentage of the total pension liability	110.5%	89.8%	113.7%	110.8%	103.3%
Covered payroll	\$ 94,863	\$ 91,632	\$ 97,451	\$ 97,645	\$ 92,783
Borough's net pension liability as a percentage of covered payroll	-47.6%	49.8%	-56.2%	-39.6%	-11.3%
Annual money-weighted rate of return, net of investment expense	14.94%	-14.96%	10.85%	14.93%	17.95%

Notes to Schedule:

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

For the 1/1/23 valuation, Mortality rates were based on the PubG-2010 mortality table including rates for disabled retirees and contingent survivors. Incorporated into the table are rates

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 12,812	\$ 12,202	\$ 10,546	\$ 10,044	\$ 10,578
23,647	21,281	17,228	16,145	16,078
-	-	-	-	-
-	24,594	-	-	(13,504)
-	8,685	-	-	-
<u>-</u>	<u>(5,101)</u>	<u>(12,242)</u>	<u>(12,242)</u>	<u>(12,242)</u>
36,459	61,661	15,532	13,947	910
<u>302,477</u>	<u>240,816</u>	<u>225,284</u>	<u>211,337</u>	<u>210,427</u>
<u>\$ 338,936</u>	<u>\$ 302,477</u>	<u>\$ 240,816</u>	<u>\$ 225,284</u>	<u>\$ 211,337</u>

\$ 18,914	\$ 18,910	\$ 22,878	\$ 22,712	\$ 20,813
2,845	3,600	2,706	2,638	2,606
(13,059)	27,016	19,604	(2,246)	9,609
-	(5,101)	(12,242)	(12,242)	(12,242)
(2,400)	(4,525)	(5,000)	(3,350)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,300	39,900	27,946	7,512	20,786

<u>253,234</u>	<u>213,334</u>	<u>185,388</u>	<u>177,876</u>	<u>157,090</u>
<u>\$ 259,534</u>	<u>\$ 253,234</u>	<u>\$ 213,334</u>	<u>\$ 185,388</u>	<u>\$ 177,876</u>
<u>\$ 79,402</u>	<u>\$ 49,243</u>	<u>\$ 27,482</u>	<u>\$ 39,896</u>	<u>\$ 33,461</u>

76.6%	83.7%	88.6%	82.3%	84.2%
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\$ 85,996	\$ 85,996	\$ 86,160	\$ 87,945	\$ 74,762
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92.3%	57.3%	31.9%	45.4%	44.8%
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-5.63%	14.34%	7.92%	-1.06%	6.79%
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PENNDDEL BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

Fiscal year ended December 31,	Actuarially determined contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	\$ 8,273	\$ 8,273	\$ -	\$ 63,568	0.00%
2015	7,767	7,767	-	82,741	9.39%
2016	8,598	8,598	-	76,926	11.18%
2017	6,726	6,726	-	-	n/a
2018	1,629	1,629	-	48,787	3.34%
2019	4,872	4,872	-	71,830	6.78%
2020	5,175	5,175	-	73,626	7.03%
2021	7,064	7,064	-	76,172	9.27%
2022	8,419	8,419	-	78,232	10.76%
2023	8,970	8,970	-	88,154	10.18%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date:	1/1/2021
Actuarial cost method	Entry age normal
Amortization method	Level dollar - closed
Remaining amortization period	N/A
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value
Inflation	3%
Salary increases	5%
Investment rate of return	7.5%
Retirement age	Normal Retirement Age
Mortality	PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using MP-2020 to reflect mortality improvement.

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

For the 1/1/23 valuation, Mortality rates were based on the PubS-2010 mortality table including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement

PENNDDEL BOROUGH

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - MUNICIPAL EMPLOYEES PENSION PLAN

Fiscal year ended December 31,	Actuarially determined contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	\$ 20,813	\$ 20,813	\$ -	\$ 74,762	27.84%
2015	22,712	22,712	-	87,945	25.83%
2016	22,878	22,878	-	86,160	26.55%
2017	20,575	20,575	-	85,996	23.93%
2018	18,914	18,914	-	88,678	21.33%
2019	23,030	23,030	-	92,783	24.82%
2020	16,523	16,523	-	97,645	16.92%
2021	17,037	17,037	-	97,451	17.48%
2022	15,414	15,414	-	91,632	16.82%
2023	16,257	16,257	-	94,863	17.14%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial valuation date:	1/1/2021
Actuarial cost method	Entry age normal
Amortization method	Level dollar - closed
Remaining amortization period	NA years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value
Inflation	3%
Salary increases	5%
Investment rate of return	7.5%
Retirement age	Normal Retirement Age
Mortality	PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using MP-2020 to reflect mortality improvement.

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

For the 1/1/23 valuation, Mortality rates were based on the PubG-2010 mortality table including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement

PENNDDEL BOROUGH

COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS

NON-MAJOR FUNDS

December 31, 2023

	<u>Fire Tax</u>	<u>Highway Aid</u>	<u>Total Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,605	\$ 34,764	\$ 41,369
TOTAL ASSETS	<u>\$ 6,605</u>	<u>\$ 34,764</u>	<u>\$ 41,369</u>
<u>LIABILITIES</u>			
Due to other funds	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>			
Restricted for:			
Fire	\$ 6,605	\$ -	\$ 6,605
Highways	-	34,764	34,764
TOTAL FUND BALANCES	<u>\$ 6,605</u>	<u>\$ 34,764</u>	<u>\$ 41,369</u>

PENNDDEL BOROUGH

COMBINING STATEMENT OF CHANGES IN NET POSITION - MODIFIED CASH BASIS

NON-MAJOR FUNDS

December 31, 2023

	<u>Fire Tax</u>	<u>Highway Aid</u>	<u>Total Non-Major Governmental Funds</u>
Revenues			
Taxes:			
Property	\$ 55,039	\$ -	\$ 55,039
Investment income and rent	-	2,237	2,237
Intergovernmental revenues	-	62,172	62,172
Other	-	1,094	1,094
Total Revenues	<u>55,039</u>	<u>65,503</u>	<u>120,542</u>
Expenditures			
Current:			
Public safety	53,463	-	53,463
Highways and roads	-	46,705	46,705
Total Expenditures	<u>53,463</u>	<u>46,705</u>	<u>100,168</u>
Excess (Deficiency) of Revenues Over Expenditures	1,576	18,798	20,374
Other Financing Sources (Uses)			
Transfers in	-	3,996	3,996
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,996</u>	<u>3,996</u>
Net Change in Fund Balances	1,576	22,794	24,370
Fund Balance - Beginning	<u>5,029</u>	<u>11,970</u>	<u>16,999</u>
Fund Balance - Ending	<u>\$ 6,605</u>	<u>\$ 34,764</u>	<u>\$ 41,369</u>

PENNDDEL BOROUGH

COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS FIDUCIARY

FUNDS

December 31, 2023

	Pension Trust Funds		
	<u>Police Pension</u>	<u>Municipal Pension</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 4,797	\$ 17,713	\$ 22,510
Investments, at fair value			
Exchange Traded Funds (ETFs)	180,167	457,683	637,850
Mutual funds	-	-	-
Total Current Assets	<u>184,964</u>	<u>475,396</u>	<u>660,360</u>
 TOTAL ASSETS	 <u>\$ 184,964</u>	 <u>\$ 475,396</u>	 <u>\$ 660,360</u>
 <u>NET POSITION</u>			
Net Position Restricted for Pension Benefits	<u>\$ 184,964</u>	<u>\$ 475,396</u>	<u>\$ 660,360</u>

PENNDDEL BOROUGH
COMBINING STATEMENT CHANGES IN NET POSITION
MODIFIED CASH BASIS

FIDUCIARY FUNDS

For the Year Ended December 31, 2023

	<u>Pension Trust Funds</u>		
	<u>Police Pension</u>	<u>Municipal Pension</u>	<u>Total</u>
Additions			
Contributions			
Member contributions	\$ 2,249	\$ 2,928	\$ 5,177
Municipal contributions	-	1,915	1,915
State contributions	<u>8,970</u>	<u>14,342</u>	<u>23,312</u>
Total Contributions	<u>11,219</u>	<u>19,185</u>	<u>30,404</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	19,776	45,125	64,901
Interest and dividends	<u>5,221</u>	<u>17,063</u>	<u>22,284</u>
Total Investment Income	24,997	62,188	87,185
Less: investment expense	<u>(811)</u>	<u>(1,839)</u>	<u>(2,650)</u>
Net Investment Income	<u>24,186</u>	<u>60,349</u>	<u>84,535</u>
Total Additions	<u>35,405</u>	<u>79,534</u>	<u>114,939</u>
Deductions			
Administrative expense	6,100	5,100	11,200
Benefits	<u>10,438</u>	-	<u>10,438</u>
Total Deductions	<u>16,538</u>	<u>5,100</u>	<u>21,638</u>
Change in Net Position	18,867	74,434	93,301
Net Position Restricted for Pension Benefits:			
Beginning of Year	<u>166,097</u>	<u>400,962</u>	<u>567,059</u>
End of Year	<u>\$ 184,964</u>	<u>\$ 475,396</u>	<u>\$ 660,360</u>