

CALN TOWNSHIP

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2023

INTRODUCTORY SECTION

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Commissioners
Caln Township
Thorndale, Pennsylvania

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Caln Township, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (GAS), issued by the Comptroller General of the United States. 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 Caln Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

To the Board of Commissioners
Caln Township
Thorndale, Pennsylvania

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

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, 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 Caln Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Caln Township's ability to continue as a going concern for a reasonable period of time.

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

To the Board of Commissioners
Caln Township
Thorndale, Pennsylvania

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 17, pension plan information on pages 69 through 73, and other postemployment benefit plan information on page 74 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Caln Township's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2024 on our consideration of Caln Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Caln Township's internal control over financial reporting and compliance.



Limerick, Pennsylvania
October 8, 2024

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

This discussion and analysis of Caln Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2023. The intent of this discussion and analysis is to look at the Township's financial performance as a whole. Readers should also review the transmittal letter, notes to the financial statements and financial statements.

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

FINANCIAL HIGHLIGHTS

Revenue for the General Fund totaled \$9,466,245 million in 2023 compared to \$8,790,911 million in 2021. While year over year the nominal increase was anticipated due to budgetary forecasts, the most notable variances included increases in the collection of interest and intergovernmental revenue. Revenue sources are expected to remain level for 2023.

Expenditures for the General Fund totaled \$7,145,806 million in 2023 compared to \$7,068,581 million in 2022. The \$77,225 increase in expenditures represents common factors in the cost of operations.

The total net position (assets and deferred outflows of resources, less liabilities and deferred inflows of resources) of the Township's Primary Government, were \$26.6 million at the end of 2023 - an increase of \$2.9 million from the end of 2022. Fund balance at year end was \$14.97 million in 2023 and \$15.45 million in 2022 respectively. Unassigned Fund Balance also increased by \$1.65 million.

Currently the Township financial statement reflects strong performance with sound and stable practices.

OVERVIEW OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with GASB Statement No. 34 and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

Government-Wide Financial Statements

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the Township's overall financial status.

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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

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

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

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

- Governmental Activities - All of the Township's basic services are included here, such as public safety, public works, and administration. Property taxes, state grants, and charges for services finance most of these activities.
- Business-Type Activities - The Township runs a golf-course and charges fees to players to cover the costs of operations.
- Component Unit - The Township has a related Municipal Authority that operates a sewer system and charges fees to customers for operational expenses and tapping fees from new construction for capital related costs.

Fund Level Financial Statements

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

- Governmental Funds - Most of the Township's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

- Proprietary Funds*** - These funds are used to account for Township activities that are similar to business operations in the private sector, or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the Township charges customers for services it provides - whether to outside customers or to other units in the Township - these services are generally reported in proprietary funds. The Golf Course and Solid Waste operations are the Township's proprietary funds and are the same as the business-type activities we report in the government-wide statements.
- Fiduciary Funds*** - The Township is the trustee, or fiduciary, for the pension plans and escrow funds. All of the Township's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP - GOVERNMENT-WIDE STATEMENTS

The Township's net position from governmental activities increased from \$23,697,498 in 2022 to \$26,578,790 in 2023. The net position increased primarily due to the increase in current assets and increase in deferred outflows.

Table 1
Statement of Net Position
December 31, 2023 and 2022

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current assets	\$ 17,109,011	\$ 18,515,716	\$ 1,012,816	\$ 1,091,277	\$ 18,121,827	\$ 19,606,993
Net pension asset	-	-	-	126,003	-	126,003
Capital assets, net	21,675,251	19,397,118	2,276,659	1,916,324	23,951,910	21,313,442
TOTAL ASSETS	38,784,262	37,912,834	3,289,475	3,133,604	42,073,737	41,046,438
DEFERRED OUTFLOWS	1,624,843	1,591,429	66,271	28,841	1,691,114	1,620,270
LIABILITIES						
Current liabilities	1,090,315	2,465,742	71,859	169,991	1,162,174	2,635,733
Noncurrent liabilities	10,807,706	10,603,284	1,412,941	1,180,517	12,220,647	11,783,801
TOTAL LIABILITIES	11,898,021	13,069,026	1,484,800	1,350,508	13,382,821	14,419,534
DEFERRED INFLOWS	1,932,294	2,737,739	3,607	109,970	1,935,901	2,847,709
NET POSITION						
Invested in capital assets, not of related debt	14,552,421	14,828,819	890,206	607,577	15,442,627	15,436,396
Restricted	3,113,876	2,054,476	-	-	3,113,876	2,054,476
Unrestricted	8,912,493	6,814,203	977,133	1,094,390	9,889,626	7,908,593
TOTAL NET POSITION	\$ 26,578,790	\$ 23,697,498	\$ 1,867,339	\$ 1,701,967	\$ 28,446,129	\$ 25,399,465

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

GOVERNMENTAL FUNDS

Most of the Township's activities are reported in Governmental Funds. Governmental Funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental Funds include the General Fund, Fire Fund, Capital Reserve Fund, Liquid Fuels Fund, Street Light Fund, Open Space Fund, Equipment Fund, Police Forfeiture Fund, Stormwater Management Fund, Debt Tax Fund, Fire Equipment Fund, American Rescue Plan Act Fund, and 2022 Capital Projects Fund. By far, the most prominent fund is the General Fund.

STATEMENT OF ACTIVITIES OF GOVERNMENTAL ACTIVITIES

The results of this year's operations for all funds as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Township's activities that are supported by other Township general revenues. The largest revenues are property taxes, earned income taxes, local service taxes and the real estate transfer tax. The Township also collects a trash fee, which is reflected in the Solid Waste Fund, which was \$312 per year per household. Other activity charges include building permit and subdivision application fees, as well as, police citations, grants, and monies collected under the Street Light Fund, Golf Fund and Solid Waste Fund. The following table presents condensed financial information for the Statement of Activities in a different format, so that you can see our total revenues for the year.

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

Table 2
Changes in Net Position
Years Ended December 31, 2023 and 2022

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program services						
Charges for services	\$ 1,234,875	\$ 1,130,856	\$ 2,687,807	\$ 2,496,744	\$ 3,922,682	\$ 3,627,600
Operating grants and contributions	2,829,293	1,530,507	201,640	70,449	3,030,933	1,600,956
Capital grants and contributions	59,500	-	-	-	59,500	-
General revenues						
Property taxes	4,023,614	3,799,001	-	-	4,023,614	3,799,001
Other taxes	3,555,046	3,680,698	-	-	3,555,046	3,680,698
Other	1,211,845	989,384	722	1,092	1,212,567	990,476
TOTAL REVENUES	12,914,173	11,130,446	2,890,169	2,568,285	15,804,342	13,698,731
EXPENSES						
General government	25,353	21,277	-	-	25,353	21,277
Operating expenses	1,002,147	892,901	-	-	1,002,147	892,901
Public safety	3,099,609	3,471,521	-	-	3,099,609	3,471,521
Codes	571,821	538,085	-	-	571,821	538,085
Public works	3,054,212	1,377,775	-	-	3,054,212	1,377,775
Culture and recreation	208,034	173,169	-	-	208,034	173,169
Miscellaneous expenses	185,851	173,028	-	-	185,851	173,028
Pension expense	185,810	104,786	-	-	185,810	104,786
Interest on long-term debt	271,335	254,291	-	-	271,335	254,291
Unallocated depreciation	1,428,709	1,149,012	-	-	1,428,709	1,149,012
Solid waste	-	-	1,939,397	1,791,288	1,939,397	1,791,288
Golf course	-	-	785,400	610,457	785,400	610,457
TOTAL EXPENSES	10,032,881	8,155,845	2,724,797	2,401,745	12,757,678	10,557,590
CHANGE IN NET POSITION	\$ 2,881,292	\$ 2,974,601	\$ 165,372	\$ 166,540	\$ 3,046,664	\$ 3,141,141

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

General Fund

Revenue for the General Fund totaled \$9,466,245 in 2023 compared to \$8,790,911 in 2022. Revenues increased by \$675,334 primarily due to an increase in intergovernmental revenues and interest. We expect that revenue streams will be consistent or on the rise due to new township developments coming into fruition for 2023.

Expenditures for the General Fund totaled \$7,145,806 in 2023 compared to \$7,068,581 in 2022. Expenditures increased by \$77,225 primarily due to common factors in the cost of operations.

As of the end of 2023, the Township's General Fund reported an ending balance of \$7,783,770, an increase of \$1,620,188 as compared to 2022. The township cash flows are very stable with a sound financial condition going forward into 2024.

The following table summarizes the past eight years of earned income tax revenues. This revenue category has remained stable over the past 8 years.

Earned Income Tax Revenues 2016-2023

2016	\$ 2,243,900
2017	\$ 2,368,825
2018	\$ 2,336,520
2019	\$ 2,404,957
2020	\$ 2,475,650
2021	\$ 2,765,853
2022	\$ 2,769,576
2023	\$ 2,839,844

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

In 2016, the Township created a Fire Fund to account for the revenue and expenditures associated with providing fire protection services. The expenditures were previously accounted for in the General Fund. A fire tax of 0.5 mils was established and in 2017 it was increased to .6 mils. The mils have been unchanged since then and are still used to support the fire operations of the Thorndale Fire Company. In 2022, revenues were \$440,845 and expenditures were \$288,551, leaving a cumulative fund balance of \$55,604 going into 2023. Moving forward into 2023 while providing operational fire services the revenue were \$456,718 and expenditures and transfers were \$395,436 leaving a fund balance going into 2024 of \$116,886.

Ingleside Golf Club

On March 15, 2007, Caln Township purchased the Ingleside Golf Club on North Bailey Road. Ingleside Golf Club is 116 acres in size and contains 18 holes, a driving range, and a pro shop, as well as, a number of maintenance buildings. For 2023, operating revenue of \$800,206 exceeded operating expenditures of \$763,385 by \$38,821. When interest expense of \$22,015 and interest revenue and other miscellaneous revenue of \$26,887 are factored in, the Golf Club had a change in net position of \$41,693. The golf fund had net position of \$542,585 at the end of the year. The Township continues to explore ways to enhance revenue and control expenses.

Solid Waste Fund

In 2010, the solid waste operations of the Township became self-sustaining and were reclassified from a special revenue fund to an enterprise fund under business-type activities. For 2023, operating revenues of \$1,860,793 fell short of operating expenses of \$1,939,397 by \$78,604.

In 2010, the Fund had acquired 4,500 recycling bins which are shown as assets. Since the 2010 implementation of the larger recycling carts, the recycling rate has increased from 13% to 26% in 2019. In 2014, the Fund acquired 5,028 trash carts for all of its residents for \$267,173.

In 2019, 2018, 2017, 2016 and 2015, \$72,000, \$60,000, \$60,000, \$60,000 and \$75,000 respectively, was transferred to a Solid Waste Equipment Fund to provide for the future replacement of carts and recycle equipment.

The overall effect on net position in 2023 for the combined solid waste funds was an increase of \$123,679 leaving a balance of \$1,324,754 going forward into 2024.

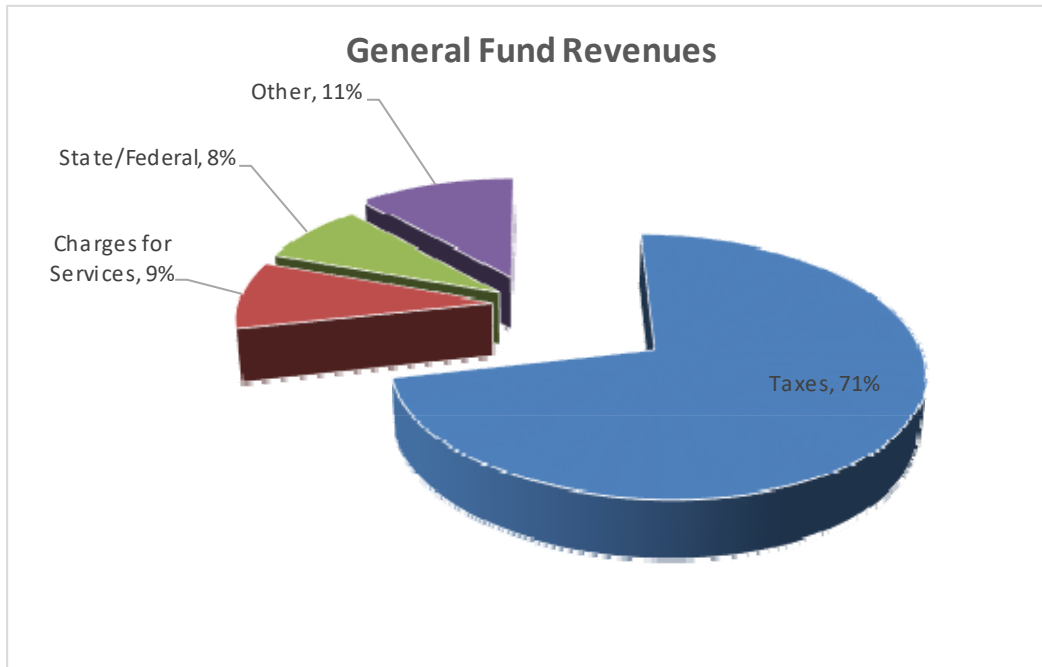
CALN TOWNSHIP**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)****YEAR ENDED DECEMBER 31, 2023****GENERAL FUND 2023 - 2022**

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 6,765,576	\$ 6,672,368	\$ 93,208
Licenses and permits	303,172	288,679	14,493
Fines and forfeits	27,145	36,875	(9,730)
Interest earned	272,468	53,418	219,050
Intergovernmental revenues	758,540	404,660	353,880
Charges for services	865,252	829,642	35,610
Transfer from Caln Municipal Authority	238,059	241,331	(3,272)
Miscellaneous revenues	236,033	263,938	(27,905)
TOTAL REVENUES	<u>9,466,245</u>	<u>8,790,911</u>	<u>675,334</u>
EXPENDITURES			
General government	25,353	18,754	6,599
Operating expenses	963,065	848,532	114,533
Public safety	3,110,829	3,082,870	27,959
Codes	571,821	538,085	33,736
Public works - highways	975,657	953,014	22,643
Culture and recreation	208,034	163,424	44,610
Pension	702,202	813,553	(111,351)
Miscellaneous expenditures	185,851	154,687	31,164
Debt service (principal and interest)	402,994	495,662	(92,668)
TOTAL EXPENDITURES	<u>7,145,806</u>	<u>7,068,581</u>	<u>77,225</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,320,439	1,722,330	598,109
OTHER FINANCING SOURCES (USES)	<u>(700,251)</u>	<u>(709,020)</u>	<u>8,769</u>
NET CHANGE IN FUND BALANCE	1,620,188	1,013,310	606,878
FUND BALANCE, beginning	<u>6,163,582</u>	<u>5,150,272</u>	<u>1,013,310</u>
FUND BALANCE, ending	<u>\$ 7,783,770</u>	<u>\$ 6,163,582</u>	<u>\$ 1,620,188</u>

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023



The graph above shows the General Fund revenues broken down into four major revenue sources: Taxes cover 71% of the General Fund revenues and are from the Real Estate Tax, Earned Income Tax, Local Services Tax and the Realty Transfer Tax. Approximately 9% of the funds are generated by charges for services including building permits, fees, and other charges; 8% of the funds came from the Commonwealth of Pennsylvania; and the remaining 11% came from other sources including licenses, fines and forfeits, interest earnings, transfer from the Authority, and miscellaneous sources.

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

2023 Summary of Governmental Funds

	General Fund	Capital Reserve Fund	American Rescue Plan Act Fund	2022 Capital Projects Fund	Other Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,187,920	\$ 326,604	\$ 564,754	\$ 3,775,817	\$ 3,344,176
Taxes receivable, net	731,279	-	-	-	20,894
Lease receivable	287,845	451,582	-	-	-
Accounts receivable	145,857	-	-	-	7,675
TOTAL ASSETS	\$ 8,352,901	\$ 778,186	\$ 564,754	\$ 3,775,817	\$ 3,372,745
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 69,899	\$ -	\$ 105,655	\$ 379,076	\$ 5,497
Accrued salaries and benefits	159,100	-	-	-	-
Unearned revenues	-	-	371,088	-	-
TOTAL LIABILITIES	228,999	-	476,743	379,076	5,497
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue, leases	271,460	421,426	-	-	-
Unavailable revenue, property taxes	68,672	-	-	-	19,428
TOTAL DEFERRED INFLOWS OF RESOURCES	340,132	421,426	-	-	19,428
FUND BALANCE					
Restricted	-	-	-	-	3,025,865
Assigned	-	356,760	88,011	3,396,741	321,955
Unassigned	7,783,770	-	-	-	-
TOTAL FUND BALANCE	7,783,770	356,760	88,011	3,396,741	3,347,820
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,352,901	\$ 778,186	\$ 564,754	\$ 3,775,817	\$ 3,372,745

In the previous table, Other Governmental Funds include the Fire Fund, Street Light Fund, Equipment Fund, Liquid Fuels Fund, Open Space Fund, Fire Equipment Fund, Police Forfeiture Fund, Stormwater Management Fund, and Debt Tax Fund.

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

CAPITAL ASSETS

At December 31, 2023, the Township had \$21,675,251 invested in a broad range of capital assets, including land, buildings and improvements, infrastructure, vehicles and machinery and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of 14.01% from last year. For governmental activities: construction in progress had a net decrease of \$1,069,030 for various projects completed during the year, building improvements increased by \$36,088 for the public works garage roof repair, infrastructure increased by \$4,184,591 for various road paving projects and bridge projects, vehicles increased by \$555,193 for (5) police vehicles and (4) public works vehicles and machinery and equipment increased \$478,845 for (1) leaf truck, golf carts and (2) mowers.

The following schedule depicts the capital assets for the period ended December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets				
Land	\$ 3,215,647	\$ -	\$ -	\$ 3,215,647
Construction in progress	1,397,359	276,032	(1,345,062)	328,329
Buildings and improvements	2,673,386	36,088	-	2,709,474
Infrastructure	29,290,418	4,184,591	-	33,475,009
Vehicles	4,674,827	555,193	-	5,230,020
Machinery and equipment	1,011,185	-	-	1,011,185
TOTAL CAPITAL ASSETS	<u>42,262,822</u>	<u>5,051,904</u>	<u>(1,345,062)</u>	<u>45,969,664</u>
Accumulated depreciation				
Buildings and improvements	(1,781,109)	(47,043)	-	(1,828,152)
Infrastructure	(16,602,466)	(1,037,478)	-	(17,639,944)
Vehicles	(3,691,435)	(309,423)	-	(4,000,858)
Machinery and equipment	(790,694)	(34,765)	-	(825,459)
TOTAL ACCUMULATED DEPRECIATION	<u>(22,865,704)</u>	<u>(1,428,709)</u>	<u>-</u>	<u>(24,294,413)</u>
NET CAPITAL ASSETS FOR GOVERNMENTAL ACTIVITIES	<u>\$ 19,397,118</u>	<u>\$ 3,623,195</u>	<u>\$ (1,345,062)</u>	<u>\$ 21,675,251</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets				
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Buildings and improvements	1,402,813	-	-	1,402,813
Machinery and equipment	1,176,669	321,695	(141,350)	1,357,014
Right to use leased equipment	-	157,150	-	157,150
TOTAL CAPITAL ASSETS	<u>3,579,482</u>	<u>478,845</u>	<u>(141,350)</u>	<u>3,916,977</u>
Accumulated depreciation/amortization				
Buildings and improvements	(634,500)	(41,691)	-	(676,191)
Machinery and equipment	(1,028,658)	(54,369)	141,350	(941,677)
Right to use leased equipment	-	(22,450)	-	(22,450)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	<u>(1,663,158)</u>	<u>(118,510)</u>	<u>141,350</u>	<u>(1,640,318)</u>
NET CAPITAL ASSETS FOR BUSINESS-TYPE ACTIVITIES	<u>\$ 1,916,324</u>	<u>\$ 360,335</u>	<u>\$ -</u>	<u>\$ 2,276,659</u>

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

DEBT ADMINISTRATION

As of December 31, 2023, the Township's governmental and business-type operations had a total outstanding bond principal of \$11,665,000. The 2019 Bond Issue included \$2,842,816 for the refinancing of the original debt at a lower interest rate, \$1,289,184 refinancing debt for the Ingleside Golf Course at a lower interest rate. The 2022 Bond Issue included \$7,913,000 to fund projects. The total debt amount represents 25% of the debt limit as determined by the formula included in the Local Government Unit Act. The total debt limit for the Township at December 31, 2023, is \$27,597,094. In 2021, the Township obtained a bank loan in the amount of \$131,334 to finance the Spackman Farm roof project. Other obligations include post-employment benefits of the Township. In 2023, Standard and Poor's completed their review of the Township's bond and informed Caln Township that its debt rating remains strong at a rating of AA. More detailed information about the Township's long-term liabilities is included in the Notes to the Financial Statements.

THE TOWNSHIP'S FUTURE

During the past few years, Caln Township and other municipalities have weathered an economic recession which affected revenues and demanded cautious budgeting. In spite of these difficulties the Township has preserved and even increased fund balances. Although we have seen the economy flatten through 2023, there are still a number of important issues for future budgeting:

- Monitoring economic trends and potential softening of revenue streams
- Consistency of revenue streams for all funds
- Capital project and equipment funding and an acceptable debt service strategy
- Further development of funding sources other than the local real estate taxes

FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Township Manager.

CALN TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government			Component
	Governmental	Business-Type	Totals	Unit
	Activities	Activities		Caln Township Municipal Authority
ASSETS				
Cash and cash equivalents	\$ 15,353,256	\$ 332,222	\$ 15,685,478	\$ 5,567,133
Receivables	892,959	677,392	1,570,351	1,006,990
Taxes receivable	752,173	-	752,173	-
Inventories	-	3,202	3,202	-
Prepaid expenses	-	-	-	83,331
Notes receivable from authority	110,623	-	110,623	-
EDU's held for resale	-	-	-	521,875
Capital assets				
Land	3,215,647	1,000,000	4,215,647	-
Construction in progress	328,329	-	328,329	-
Buildings and improvements, net	881,322	726,622	1,607,944	-
Machinery and equipment, net	185,726	415,337	601,063	-
Vehicles, net	1,229,162	-	1,229,162	-
Infrastructure, net	15,835,065	-	15,835,065	-
Right to use leased equipment, net	-	134,700	134,700	-
Sewer system, net	-	-	-	10,272,398
TOTAL ASSETS	38,784,262	3,289,475	42,073,737	17,451,727
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	1,624,843	66,271	1,691,114	-
LIABILITIES				
Accounts payable and accrued expenses	560,127	32,750	592,877	151,359
Payroll and withholding taxes payable	159,100	16,839	175,939	-
Unearned revenues	371,088	22,270	393,358	-
Long-term liabilities				
Portion due or payable within one year				
Notes payable	483,451	120,744	604,195	120,000
Finance purchase obligations	-	25,244	25,244	-
Lease liabilities	-	17,740	17,740	-
Note payable to township	-	-	-	55,312
Portion due or payable after one year				
Notes payable	10,036,120	1,049,880	11,086,000	2,230,000
Finance purchase obligations	-	35,830	35,830	-
Lease liabilities	-	137,015	137,015	-
Note payable to township	-	-	-	55,311
Net pension liability	281,333	26,488	307,821	-
Total OPEB liability	6,802	-	6,802	-
TOTAL LIABILITIES	11,898,021	1,484,800	13,382,821	2,611,982
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources, leases	692,886	-	692,886	-
Deferred inflows of resources, pension activity	1,239,408	3,607	1,243,015	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,932,294	3,607	1,935,901	-
NET POSITION				
Net investment in capital assets	14,552,421	890,206	15,442,627	7,922,398
Restricted	3,113,876	-	3,113,876	3,755,171
Unrestricted	8,912,493	977,133	9,889,626	3,162,176
TOTAL NET POSITION	\$ 26,578,790	\$ 1,867,339	\$ 28,446,129	\$ 14,839,745

See accompanying notes to the basic financial statements.

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CALN TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 25,353	\$ -	\$ -	\$ -
Operating expenses	1,002,147	360,418	1,118,478	-
Public safety	3,099,609	78,942	419,774	-
Codes	571,821	795,515	-	-
Public works	3,054,212	-	412,054	59,500
Culture and recreation	208,034	-	546,797	-
Miscellaneous	185,851	-	-	-
Pension expense	185,810	-	332,190	-
Interest on long-term debt	271,335	-	-	-
Unallocated depreciation	1,428,709	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	10,032,881	1,234,875	2,829,293	59,500
BUSINESS-TYPE ACTIVITIES				
Golf Course	785,400	827,014	-	-
Solid Waste	1,939,397	1,860,793	201,640	-
TOTAL BUSINESS-TYPE ACTIVITIES	2,724,797	2,687,807	201,640	-
TOTAL PRIMARY GOVERNMENT	\$ 12,757,678	\$ 3,922,682	\$ 3,030,933	\$ 59,500
COMPONENT UNIT				
Caln Township Municipal Authority	\$ 2,912,975	\$ 4,436,739	\$ -	\$ -
GENERAL REVENUES				
Taxes				
Real estate taxes, net				
Act 511 taxes				
Real estate transfer tax				
Franchise fees				
Earnings on investments				
Miscellaneous				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	Component Unit Cain Township Municipal Authority
\$ (25,353)	\$ -	\$ (25,353)	\$ -
476,749	-	476,749	-
(2,600,893)	-	(2,600,893)	-
223,694	-	223,694	-
(2,582,658)	-	(2,582,658)	-
338,763	-	338,763	-
(185,851)	-	(185,851)	-
146,380	-	146,380	-
(271,335)	-	(271,335)	-
(1,428,709)	-	(1,428,709)	-
(5,909,213)	-	(5,909,213)	-
-	41,614	41,614	-
-	123,036	123,036	-
-	164,650	164,650	-
(5,909,213)	164,650	(5,744,563)	-
-	-	-	1,523,764
4,023,614	-	4,023,614	-
3,097,188	-	3,097,188	-
457,858	-	457,858	-
251,375	-	251,375	-
634,795	722	635,517	-
325,675	-	325,675	-
8,790,505	722	8,791,227	-
2,881,292	165,372	3,046,664	1,523,764
23,697,498	1,701,967	25,399,465	13,315,981
\$ 26,578,790	\$ 1,867,339	\$ 28,446,129	\$ 14,839,745

CALN TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Capital Reserve Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 7,187,920	\$ 326,604
Taxes receivable, net	731,279	-
Lease receivable	287,845	451,582
Accounts receivable	<u>145,857</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 8,352,901</u></u>	<u><u>\$ 778,186</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 69,899	\$ -
Accrued salaries and benefits	159,100	-
Unearned revenues	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>228,999</u>	<u>-</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue, leases	271,460	421,426
Unavailable revenue, property taxes	<u>68,672</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>340,132</u>	<u>421,426</u>
 FUND BALANCES		
Restricted for		
Fire protection	-	-
Street lights	-	-
Highways and streets	-	-
Open space	-	-
Stormwater management	-	-
Debt tax	-	-
American Rescue Plan	-	-
Assigned, capital improvements	-	356,760
Unassigned	<u>7,783,770</u>	<u>-</u>
TOTAL FUND BALANCES	<u>7,783,770</u>	<u>356,760</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 8,352,901</u></u>	<u><u>\$ 778,186</u></u>

See accompanying notes to the basic financial statements.

American Rescue Plan Act Fund	2022 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 564,754	\$ 3,775,817	\$ 3,344,176	\$ 15,199,271
-	-	20,894	752,173
-	-	-	739,427
-	-	7,675	153,532
\$ 564,754	\$ 3,775,817	\$ 3,372,745	\$ 16,844,403
\$ 105,655	\$ 379,076	\$ 5,497	\$ 560,127
-	-	-	159,100
371,088	-	-	371,088
476,743	379,076	5,497	1,090,315
-	-	-	692,886
-	-	19,428	88,100
-	-	19,428	780,986
-	-	719,899	719,899
-	-	1,824	1,824
-	-	500,767	500,767
-	-	1,311,228	1,311,228
-	-	135,521	135,521
-	-	356,626	356,626
88,011	-	-	88,011
-	3,396,741	321,955	4,075,456
-	-	-	7,783,770
88,011	3,396,741	3,347,820	14,973,102
\$ 564,754	\$ 3,775,817	\$ 3,372,745	\$ 16,844,403

CALN TOWNSHIP
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ <u>14,973,102</u>
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements but are reported in the governmental activities of the statement of net position. Those assets consist of:</p>	
Land	3,215,647
Construction in progress	328,329
Buildings and improvements, net of accumulated depreciation of \$1,828,152	881,322
Machinery and equipment, net of accumulated depreciation of \$825,459	185,726
Vehicles, net of accumulated depreciation of \$4,000,858	1,229,162
Infrastructure, net of accumulated depreciation of \$17,639,944	15,835,065
	<u>21,675,251</u>
<p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statements but are reported in the statement of net position of the governmental activities.</p>	
	110,623
<p>Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.</p>	
	88,100
<p>Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.</p>	
	385,435
<p>Internal service funds are used by management to charge the costs of unemployment claims and other post-employment benefits to the governmental activities. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.</p>	
	153,985
<p>Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in Governmental Funds but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net position. Balances at December 31, 2023, are:</p>	
Bonds and notes payable	(10,519,571)
Net pension liability	(281,333)
Total OPEB liability	(6,802)
	<u>(10,807,706)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>26,578,790</u></u>

See accompanying notes to the basic financial statements.

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CALN TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2023

	General Fund	Capital Reserve Fund
REVENUES		
Taxes	\$ 6,765,576	\$ -
Licenses and permits	303,172	-
Fines and forfeits	27,145	-
Interest earned	272,468	428
Intergovernmental revenues	758,540	-
Charges for services	865,252	-
Charges for services - Caln Township		
Municipal Authority	238,059	-
Miscellaneous revenues	236,033	74,699
TOTAL REVENUES	<u>9,466,245</u>	<u>75,127</u>
EXPENDITURES		
General government	25,353	2,709
Operating expenses	963,065	-
Public safety	3,110,829	-
Codes	571,821	-
Public works, highways and streets	975,657	-
Culture and recreation	208,034	-
Pension	702,202	-
Debt service	402,994	56,389
Miscellaneous expenditures	185,851	-
TOTAL EXPENDITURES	<u>7,145,806</u>	<u>59,098</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,320,439</u>	<u>16,029</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	67,124	-
Transfers out	(767,375)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(700,251)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,620,188	16,029
FUND BALANCES AT BEGINNING OF YEAR	<u>6,163,582</u>	<u>340,731</u>
FUND BALANCES AT END OF YEAR	<u>\$ 7,783,770</u>	<u>\$ 356,760</u>

See accompanying notes to the basic financial statements.

American Rescue Plan Act Fund	2022 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 822,137	\$ 7,587,713
-	-	-	303,172
-	-	-	27,145
69,209	265,169	27,314	634,588
1,111,902	59,500	958,851	2,888,793
-	-	-	865,252
-	-	-	238,059
-	-	67,565	378,297
<u>1,181,111</u>	<u>324,669</u>	<u>1,875,867</u>	<u>12,923,019</u>
-	-	-	28,062
-	-	2,610	965,675
-	-	546,015	3,656,844
-	-	-	571,821
1,081,561	3,494,966	589,567	6,141,751
-	-	44,590	252,624
-	-	-	702,202
-	-	435,476	894,859
-	-	-	185,851
<u>1,081,561</u>	<u>3,494,966</u>	<u>1,618,258</u>	<u>13,399,689</u>
<u>99,550</u>	<u>(3,170,297)</u>	<u>257,609</u>	<u>(476,670)</u>
-	-	872,832	939,956
-	-	(172,581)	(939,956)
-	-	700,251	-
99,550	(3,170,297)	957,860	(476,670)
<u>(11,539)</u>	<u>6,567,038</u>	<u>2,389,960</u>	<u>15,449,772</u>
<u>\$ 88,011</u>	<u>\$ 3,396,741</u>	<u>\$ 3,347,820</u>	<u>\$ 14,973,102</u>

CALN TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (476,670)
Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$3,706,842) exceeds depreciation (\$1,428,709) in the current period.	2,278,133
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(9,053)
Expenditures in the statement of activities that do not use current financial resources are not reported as expenditures in the funds.	(55,313)
Change in net position of the internal service fund reported in the governmental activities.	8,141
The issuance of long-term debt (e.g., bonds, notes, finance purchase obligations) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	615,766
Pension and OPEB expenses in the statement of activities differs from the amount reported in the governmental funds because the pension/OPEB expense is recognized based on the asset to the plans, whereas pension/OPEB expenditures in the governmental funds are based on the amount actually paid.	<u>520,288</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,881,292</u>

See accompanying notes to the basic financial statements.

CALN TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE--BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 6,615,181	\$ 6,615,181	\$ 6,765,576	\$ 150,395
Licenses and permits	304,500	304,500	303,172	(1,328)
Fines and forfeits	45,000	45,000	27,145	(17,855)
Interest earned	16,000	16,000	272,468	256,468
Intergovernmental revenues	391,817	391,817	758,540	366,723
Charges for services	613,755	613,755	865,252	251,497
Charges for services - Caln Township				
Municipal Authority	238,059	238,059	238,059	-
Miscellaneous revenues	268,250	268,250	236,033	(32,217)
TOTAL REVENUES	<u>8,492,562</u>	<u>8,492,562</u>	<u>9,466,245</u>	<u>973,683</u>
EXPENDITURES				
General government	30,494	30,494	25,353	5,141
Operating expenses	1,053,707	1,053,707	963,065	90,642
Public safety	3,412,320	3,412,320	3,110,829	301,491
Codes	442,889	442,889	571,821	(128,932)
Public works, highways and streets	1,221,398	1,221,398	975,657	245,741
Culture and recreation	226,600	226,600	208,034	18,566
Pension	701,963	701,963	702,202	(239)
Debt service (principal and interest)	375,526	375,526	402,994	(27,468)
Miscellaneous expenditures	428,000	428,000	185,851	242,149
TOTAL EXPENDITURES	<u>7,892,897</u>	<u>7,892,897</u>	<u>7,145,806</u>	<u>747,091</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>599,665</u>	<u>599,665</u>	<u>2,320,439</u>	<u>1,720,774</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	67,124	67,124	67,124	-
Transfers out	(666,789)	(666,789)	(767,375)	(100,586)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(599,665)</u>	<u>(599,665)</u>	<u>(700,251)</u>	<u>(100,586)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>1,620,188</u>	<u>\$ 1,620,188</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>6,163,582</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 7,783,770</u>	

CALN TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	<u>Golf Course Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ -	\$ 332,222	\$ 332,222	\$ 153,985
Accounts receivable	-	677,392	677,392	-
Inventory	3,202	-	3,202	-
TOTAL CURRENT ASSETS	<u>3,202</u>	<u>1,009,614</u>	<u>1,012,816</u>	<u>153,985</u>
NONCURRENT ASSETS				
Land	1,000,000	-	1,000,000	-
Buildings and improvements	1,379,841	22,972	1,402,813	-
Machinery and equipment	478,662	878,352	1,357,014	-
Less: accumulated depreciation	(1,044,099)	(573,769)	(1,617,868)	-
Right to use leased equipment	157,150	-	157,150	-
Less: accumulated amortization	(22,450)	-	(22,450)	-
TOTAL NONCURRENT ASSETS	<u>1,949,104</u>	<u>327,555</u>	<u>2,276,659</u>	<u>-</u>
TOTAL ASSETS	<u>1,952,306</u>	<u>1,337,169</u>	<u>3,289,475</u>	<u>153,985</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	54,534	11,737	66,271	-
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	17,263	15,487	32,750	-
Accrued salaries and benefits	13,381	3,458	16,839	-
Deferred revenue	22,270	-	22,270	-
Current portion of finance purchase obligations	25,244	-	25,244	-
Current portion of lease liabilities	17,740	-	17,740	-
Current portion of notes payable	120,744	-	120,744	-
TOTAL CURRENT LIABILITIES	<u>216,642</u>	<u>18,945</u>	<u>235,587</u>	<u>-</u>
NONCURRENT LIABILITIES				
Finance purchase obligations	35,830	-	35,830	-
Lease liabilities	137,015	-	137,015	-
Notes payable	1,049,880	-	1,049,880	-
Net pension liability	21,920	4,568	26,488	-
TOTAL NONCURRENT LIABILITIES	<u>1,244,645</u>	<u>4,568</u>	<u>1,249,213</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,461,287</u>	<u>23,513</u>	<u>1,484,800</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	2,968	639	3,607	-
NET POSITION				
Net investment in capital assets	562,651	327,555	890,206	-
Unrestricted	(20,066)	997,199	977,133	153,985
TOTAL NET POSITION	<u>\$ 542,585</u>	<u>\$ 1,324,754</u>	<u>\$ 1,867,339</u>	<u>\$ 153,985</u>

See accompanying notes to the basic financial statements.

CALN TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Golf Course Fund	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 800,206	\$ 1,860,793	\$ 2,660,999	\$ 13,000
OPERATING EXPENSES				
Salaries and wages	295,089	84,098	379,187	-
Employee benefits	22,977	6,766	29,743	5,066
Contractor expenses	-	1,236,105	1,236,105	-
Fees	-	366,752	366,752	-
Supplies	165,563	-	165,563	-
Maintenance	87,693	-	87,693	-
Utilities	20,199	-	20,199	-
Administrative and general	82,148	208,184	290,332	-
Pension adjustment	7,869	829	8,698	-
Depreciation and amortization	81,847	36,663	118,510	-
TOTAL OPERATING EXPENSES	<u>763,385</u>	<u>1,939,397</u>	<u>2,702,782</u>	<u>5,066</u>
OPERATING INCOME (LOSS)	<u>36,821</u>	<u>(78,604)</u>	<u>(41,783)</u>	<u>7,934</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	201,640	201,640	-
Miscellaneous	26,808	-	26,808	-
Interest income	79	643	722	207
Interest expense	(22,015)	-	(22,015)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,872</u>	<u>202,283</u>	<u>207,155</u>	<u>207</u>
CHANGE IN NET POSITION	41,693	123,679	165,372	8,141
NET POSITION AT BEGINNING OF YEAR	<u>500,892</u>	<u>1,201,075</u>	<u>1,701,967</u>	<u>145,844</u>
NET POSITION AT END OF YEAR	<u>\$ 542,585</u>	<u>\$ 1,324,754</u>	<u>\$ 1,867,339</u>	<u>\$ 153,985</u>

See accompanying notes to the basic financial statements.

CALN TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Golf Course Fund	Solid Waste Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 800,206	\$ 1,690,135	\$ 2,490,341	\$ 13,000
Payments to suppliers	(347,091)	(1,805,620)	(2,152,711)	-
Payments to employees	(306,188)	(86,577)	(392,765)	(5,066)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>146,927</u>	<u>(202,062)</u>	<u>(55,135)</u>	<u>7,934</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants	-	201,640	201,640	-
Miscellaneous	26,808	-	26,808	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>26,808</u>	<u>201,640</u>	<u>228,448</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from financed purchase agreements	56,200	-	56,200	-
Proceeds from lease liabilities	157,150	-	157,150	-
Acquisition of capital assets	(86,020)	(235,675)	(321,695)	-
Acquisition of right to use leased equipment	(157,150)	-	(157,150)	-
Finance purchase agreements repayments	(14,689)	-	(14,689)	-
Principal payments on debt	(118,560)	-	(118,560)	-
Lease liability repayments	(2,395)	-	(2,395)	-
Interest paid on long-term debt	(22,015)	-	(22,015)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(187,479)</u>	<u>(235,675)</u>	<u>(423,154)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	79	643	722	207
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,665)	(235,454)	(249,119)	8,141
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
	<u>13,665</u>	<u>567,676</u>	<u>581,341</u>	<u>145,844</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ -</u>	<u>\$ 332,222</u>	<u>\$ 332,222</u>	<u>\$ 153,985</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 36,821	\$ (78,604)	\$ (41,783)	\$ 7,934
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation and amortization	81,847	36,663	118,510	-
Net pension asset adjustment	7,869	829	8,698	-
Change in assets and liabilities				
Accounts receivable	-	(170,658)	(170,658)	-
Accounts payable	16,381	6,250	22,631	-
Accrued payroll	4,009	3,458	7,467	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 146,927</u>	<u>\$ (202,062)</u>	<u>\$ (55,135)</u>	<u>\$ 7,934</u>

See accompanying notes to the basic financial statements.

CALN TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	<u>Police Pension Trust</u>	<u>Custodial Fund</u>
ASSETS		
Cash and cash equivalents	\$ 1,473,305	\$ 1,307,556
Investments	11,891,017	-
Receivables	8,358	-
TOTAL ASSETS	<u>13,372,680</u>	<u>1,307,556</u>
LIABILITIES		
Accounts payable	-	14,494
Benefits payable	60,171	-
Refunds payable	11,141	-
TOTAL LIABILITIES	<u>71,312</u>	<u>14,494</u>
NET POSITION		
Net position restricted for pension	13,301,368	-
Net position restricted for custodial fund	<u>-</u>	<u>1,293,062</u>
TOTAL NET POSITION	<u>\$ 13,301,368</u>	<u>\$ 1,293,062</u>

See accompanying notes to the basic financial statements.

CALN TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	Police Pension Trust	Custodial Fund
ADDITIONS		
Contributions		
Employer	\$ 525,085	\$ -
Member	97,617	-
Developer contributions	-	1,646,566
TOTAL CONTRIBUTIONS	<u>622,702</u>	<u>1,646,566</u>
Investment earnings		
Interest and dividends	223,951	34,401
Net increase in fair value of investments	920,557	-
TOTAL INVESTMENT EARNINGS	<u>1,144,508</u>	<u>34,401</u>
TOTAL ADDITIONS	<u>1,767,210</u>	<u>1,680,967</u>
DEDUCTIONS		
Benefit payments to retired plan participants	540,294	-
Administrative	75,605	-
Payments to developers	-	1,754,311
TOTAL DEDUCTIONS	<u>615,899</u>	<u>1,754,311</u>
CHANGE IN NET POSITION	1,151,311	(73,344)
NET POSITION AT BEGINNING OF YEAR	<u>12,150,057</u>	<u>1,366,406</u>
NET POSITION AT END OF YEAR	<u>\$ 13,301,368</u>	<u>\$ 1,293,062</u>

See accompanying notes to the basic financial statements.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Caln Township (the "Township") conform to United States generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies.

Scope of Reporting Entity

The Township is the basic level of government which has oversight responsibility and control over all activities related to the local government in the Township of Caln. The Township receives funding from local, county, and Commonwealth government sources and must comply with the requirements of these funding source entities. However, the Township is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since the Township commissioners 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 primary accountability for fiscal matters.

The financial statements of Caln Township include the departments and other organizational units over which the Board of Commissioners exercises oversight responsibility.

Consistent with the guidance contained in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Township evaluated the possible inclusion of related entities (authorities, boards, councils, etc.) within its reporting entity based on financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Township reviewed the applicability of the criteria listed below.

The Township is financially accountable for:

- Organizations that make up the legal Township entity.

Legally separate organizations if Township officials appoint a voting majority of the organization's governing body and the Township is able 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 Township as defined below.

Impose Its Will - If the Township can significantly influence the programs, projects, or activities of or the level of services performed or provided by the organization.

Financial Benefit or Burden - Exists if the Township (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Organizations that are fiscally dependent on the Township. Fiscal dependency is established if the organization is unable to adopt its budget without approval by the Township.

Based on the foregoing criteria, the reporting entity includes all the organizations for which the Township is financially accountable or for which there is a significant relationship.

In reviewing the criteria for inclusion in the financial statements, the Township considered the following:

- The Township has a corresponding Municipal Authority. The Authority is a component unit because the Township appoints the governing body of the Authority. The Authority is also considered a component unit because the Authority has the potential to provide financial benefits to, or impose financial burden on, the Township.

Caln Township Municipal Authority

The Authority is a municipal authority formed for the purpose of having oversight and approval authority over the Caln Township public sewer system and the power to hold, construction, finance, improve, maintain, operate, own, and lease the sewer system within Caln Township. The Authority receives funding through user fees, grants, borrowings, and other sources. All of the funds collected go towards programs of the Authority. The Authority is governed by a five-member Board. The Township has determined that the Authority is a component unit of Caln Township.

The Authority is presented in these financial statements as a discretely presented component unit. The Authority's financial information may be obtained at the Authority's office.

Pension Trust Funds

The Police Pension Plan is a single employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. Although the plan is a separate legal entity, it is reported as if it is part of the government as it is governed by the Board of Commissioners and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.

The Non-Uniformed Employees' Pension Plan is administered through the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer system that provides pensions for all regular full-time, non-uniformed employees. Although the plan is a separate legal entity, it is reported as if it is part of the government as it is governed by the Board of Commissioners and the Township is responsible for funding the plan.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements - The statement of net position and statement of activities display information about the Township. These financial statements include the financial activities of the primary government, except for Fiduciary Funds. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) fees, fines and 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.

Fund Financial Statements - The fund financial statements provide information about the Township's 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.

Proprietary Fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they will be used. The difference between governmental fund assets and liabilities is reported as fund balance. The general fund, capital reserve fund, American rescue plan act fund and 2022 capital projects fund are the Township's major governmental funds.

CALN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds generally account for the expenditure of revenues that have been restricted to specific programs or projects.

Liquid Fuels Fund - The Liquid Fuels Fund is used to account for the Liquid Fuels Grant received from the Pennsylvania Department of Transportation.

2022 Capital Projects Fund - The 2022 Capital Projects Fund is used to account for capital projects financed through the issuance of General Obligation Notes, 2022 Series.

Street Light Fund - The Street Light Fund is used to account for the revenues received from the residents on several streets in the Township that have dedicated street lights.

Capital Reserve Funds - Capital Reserve Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

American Rescue Plan Act Fund - American Rescue Plan Act Fund is used to account for the ARPA Funds received from the Commonwealth of Pennsylvania.

Police Forfeiture Fund - Police Forfeiture Fund is used to account for forfeiture funds received by the police.

Internal Service Funds - Internal Service Funds are used to account for goods or services provided by a central department or agency to other departments or agencies of the government or agencies of the governmental unit, usually on a cost recovery basis.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following are the Township's proprietary funds:

Solid Waste Fund - The Solid Waste Fund is used to account for the operations of the solid waste collection operations in the Township. The solid waste collection system is financed and operated in a manner similar to a private business operation, whereby the costs of providing goods or services to the general public on a continuing basis are recovered primarily through user charges.

Golf Course Fund - The Golf Course Fund is used to account for the operations of the Township's golf course. The golf course is financed and operated in a manner similar to a private business operation, whereby the costs of providing goods or services to the general public on a continuing basis are recovered through user charges.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Police Pension Trust - The Police Pension Trust is used to account for the activities of the Police Pension Plan, which accumulate resources for pension benefit payments to qualified employees.

Custodial Fund - The Custodial Fund is used to account for monies held by the Township for developer escrow deposits.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The current financial resources measurement focus and the modified accrual basis of accounting are followed by the Governmental Funds and Fiduciary Funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Township; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reported as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Property taxes are recognized as revenue in the year for which taxes have been levied provided they are collected within 60 days after the end of the year. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment income is recognized as earned.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accrual basis of accounting is used by the Enterprise Fund. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred.

The Township reports unearned revenues on its Governmental Funds balance sheet. Unearned revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received before the Township has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet, and revenue is recognized.

Budgets

The Township is required by state law to adopt annual budgets for the General Fund. The budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to November 15 of the preceding fiscal year, the Township prepares a budget for the next succeeding calendar year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Commissioners is then called for the purpose of adopting the proposed budget.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance by the Board of Commissioners.
4. The budget must be filed with the Pennsylvania Department of Community Affairs by January 31.

Once a budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Board of Commissioners. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact and are reflected in the official minutes of the Board. Appropriations lapse at year end.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise fund are reported in both the business-type activities column on the government-wide statement of net position and in the fund statements.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date donated. The Township maintains a capitalization threshold of \$5,000.

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation and amortization are computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land	15-40 years
Buildings and improvements	5-40 years
Infrastructure	20-50 years
Vehicles	5-20 years
Machinery and equipment	5-20 years
Right to use leased equipment	7 years

Leases - Lessor

The Township is the lessor for noncancellable leases of cell tower land space. The Township recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

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

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

- The Township uses its estimated incremental borrowing rates as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus renewal options that are reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases - Lessee

The Township is the lessee for a noncancellable lease of equipment. The Township recognizes a lease liability and an intangible right-to-use leased asset (leased assets) in the government-wide financial statement and proprietary fund statement.

At commencement of a lease, the Township initially measures the lease liability at the present value of payments expected to be received during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on straight-line basis over its useful life.

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

- The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Township is reasonably certain to exercise.

The Township monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has one item that qualifies for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience, changes in plan assumptions, net difference between projected and actual earnings on pension plan investments and contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has three items that qualify for reporting in this category. Unavailable revenues, which arise only under a modified accrual basis of accounting, are reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the pension plan, and the net difference between projected and actual earnings on pension plan investments. The third item are unavailable revenues related to leases are presented in both the governmental funds balance sheet as well as the government-wide statement of net position.

Cash and Cash Equivalents

Investments with an original maturity of three months or less at the time they are issued are presented on the financial statements as cash equivalents. Investments with an original maturity of more than three months at the time they are issued are reported as investments.

Interfund Transactions

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as Interfund Receivables/Payables. Interfund balances within the governmental activities and within the business-type activities are eliminated on the government-wide statement of net position.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Township has adopted GASB Statement No. 72, *Fair Value Measurements and Application* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. These statements require the Township to record investments at fair value or amortized cost, as applicable.

State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Prepaid Items

Payments made to vendors for services that will benefit period beyond December 31, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which the services are consumed.

Inventory

Inventory consists of retail merchandise at the golf course. Inventory is stated at the lower of cost or net realizable value using the first-in, first-out method.

Compensated Absences

The Township has no benefits which qualify as compensated absences.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the business-type financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually-required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real Estate Tax Calendar and Reserve

Assessed valuations of property are determined by Chester County. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; full amount May 1 through June 30; and a 10% penalty after July 1. Unpaid real estate property taxes are returned to the County in January of the following year for the purpose of filing a lien.

Net Position/Fund Balances

Net position represents the difference between assets and liabilities. Net position invested in capital assets represents the cost of fixed assets net of related debt and net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Township, or through external restrictions imposed by creditors, grantors, and laws and regulations of other governments. The Township's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted are available.

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- ***Net Investment in Capital Assets*** - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance of this category.
- ***Restricted Net Position*** - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restriction imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted Net Position*** - The category represents net position of the Township not restricted for any project or other purpose.

CALN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township has implemented GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable Fund Balance** includes balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.
- **Restricted Fund Balance** includes fund balance amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation.
- **Committed Fund Balance** includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Township through formal action of the Board of Commissioners and do not lapse at year-end. To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- **Assigned Fund Balance** includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed, as expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority.
- **Unassigned Fund Balance** includes the residual classifications for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

The details of the fund balances are included in the Governmental Funds balance sheet (page 20). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of Commissioners. The Township Board of Commissioners establishes (and modifies or rescinds) fund balance commitment by passage of a resolution. Assigned fund balance is intended to be used by the Township for specific purposes but does not meet the criteria to be classified as restricted or committed.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. At year end, the total carrying amount of the Township's checking, savings and money market deposits was \$18,466,339 and the corresponding bank balances were \$19,927,650. Of the bank balance, \$376,257 was covered by the Federal Depository Insurance, and \$6,894,395 was collateralized under Act 72 through pools of securities held by the respective depository institutions. As of December 31, 2023 \$12,656,998 of the Township's deposits was in the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization and is subject to an independent annual audit. As of December 31, 2023, PLGIT was rated as AAAM by Standard & Poor's, a nationally recognized statistical rating agency.

Caln Township Municipal Authority - At December 31, 2023, the total carrying amount of the Authority's checking, savings, and money market deposits was \$5,567,133 and the corresponding bank balance was \$5,648,847. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$5,398,847 was collateralized under Act 72 through pools of securities held by the respective depository institutions.

Investments

Statutes authorize the Township to invest in U.S. Treasury bills, U.S. Government Agency bonds, time or share accounts, institutions insured by the Federal Deposit Insurance Corporation, certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, State Treasurer's Investment pools, or mutual funds.

Interest Rate Risk - The Township has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The Township has no investment policy that would limit its investment choices to certain credit ratings.

Concentration of Credit Risk - The Township places no limit on the amount the Township may invest in any one issuer.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

The Police Pension Plan

The Plan is managed by an investment advisor and is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act.

Interest Rate Risk - This is the risk that a change in interest rates will adversely affect fair value of an investment. The Plan has no investment policy for interest rate risk. The maturities of the plan's debt investments are:

<u>Investment Type</u>	<u>Investment Maturities in Years</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>11-15</u>
U.S. Agency Securities	\$ 4,989	\$ -	\$ -	\$ -	\$ 4,989
Certificates of Deposit	2,333,545	864,362	1,469,183	-	-
Corporate debt	606,924	168,229	438,695	-	-
Total	<u>\$ 2,945,458</u>	<u>\$ 1,032,591</u>	<u>\$ 1,907,878</u>	<u>\$ -</u>	<u>\$ 4,989</u>

Credit Risk - This is the risk that an issuer will not fulfill its obligations. The plan has no investment policy for credit risk. The credit ratings of the plans investments (excluding obligations explicitly guaranteed by the U.S. government) are:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Corporate debt	\$ 96,061	A2
Corporate debt	139,740	A3
Corporate debt	256,001	A1
Corporate debt	19,798	Aaa
Corporate debt	95,324	Baa1
Total	<u>\$ 606,924</u>	

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The plan places no limit on the amount that may be invested in any one issuer. At December 31, 2023, the plan had no individual investments in any one issuer that represents 5% or more of Fiduciary Net Position.

The Police Pension Plan's Investments consists of:

Certificates of deposit	\$ 2,333,545
Corporate bonds	606,924
U.S. Agency Securities	4,989
Equities	6,827,539
Options	(119,697)
Exchange Traded Funds	1,881,985
Mutual Funds	200,726
Other assets	<u>155,006</u>
 Total	 <u><u>\$ 11,891,017</u></u>

Fair Value Measurement

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

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate bonds	\$ -	\$ 606,924	\$ -	\$ 606,924
Certificates of deposit	-	2,333,545	-	2,333,545
Mortgage pools	4,989	-	-	4,989
Equities	6,827,539	-	-	6,827,539
Options	-	(119,697)	-	(119,697)
Exchange Traded Funds	1,881,985	-	-	1,881,985
Mutual Funds	200,726	-	-	200,726
Other assets	<u>155,006</u>	<u>-</u>	<u>-</u>	<u>155,006</u>
 Totals	 <u><u>\$ 9,070,245</u></u>	 <u><u>\$ 2,820,772</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 11,891,017</u></u>

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

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk - Statutes authorize the Township to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value. The Township's investment policy does not further limit its investment choices.

NOTE C - CAPITAL ASSETS

Capital assets are as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 3,215,647	\$ -	\$ -	\$ 3,215,647
Construction in Progress	1,397,359	276,032	(1,345,062)	328,329
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>4,613,006</u>	<u>276,032</u>	<u>(1,345,062)</u>	<u>3,543,976</u>
Capital assets being depreciated:				
Buildings and improvements	2,673,386	36,088	-	2,709,474
Infrastructure	29,290,418	4,184,591	-	33,475,009
Vehicles	4,674,827	555,193	-	5,230,020
Machinery and equipment	1,011,185	-	-	1,011,185
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>37,649,816</u>	<u>4,775,872</u>	<u>-</u>	<u>42,425,688</u>
TOTAL CAPITAL ASSETS	<u>42,262,822</u>	<u>5,051,904</u>	<u>(1,345,062)</u>	<u>45,969,664</u>
Accumulated depreciation for				
Buildings and improvements	(1,781,109)	(47,043)	-	(1,828,152)
Infrastructure	(16,602,466)	(1,037,478)	-	(17,639,944)
Vehicles	(3,691,435)	(309,423)	-	(4,000,858)
Machinery and equipment	(790,694)	(34,765)	-	(825,459)
TOTAL ACCUMULATED DEPRECIATION	<u>(22,865,704)</u>	<u>(1,428,709)</u>	<u>-</u>	<u>(24,294,413)</u>
NET CAPITAL ASSETS FOR GOVERNMENTAL ACTIVITIES	<u>\$ 19,397,118</u>	<u>\$ 3,623,195</u>	<u>\$ (1,345,062)</u>	<u>\$ 21,675,251</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE C - CAPITAL ASSETS (Continued)

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated/amortized				
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED/AMORTIZED	1,000,000	-	-	1,000,000
Capital assets being depreciated/amortized:				
Buildings and improvements	1,402,813	-	-	1,402,813
Machinery and equipment	1,176,669	321,695	(141,350)	1,357,014
Right to use leased equipment	-	157,150	-	157,150
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED	2,579,482	478,845	(141,350)	2,916,977
TOTAL CAPITAL ASSETS	3,579,482	478,845	(141,350)	3,916,977
Accumulated depreciation/amortization for				
Buildings and improvements	(634,500)	(41,691)	-	(676,191)
Machinery and equipment	(1,028,658)	(54,369)	141,350	(941,677)
Right to use leased equipment	-	(22,450)	-	(22,450)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	(1,663,158)	(118,510)	141,350	(1,640,318)
NET CAPITAL ASSETS FOR BUSINESS-TYPE ACTIVITIES	\$ 1,916,324	\$ 360,335	\$ (282,700)	\$ 2,276,659

Caln Township Municipal Authority

Capital assets presented in the component unit's financial statements are as follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
CAPITAL ASSETS NOT BEING DEPRECIATED				
Construction-in-progress	\$ 21,109	\$ 103,836	\$ (12,932)	\$ 112,013
CAPITAL ASSETS BEING DEPRECIATED				
Sewer lines	23,393,874	12,932	-	23,406,806
Vehicles	258,945	173,465	-	432,410
Equipment	114,240	77,853	-	192,093
Pump Stations	930,000	-	-	930,000
TOTAL CAPITAL ASSETS BEING DEPRECIATED	24,697,059	264,250	-	24,961,309
Accumulated depreciation	(14,442,244)	(358,680)	-	(14,800,924)
COMPONENT UNIT CAPITAL ASSETS, net	\$ 10,275,924	\$ 9,406	\$ (12,932)	\$ 10,272,398

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE D - LEASES

Lease Receivable

During the current year, Caln Township leased a portion of their real property for cell tower communications. The leases are for the following:

<u>Description</u>	<u>Term</u>	<u>Payment Amount</u>
Real Property	Monthly through November 2040	\$2,388 to \$3,947
Real Property	Monthly through April 2034	\$2,529 to \$3,060

As of December 31, 2023, Caln Township's receivable for lease payments was \$739,427. Also, Caln Township has a deferred inflow of resources associated with these leases that will be recognized as a revenue over the lease term. As of December 31, 2023, the balance of the deferred inflow of resources was \$692,886. Lease related revenues recognized as of December 31, 2023 were as follows:

<u>Lease-related Revenue</u>	<u>Year Ending December 31, 2023</u>
Lease Revenue	
Real Property	\$ 28,868
Interest Revenue	<u>30,208</u>
 TOTAL	 \$ <u><u>59,076</u></u>

The future maturity of lease receivables is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Receipts</u>
2024	\$ 30,922	\$ 29,016	\$ 59,938
2025	35,133	27,716	62,849
2026	38,540	26,235	64,775
2027	41,069	24,647	65,716
2028	43,730	22,956	66,686
2029-2033	276,794	84,477	361,271
2034-2038	187,265	36,106	223,371
2039-2040	<u>85,974</u>	<u>3,546</u>	<u>89,520</u>
 TOTAL FUTURE RECEIPTS	 \$ <u><u>739,427</u></u>	 \$ <u><u>254,699</u></u>	 \$ <u><u>994,126</u></u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE D - LEASES (Continued)

Lease Liabilities

The Township has entered into a lease for equipment. The lease agreements qualify as an other than short-term lease under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of implemented.

The Township has the following leases:

BUSINESS-TYPE ACTIVITIES

<u>Description</u>	<u>Term</u>	<u>Payment Amount</u>	<u>Interest Rate</u>
Equipment	Monthly through November 2030	\$ 2,395	7.50%

The future minimum lease obligations under the lease as of December 31, 2023 were as follows:

BUSINESS-TYPE ACTIVITIES

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,740	\$ 11,005	\$ 28,745
2025	19,117	9,628	28,745
2026	20,601	8,144	28,745
2027	22,201	6,544	28,745
2028	23,924	4,821	28,745
2029-2030	<u>51,172</u>	<u>3,923</u>	<u>55,095</u>
	\$ <u>154,755</u>	\$ <u>44,065</u>	\$ <u>198,820</u>

Interest expense for the lease liability was \$0 for the business-type activities for the year ended December 31, 2023.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE E - LONG-TERM OBLIGATIONS

A summary of transactions affecting long-term obligations for the year ended December 31, 2023, is as follows:

	Balance January 1, 2023	Additions	Retirements	Balance December 31, 2023	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Notes					
Series of 2019					
\$5,233,000 originally issued with interest rate of 1.91%	\$ 2,842,816	\$ -	\$ (261,440)	\$ 2,581,376	\$ 266,256
Series of 2022					
\$8,100,000 originally issued with a variable interest rate	8,100,000	-	(187,000)	7,913,000	192,000
Note payable, Spackman Farm Roof with interest rate of 2.80%	79,293	-	(54,098)	25,195	25,195
Finance purchase obligations	113,228	-	(113,228)	-	-
Net pension liability	10,048	271,285	-	281,333	-
Total OPEB liability	10,698	-	(3,896)	6,802	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 11,156,083	\$ 271,285	\$ (619,662)	\$ 10,807,706	\$ 483,451
BUSINESS-TYPE ACTIVITIES					
General Obligation Notes					
Series of 2019					
\$5,233,000 originally issued with interest rate of 1.91%	\$ 1,289,184	\$ -	\$ (118,560)	\$ 1,170,624	\$ 120,744
Finance purchase obligations	19,563	56,200	(14,689)	61,074	25,244
Leases	-	157,150	(2,395)	154,755	17,740
Net pension liability	-	-	26,488	26,488	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 1,308,747	\$ 213,350	\$ (109,156)	\$ 1,412,941	\$ 163,728
CALN TOWNSHIP MUNICIPAL AUTHORITY					
Due to Caln Township Note payable, Series of 2019 with interest rate of 2.328%	\$ 165,936	\$ -	\$ (55,313)	\$ 110,623	\$ 55,312
	2,467,000	-	(117,000)	2,350,000	120,000
TOTAL CALN TOWNSHIP MUNICIPAL AUTHORITY	\$ 2,632,936	\$ -	\$ (172,313)	\$ 2,460,623	\$ 175,312

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE E - LONG-TERM OBLIGATIONS (Continued)

General Obligation Notes

The Township has pledged its full faith, credit, and taxing powers as collateral.

The following table shows the maturities and interest requirements for the Governmental Activities notes payable:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2024	\$ 483,451	\$ 263,258	\$ 746,709
2025	467,072	251,623	718,695
2026	477,576	241,122	718,698
2027	487,392	230,383	717,775
2028	497,208	219,417	716,625
2029-2033	2,331,872	925,808	3,257,680
2034-2038	1,276,000	713,186	1,989,186
2039-2043	1,437,000	532,167	1,969,167
2044-2048	1,619,000	328,334	1,947,334
2049-2052	<u>1,443,000</u>	<u>98,686</u>	<u>1,541,686</u>
Total	<u>\$ 10,519,571</u>	<u>\$ 3,803,984</u>	<u>\$ 14,323,555</u>

The following table shows the maturities and interest requirements for the Golf Course Fund notes payable:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2024	\$ 120,744	\$ 21,782	\$ 142,526
2025	122,928	19,466	142,394
2026	125,424	17,106	142,530
2027	127,608	14,700	142,308
2028	129,792	12,252	142,044
2029-2032	<u>544,128</u>	<u>23,622</u>	<u>567,750</u>
Total	<u>\$ 1,170,624</u>	<u>\$ 108,928</u>	<u>\$ 1,279,552</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE E - LONG-TERM OBLIGATIONS (Continued)

Financed Purchase Obligations

The Township has entered into various finance purchase obligations for equipment. The future annual payments for the years ending December 31 are as follows:

Year Ending December 31,	Business-Type Activities	
	Equipment 2.34%-3.850% Interest Rate	Interest Maturities
2024	\$ 25,244	\$ 3,589
2025	18,931	2,045
2026	16,899	580
	<u>\$ 61,074</u>	<u>\$ 6,214</u>

Caln Township Municipal Authority
Note Payable, Series of 2019

Year Ending December 31,	Principal	Interest	Total Payments
2024	\$ 120,000	\$ 53,078	\$ 173,078
2025	123,000	50,244	173,244
2026	126,000	47,340	173,340
2027	130,000	44,352	174,352
2028	133,000	41,285	174,285
2029-2033	721,000	257,499	978,499
2034-2038	820,000	67,668	887,668
2039	177,000	1,717	178,717
	<u>\$ 2,350,000</u>	<u>\$ 563,183</u>	<u>\$ 2,913,183</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE E - LONG-TERM OBLIGATIONS (Continued)

Caln Township Municipal Authority
Due to Caln Township

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2024	\$ 55,312	\$ -	\$ 55,312
2025	<u>55,311</u>	<u>-</u>	<u>55,311</u>
	<u>\$ 110,623</u>	<u>\$ -</u>	<u>\$ 110,623</u>

NOTE F - STATEMENT OF BORROWING BASE

The borrowing base of the Township is calculated as follows:

<u>Total Net Revenues (gross revenues less exclusion)</u>	
Year 2021	\$ 9,073,164
Year 2022	11,120,330
Year 2023	<u>12,923,019</u>
Total net revenues (last 3 years)	<u>33,116,513</u>
Average net revenues	11,038,838
Base percent per Act 185	<u>250%</u>
Total non-electoral debt allowance	<u>\$ 27,597,094</u>

NOTE G - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the year ending December 31, 2023, are as follows:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General Fund	\$ 67,124	\$ 767,375
Other Governmental Funds	<u>872,832</u>	<u>172,581</u>
	<u>\$ 939,956</u>	<u>\$ 939,956</u>

The transfers in and transfers out were in accordance with the transfers approved in the budget process.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Summary of Significant Accounting Policies

Method Used to Value Investments - Police Pension Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

Plan Administration - The Township administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all full-time members of the Police Department of the Township.

Management of the plan is vested in the Township Board of Commissioners, which consists of five members. The Board of Commissioners is responsible for managing, investing and monitoring the Township's Police Pension Fund.

Plan Membership - At December 31, 2023, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>20</u>
	<u><u>39</u></u>

Benefits Provided - Plan provisions are established by Township ordinance. The plan provides retirement, disability and death benefits. A member is eligible for normal retirement after attainment of age 52 and completion of 25 years of service if hired before January 1, 2014, or age 54 and completion of 25 years of service if hired after January 1, 2014. Individuals are 100% vested after 12 years of service.

The retirement benefit is a monthly benefit equal to 50% of gross pay averaged over the last 36 months of employment, plus a service increment of \$100 for service in excess of 26 years. The death benefit before vesting is a refund of employee contributions.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

The death benefit after vesting and before retirement eligibility is a monthly survivor benefits equal to 50% of the participant's vested benefit commencing on the participant's normal retirement date. The death benefit after retirement eligibility is a monthly benefit equal to 50% of the pension the participant was receiving or was entitled to receive on the day of the participant's death. The monthly survivor benefits are payable to the participant's spouse for life. If there is no spouse or the spouse later dies, the benefit will be paid to the participant's dependent children, if any, until the age 18, or age 23 if attending college.

The disability benefit is a monthly benefit equal to 50% of the participant's final monthly average salary at disablement, but no less than 50% of the member's salary at the time of disability, offset by worker's compensation and social security disability for the same injury. There is no disability benefit for non-service related injury.

For the DROP benefit, the normal retirement benefit is deposited into a separate account and credited with investment results earned by the fund, for a maximum of 3 years. When DROP participation ends, the participant received the lump sum value of this account.

Contributions - Township contributions to the plan are determined and paid in accordance with Pennsylvania Act 205 (the Municipal Pension Plan Funding Standard and Recovery Act). Act 205 requires full funding of the entry age normal cost plus plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status.

Active members will contribute 5% of their salary to the Plan. This contribution is governed by the Plan's governing ordinances and collective bargaining.

Investments

Investment Policy - The plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners. It is the policy of the Board of Commissioners to pursue an investment strategy that (1) maintains a fully funded status with regard to accumulated health benefits obligations, (2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) maintains flexibility in determining the future level of contributions and (4) provides the ability to pay all benefit and expense obligations when due. The 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.

Concentrations - The plan places no limit on the amount that may be invested in any one issuer. At December 31, 2023, the Plan had the following investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds or other pooled investments) that represent 5% or more of Fiduciary Net Position.

EXCHANGE TRADED FUNDS	
SPDR S&P 500 ET	\$903,089

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Rate of Return - For the year ended December 31, 2023, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 9.52%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset) of the Township

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

Total pension liability	\$ 13,320,463
Plan fiduciary net position	<u>(13,301,368)</u>
NET PENSION LIABILITY	<u>\$ 19,095</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>99.9%</u>

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

Inflation	2.75%
Salary increases	4.75% including inflation
Investment rate of return	6.75%

Assumptions Changes: CPI assumption increased from 2.50% to 2.75%

Mortality rates were based on the PubS-2010 mortality projected from the year 2015 with rates derived from the Long-Range Demographic Assumptions for the Social Security Administration's 2020 Trustee Report.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

The long-term expected rate of return on 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 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 plan's target asset allocation as of December 31, 2023 (see the plan's investment policy), are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity - Large Cap	4.09%-7.34%
US Equity - Small/Mid Cap	5.01%-9.06%
Non-US Equity - Developed	4.62%-8.26%
Non-US Equity - Emerging	5.65%-10.49%
US Corporate Bond - Core	0.88%-2.02%
US Corporate Bond - High Yield	2.80%-4.96%
Non-US Debt - Developed	0.44%-1.89%
Non-US Debt - Emerging	2.69%-4.76%
US Treasuries/Cash	0.07%-0.53%

Discount Rate - The discount rate used to measure the pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
BALANCE AT DECEMBER 31, 2022	\$ 13,407,570	\$ 12,150,057	\$ 1,257,513
Changes for the year			
Service cost	312,919	-	312,919
Interest	859,638	-	859,638
Differences between expected and actual experience	(737,153)	-	(737,153)
Changes of assumptions	17,783	-	17,783
Contributions			
Employer	-	525,085	(525,085)
Member	-	97,617	(97,617)
Net investment income	-	1,144,508	(1,144,508)
Benefit payments	(540,294)	(540,294)	-
Administrative expense	-	(75,605)	75,605
NET CHANGES	<u>(87,107)</u>	<u>1,151,311</u>	<u>(1,238,418)</u>
BALANCE AT DECEMBER 31, 2023	\$ <u>13,320,463</u>	\$ <u>13,301,368</u>	\$ <u>19,095</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 6.75%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ <u>1,702,245</u>	\$ <u>19,095</u>	\$ <u>(1,377,896)</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2023, the Township recognized pension expense of (\$35,476). At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,202,646
Changes in assumptions	265,084	-
Net difference between projected and actual earnings on pension plan investments	<u>684,329</u>	<u>-</u>
TOTALS	<u>\$ 949,413</u>	<u>\$ 1,202,646</u>

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

<u>Year Ending December 31,</u>	
2024	\$ (183,945)
2025	39,848
2026	256,184
2027	(207,955)
2028	(112,401)
Thereafter	(44,964)

CALN TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN)

Summary of Significant Accounting Policies

Method Used to Value Investments - Employee Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

The Caln Township pension plan is a single-employer, defined benefit pension plan. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Annual Comprehensive Financial Report (ACFR). A copy of the ACFR can be obtained by contacting the PMRS accounting office.

Plan Membership - At December 31, 2022, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	20
	<hr/>
	43
	<hr/> <hr/>

Benefits Provided - Plan provisions are established by Township ordinance. The plan provides retirement and limited death benefits. A member is eligible for normal retirement after attainment of age 60 with monthly benefits of years of service times the final salary times 2%, limited to 50% of final salary (average of final 5 years' salary). The plan vests after 12 years of service.

Contributions - Township contributions to the plan are determined and paid in accordance with Pennsylvania Act 205 (the Municipal Pension Plan Funding Standard and Recovery Act). Act 205 requires full funding of the entry age normal cost plus plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status.

Employees are not required to contribute. Contributions are subject to collective bargaining.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)

Investments

Investment Policy - The plan policy in regard to the allocation of invested assets is established and may be amended by the PMRS. It is the policy of the PMRS to pursue an investment strategy that (1) maintains a fully funded status with regard to accumulated retirement benefits obligations, (2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) maintains flexibility in determining the future level of contributions and (4) provides the ability to pay all benefit and expense obligations when due. The 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. The following was the plan's adopted asset allocation policy as of December 31, 2022:

Asset Class	Target Allocation
Domestic equities (large capitalized firms)	24.50%
Domestic equities (small capitalized firms)	8.00%
International equities (international developed markets)	14.50%
International equities (emerging markets)	3.00%
Global equities	5.00%
Real estate	10.00%
Timber	5.00%
Fixed income (Core Investment Grade)	24.00%
Fixed income (Opportunistic Credit)	5.00%
Cash	1.00%
	100%

Investments are reported at fair value. The fair value is the quoted market price. The plan's fair value of investments as of December 31, 2022, was \$7,236,741.

Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged to the plan and funded through investment earnings.

Concentrations - At December 31, 2022, none of the plan's individual investments exceeded 5% of the total portfolio.

Rate of Return - For the year ended December 31, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was (12.8)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)

Net Pension Liability of the Township

Total pension liability	\$ 7,525,467
Plan fiduciary net position	<u>(7,236,741)</u>
NET PENSION LIABILITY (ASSET)	<u>\$ 288,726</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>96.16%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.8%
Salary increases	Age related scale with merit and inflation component
Investment rate of return	5.25%

Mortality rates were based on the RP-2000 Mortality Tables.

The actuarial assumptions used in the December 31, 2022 valuation were based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 issued by the actuary in September 2020, covering the defined benefit plan participants and all retirees, as well as subsequent assumption changes approved by the Board. The assumption changes from the Experience Study were first used for the December 31, 2020 measurement date. Effective with the December 31, 2016 measurement date, the Investment Return Assumption for municipal assets decreased from 5.5% to 5.25%.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)

The long-term expected rate of return on 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 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 plan's target asset allocation as of December 31, 2022 (see the plan's investment policy), are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equities (large capitalized firms)	5.00%
Domestic equities (small capitalized firms)	5.70%
International equities (international developed markets)	5.10%
International equities (emerging markets)	5.51%
Global equities	4.53%
Real estate	4.92%
Timber	4.00%
Fixed income (Core Investment Grade)	2.10%
Fixed income (Opportunistic Credit)	5.50%
Cash	-0.30%

Discount Rate - The discount rate is based on the long-term expected rate of return on plan investments that are expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. 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 (asset), to ultimately achieve a 100% funded status.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
BALANCE AT DECEMBER 31, 2021	\$ 7,264,311	\$ 8,637,779	\$ (1,373,468)
Changes for the year			
Service cost	160,732	-	160,732
Interest	382,240	-	382,240
Differences between expected and actual experience	10,477	-	10,477
Contributions			
Employer	-	185,155	(185,155)
PMRS assessment	-	980	(980)
Net investment income	-	378,091	(378,091)
Market value investment income (loss)	-	(1,652,014)	1,652,014
Benefit payments	(292,293)	(292,293)	-
PMRS administrative expense	-	(980)	980
Administrative expense	-	(19,977)	19,977
NET CHANGES	<u>261,156</u>	<u>(1,401,038)</u>	<u>1,662,194</u>
BALANCE AT DECEMBER 31, 2022	<u>\$ 7,525,467</u>	<u>\$ 7,236,741</u>	<u>\$ 288,726</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 5.25%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (4.25%) or one percentage point higher (6.25%) than the current rate:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
	<u>(4.25%)</u>	<u>Rate (5.25%)</u>	<u>(6.25%)</u>
Net pension liability (asset)	\$ <u>1,170,488</u>	\$ <u>288,726</u>	\$ <u>(460,597)</u>

CALN TOWNSHIP**NOTES TO THE BASIC FINANCIAL STATEMENTS****DECEMBER 31, 2023**

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2023, the Township recognized pension expense of \$230,026. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	\$ 14,588	\$ 36,762
Changes in assumptions	52,360	-
Net difference between projected and actual earnings on pension plan investments	447,190	-
Contributions subsequent to the measurement date	<u>161,292</u>	<u>-</u>
TOTALS	<u>\$ 675,430</u>	<u>\$ 36,762</u>
GOLF COURSE		
Difference between expected and actual experience	\$ 1,178	\$ 2,968
Changes in assumptions	4,227	-
Net difference between projected and actual earnings on pension plan investments	36,107	-
Contributions subsequent to the measurement date	<u>13,022</u>	<u>-</u>
TOTALS	<u>\$ 54,534</u>	<u>\$ 2,968</u>
SOLID WASTE		
Difference between expected and actual experience	\$ 253	\$ 639
Changes in assumptions	910	-
Net difference between projected and actual earnings on pension plan investments	7,771	-
Contributions subsequent to the measurement date	<u>2,803</u>	<u>-</u>
TOTALS	<u>\$ 11,737</u>	<u>\$ 639</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Golf Course</u>	<u>Solid Waste</u>
2023	\$ (70,786)	\$ (5,715)	\$ (1,230)
2024	63,272	5,108	1,100
2025	184,009	14,857	3,198
2026	300,881	24,294	5,227
2027	-	-	-

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Township’s post-employment healthcare plan is a single-employer defined benefit healthcare plan. The plan provides medical insurance benefits to eligible retirees and their spouses. The plan does not issue a financial reporting and is not included in the financials of any public employee retirement system or other entity.

Plan Membership and Eligibility

At December 31, 2023, the plan membership consisted of one currently retired participant receiving OPEB benefits. Officers are eligible upon retirement after 25 years of service.

Benefits Provided

Officers retiring after January 1, 2007 are permitted to obtain coverage through the Township’s policy for themselves, their spouse and/or their dependents by reimbursing the Township for the charged premium less the monthly Township-paid benefit, if any. The amount of Township-paid benefit is:

- For officers who retired prior to 2010, \$500 per month
- For officers who retired in 2010, \$600 per month
- For the chief of police who retired in 2013, \$600 per month
- For all others, no reimbursement

The Township-paid benefit may also be applied toward other medical coverage that is comparable to the Township’s coverage. The payment will be suspended if the retiree is employed with an entity that provides coverage equivalent to the Township’s coverage for a cost of less than the monthly benefit from the Township or reduced if only a partial payment is required to make up the difference in coverage. The monthly benefit is payable under the earlier of the retiree’s Medicare eligibility or the retiree’s death.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, to which update procedures were applied to roll the liability forward to the December 31, 2023 measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Annual trend rates	2023 - 7.5%, 2024 - 7.00%, 2025 - 6.5%, 2026 - 6.00%, 2027 - 5.50%, 2028 - 5.00%, 2029 - 4.75%
Discount rate	4.25% per year

Mortality rates were based on the 2010 Public Retirement Plan - Public Safety Mortality tables (PubS-2010).

Current covered retiree is assumed to continue to receive reimbursement until age 65. No future retirees are assumed to remain on the Township's coverage after retirement at their own expense.

The current retired participant receives \$3,217 in reimbursements for 2023. Reimbursements in future years are assumed to increase with trend up to the maximum of \$7,200.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2023	\$ 10,698
Changes for the year	
Service cost	
Interest	344
Assumptions or other inputs	(32)
Differences between expected and actual experience	(991)
Benefit payments	<u>(3,217)</u>
Net changes	<u>(3,896)</u>
Balance at December 31, 2023	<u>\$ 6,802</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

The following presents the total OPEB liability of the Township, as well as what the township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25%) or 1-percentage-point higher (5.25%) than the current discount rate.

	1% Decrease (3.25%)	Discount Rate (4.25%)	1% Increase (5.25%)
Total OPEB liability	\$ <u>6,867</u>	\$ <u>6,802</u>	\$ <u>6,736</u>

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

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$ <u>6,707</u>	\$ <u>6,802</u>	\$ <u>6,897</u>

NOTE K - UNEMPLOYMENT COMPENSATION

The Township has elected the reimbursement method of paying unemployment compensation benefits. This method requires the Township to reimburse the State Unemployment Compensation Fund on a dollar-for-dollar basis for all claims and other charges made to its account. Repayments are made quarterly for claims paid by the state. Due to previous overpayments, the Township incurred \$1,142 claims for the year ended December 31, 2023.

NOTE L - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages these various risks of loss primarily through the purchase of commercial insurance, except as described below. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE M - CALN TOWNSHIP MUNICIPAL AUTHORITY - TOWNSHIP/AUTHORITY ASSET PURCHASE AGREEMENT

In 2015, the Authority and Caln Township entered into an asset purchase agreement whereby:

The Authority purchased the rights to 177 Equivalent Dwelling Units from the Township for \$553,125 to be paid to the Township over 10 years.

The Township transferred to the Authority title for the remaining sewer assets.

The Township assigned the South Baily Road Developers Contribution to the Authority.

The Township transferred to the Authority \$327,000, which was the balance of the Township's Sewer Capital Account.

The Authority relinquished its rights to the balance of the Township's Sewer Reserve Fund of \$520,726.

The Authority has assumed responsibility for the Township's liabilities to Pennsylvania American Water (PAW) under the March 10, 2005, Waste Water Conveyance System Agreement. Under the agreement, PAW will increase the capacity of the East End Trunk Lines which connect Caln Township to the PAW sewer plant in Coatesville. The work on the interceptor will be done in two phases. When the first phase one is completed and certified, the Authority will owe PAW an estimated \$400,000.

NOTE N - CALN TOWNSHIP MUNICIPAL AUTHORITY - MANAGEMENT FEE - CALN TOWNSHIP

The Authority has a management agreement with Caln Township. Under this agreement, the Township will provide management and other services for the Authority. The Agreement expires December 31, 2030. For the year ended December 31, 2023, the Authority paid the Township \$502,882 for personnel services and benefits, \$157,746 for management services and \$25,000 for rental of facilities.

REQUIRED SUPPLEMENTARY INFORMATION

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CALN TOWNSHIP
SCHEDULE OF CHANGES IN THE NET POLICE
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
TOTAL PENSION LIABILITY				
Service cost	\$ 312,919	\$ 394,581	\$ 398,426	\$ 346,994
Interest	859,638	862,780	813,729	813,019
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(737,153)	-	(684,200)	-
Changes of assumptions	17,783	-	437,987	-
Benefit payments	(540,294)	(466,669)	(496,104)	(551,752)
NET CHANGE IN TOTAL PENSION LIABILITY	(87,107)	790,692	469,838	608,261
Total pension liability, beginning	13,407,570	12,616,878	12,147,040	11,538,779
TOTAL PENSION LIABILITY, ENDING (a)	\$ 13,320,463	\$ 13,407,570	\$ 12,616,878	\$ 12,147,040
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	\$ 525,085	\$ 627,459	\$ 664,132	\$ 671,632
Member	97,617	97,731	91,407	94,331
Net investment income (loss)	1,144,508	(1,454,627)	1,693,793	1,184,333
Benefit payments, including refunds of member contributions	(540,294)	(466,669)	(496,104)	(551,752)
Administrative expense	(75,605)	(97,091)	(79,116)	(76,023)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,151,311	(1,293,197)	1,874,112	1,322,521
Plan fiduciary net position, beginning	12,150,057	13,443,254	11,569,142	10,246,621
PLAN FIDUCIARY NET POSITION, ENDING (b)	\$ 13,301,368	\$ 12,150,057	\$ 13,443,254	\$ 11,569,142
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	\$ 19,095	\$ 1,257,513	\$ (826,376)	\$ 577,898
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	99.86%	90.62%	106.55%	95.24%
COVERED PAYROLL	\$ 2,117,405	\$ 1,607,204	\$ 1,831,588	\$ 1,886,616
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	0.90%	78.24%	-45.12%	30.63%

NOTES TO SCHEDULE

Changes of Assumptions: In 2021 the inflation assumption was lowered from 2.75% to 2.50%, interest rate reduced from 7.0% to 6.75%, salary increase lowered from 5.0% to 4.75%, mortality updated from RP-2014 mortality table with 50% Blue-Collar Adjustment and projected mortality improvement based on the Long-Range Demographic Assumptions for the 2015 Social Security Administration's (SSA) Trustee Report to the PubS-2010 mortality table and mortality improvement project from the base year 2015 with rates derived from the Long-Range Demographic Assumptions for the SSA's 2020 Trustee Report; disability updated from the ultimate rates of disability incidence in the SSA's 2010 Trustees' Report to the ultimate rates of disability incidence in the SSA's 2020 Trustees' Report. In 2017 the inflation assumption was lowered from 3.0% to 2.75%, the mortality assumption was updated from RP-2000 Combined Healthy Mortality table to RP-2014 Mortality Tables, and the disability assumption was updated from 60% of the rates from Advanced Pension Tables to rates based on the Social Security Administration's 2010 projections of disability incidence. In 2015, the interest rate assumption was lowered from 7.5% to 7.0%.

Changes of Benefits: In 2015 the minimum age for normal retirement was increased from 52 to 54 for those hired after January 1, 2014, and a survivor benefit was added for the spouse of a participant who dies before normal retirement disability but after vesting.

	2019	2018	2017	2016	2015	2014
\$	350,524	\$ 392,102	\$ 373,430	\$ 317,220	\$ 302,114	\$ 247,523
	767,745	781,750	724,257	674,711	629,617	583,268
	-	-	-	-	202,140	-
	(992,094)	-	(227,179)	-	(104,991)	-
	-	-	191,565	-	523,605	-
	<u>(386,951)</u>	<u>(295,136)</u>	<u>(294,919)</u>	<u>(314,207)</u>	<u>(291,435)</u>	<u>(285,345)</u>
	(260,776)	878,716	767,154	677,724	1,261,050	545,446
	<u>11,799,555</u>	<u>10,920,839</u>	<u>10,153,685</u>	<u>9,475,961</u>	<u>8,214,911</u>	<u>7,669,465</u>
\$	<u>11,538,779</u>	<u>11,799,555</u>	<u>10,920,839</u>	<u>10,153,685</u>	<u>9,475,961</u>	<u>8,214,911</u>
\$	737,038	\$ 670,139	\$ 721,776	\$ 546,388	\$ 539,937	\$ 468,734
	87,936	86,622	94,030	93,087	91,959	87,217
	1,514,009	(180,915)	971,352	526,989	50,021	267,591
	(386,951)	(295,136)	(294,919)	(314,207)	(291,435)	(285,345)
	<u>(72,402)</u>	<u>(70,950)</u>	<u>(56,401)</u>	<u>(48,337)</u>	<u>(42,856)</u>	<u>(12,675)</u>
	1,879,630	209,760	1,435,838	803,920	347,626	525,522
	<u>8,366,991</u>	<u>8,157,231</u>	<u>6,721,393</u>	<u>5,917,473</u>	<u>5,569,847</u>	<u>5,044,325</u>
\$	<u>10,246,621</u>	<u>8,366,991</u>	<u>8,157,231</u>	<u>6,721,393</u>	<u>5,917,473</u>	<u>5,569,847</u>
\$	<u>1,292,158</u>	<u>3,432,564</u>	<u>2,763,608</u>	<u>3,432,292</u>	<u>3,558,488</u>	<u>2,645,064</u>
	<u>88.80%</u>	<u>70.91%</u>	<u>74.69%</u>	<u>66.20%</u>	<u>62.45%</u>	<u>67.80%</u>
\$	<u>1,783,674</u>	<u>1,747,000</u>	<u>1,571,340</u>	<u>1,932,398</u>	<u>1,806,387</u>	<u>1,714,193</u>
	<u>72.44%</u>	<u>196.48%</u>	<u>175.88%</u>	<u>177.62%</u>	<u>196.99%</u>	<u>154.30%</u>

CALN TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
CONTRIBUTIONS
LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 525,085	\$ 627,459	\$ 664,132	\$ 671,632
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>525,085</u>	<u>627,459</u>	<u>664,132</u>	<u>671,632</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED PAYROLL	<u>\$ 2,117,405</u>	<u>\$ 1,607,204</u>	<u>\$ 1,831,588</u>	<u>\$ 1,886,616</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>24.80%</u>	<u>39.04%</u>	<u>36.26%</u>	<u>35.60%</u>

NOTES TO SCHEDULE

Valuation date:	January 1, 2021	January 1, 2019
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
Remaining amortization period	5 years	7 years
Asset valuation method	4-year smoothing	4-year smoothing
Inflation	2.50%	2.75%
Salary increases	4.75% annual increase	5.0% annual increase
Investment rate of return		
Retirement age	Normal Retirement Age, or attained age if currently eligible to retire	Normal Retirement Age, or attained age if currently eligible to retire
Mortality	PubS-2010 Mortality Table	RP-2014 Mortality Table with 50% blue collar adjustment

2019	2018	2017	2016	2015	2014
\$ 737,038	\$ 670,139	\$ 721,776	\$ 546,388	\$ 539,937	\$ 468,734
<u>737,038</u>	<u>670,139</u>	<u>721,776</u>	<u>546,388</u>	<u>539,937</u>	<u>468,734</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 1,783,674</u>	<u>\$ 1,747,000</u>	<u>\$ 1,571,340</u>	<u>\$ 1,932,398</u>	<u>\$ 1,806,387</u>	<u>\$ 1,714,193</u>
<u>41.32%</u>	<u>38.36%</u>	<u>45.93%</u>	<u>28.28%</u>	<u>29.89%</u>	<u>27.34%</u>

January 1, 2017

January 1, 2015

January 1, 2013

Entry age normal
Level dollar
9 years
4-year smoothing
2.75%
5.0% annual increase
Normal Retirement Age, or
attained age if currently
eligible to retire
RP-2014 Mortality Table
with 50% blue collar adjustment

Entry age normal
Level dollar
10 years
4-year smoothing
3.0%
5.0% annual increase
7.0%
Normal Retirement Age, or
attained age if currently
eligible to retire
RP-2000 Combined Healthy
Mortality Table

Entry age normal
Level dollar
12 years
4-year smoothing
3.0%
5.0% annual increase
7.0%
Normal Retirement Age, or
attained age if currently
eligible to retire
RP-2000 Combined Healthy
Mortality Table

CALN TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
INVESTMENT RETURNS
LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>9.52%</u>	<u>-10.89%</u>	<u>14.84%</u>	<u>12.65%</u>

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>18.32%</u>	<u>-2.22%</u>	<u>14.46%</u>	<u>8.95%</u>	<u>0.91%</u>	<u>5.99%</u>

CALN TOWNSHIP
SCHEDULE OF CHANGES IN THE NET EMPLOYEE
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 160,732	\$ 144,621	\$ 139,524
Interest	382,240	369,088	353,546
Differences between expected and actual experience	10,477	-	(161,473)
Changes of assumptions	-	-	229,985
Transfers	-	-	-
Benefit payments	<u>(292,293)</u>	<u>(266,655)</u>	<u>(274,502)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	261,156	247,054	287,080
Total pension liability, beginning	<u>7,264,311</u>	<u>7,017,257</u>	<u>6,730,177</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u><u>\$ 7,525,467</u></u>	<u><u>\$ 7,264,311</u></u>	<u><u>\$ 7,017,257</u></u>
PLAN FIDUCIARY NET POSITION			
Contributions, employer	\$ 185,155	\$ 196,343	\$ 189,728
Contributions-PMRS assessment	980	920	960
Net investment income	(1,273,923)	1,016,934	990,922
Transfers	-	-	-
Benefit payments, including refunds of member contributions	(292,293)	(266,655)	(274,502)
Administrative expense	<u>(20,957)</u>	<u>(21,431)</u>	<u>(15,250)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(1,401,038)	926,111	891,858
Plan fiduciary net position, beginning	<u>8,637,779</u>	<u>7,711,668</u>	<u>6,819,810</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u><u>\$ 7,236,741</u></u>	<u><u>\$ 8,637,779</u></u>	<u><u>\$ 7,711,668</u></u>
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	<u><u>\$ 288,726</u></u>	<u><u>\$ (1,373,468)</u></u>	<u><u>\$ (694,411)</u></u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>96.16%</u>	<u>118.91%</u>	<u>109.90%</u>
COVERED PAYROLL	<u><u>\$ 1,401,398</u></u>	<u><u>\$ 1,260,933</u></u>	<u><u>\$ 1,214,831</u></u>
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	<u>20.60%</u>	<u>-108.92%</u>	<u>-57.16%</u>

NOTE TO SCHEDULE

Changes of Assumption: In 2016, the investment return assumption for municipal assets decreased from 5.5% to 5.25%. In 2015, assumptions based on the PMRS Experience Study for the period January 1, 2009 through December 31, 2013, issued by the actuary in July 2015 first effective.

This schedule is intended to show information for ten years. All available information is displayed. Additional information will be displayed as it becomes available.

2019	2018	2017	2016	2015	2014
\$ 139,398	\$ 117,774	\$ 132,234	\$ 126,079	\$ 163,685	\$ 163,943
342,067	327,526	315,537	330,966	315,015	297,960
-	48,976	-	(465,478)	-	51,493
-	-	-	160,170	43,001	-
-	-	-	-	(54,333)	-
<u>(251,684)</u>	<u>(226,482)</u>	<u>(183,979)</u>	<u>(146,841)</u>	<u>(185,739)</u>	<u>(167,020)</u>
229,781	267,794	263,792	4,896	281,629	346,376
<u>6,500,396</u>	<u>6,232,602</u>	<u>5,968,810</u>	<u>5,963,914</u>	<u>5,682,285</u>	<u>5,335,909</u>
<u>\$ 6,730,177</u>	<u>\$ 6,500,396</u>	<u>\$ 6,232,602</u>	<u>\$ 5,968,810</u>	<u>\$ 5,963,914</u>	<u>\$ 5,682,285</u>
\$ 186,829	\$ 212,182	\$ 225,384	\$ 210,377	\$ 214,845	\$ 168,903
800	-	-	-	-	-
1,182,473	(297,727)	876,668	354,999	(129,212)	121,647
-	-	-	-	(54,333)	-
(251,684)	(226,482)	(183,979)	(146,841)	(185,739)	(167,020)
<u>(11,860)</u>	<u>(13,498)</u>	<u>(13,220)</u>	<u>(14,381)</u>	<u>(12,147)</u>	<u>(11,018)</u>
1,106,558	(325,525)	904,853	404,154	(166,586)	112,512
<u>5,713,252</u>	<u>6,038,777</u>	<u>5,133,924</u>	<u>4,729,770</u>	<u>4,896,356</u>	<u>4,783,844</u>
<u>\$ 6,819,810</u>	<u>\$ 5,713,252</u>	<u>\$ 6,038,777</u>	<u>\$ 5,133,924</u>	<u>\$ 4,729,770</u>	<u>\$ 4,896,356</u>
<u>\$ (89,633)</u>	<u>\$ 787,144</u>	<u>\$ 193,825</u>	<u>\$ 834,886</u>	<u>\$ 1,234,144</u>	<u>\$ 785,929</u>
<u>101.33%</u>	<u>87.89%</u>	<u>96.89%</u>	<u>86.01%</u>	<u>79.31%</u>	<u>86.17%</u>
<u>\$ 1,213,732</u>	<u>\$ 1,101,613</u>	<u>\$ 1,236,865</u>	<u>\$ 1,413,358</u>	<u>\$ 1,648,354</u>	<u>\$ 1,672,957</u>
<u>-7.38%</u>	<u>71.45%</u>	<u>15.67%</u>	<u>59.07%</u>	<u>74.87%</u>	<u>46.98%</u>

CALN TOWNSHIP
SCHEDULE OF EMPLOYEE
PENSION PLAN CONTRIBUTIONS
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 186,095	\$ 197,223	\$ 190,628	\$ 187,609
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>186,135</u>	<u>197,263</u>	<u>190,688</u>	<u>187,629</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u><u>\$ (40)</u></u>	<u><u>\$ (40)</u></u>	<u><u>\$ (60)</u></u>	<u><u>\$ (20)</u></u>
COVERED PAYROLL	<u><u>\$ 1,401,398</u></u>	<u><u>\$ 1,260,933</u></u>	<u><u>\$ 1,214,831</u></u>	<u><u>\$ 1,213,732</u></u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u><u>13.28%</u></u>	<u><u>15.64%</u></u>	<u><u>15.70%</u></u>	<u><u>15.46%</u></u>

NOTES TO SCHEDULE

Valuation date: January 1, 2019 January 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age, normal	Entry age, normal
Amortization method	Level dollar	Level dollar
Asset valuation method	Based upon the municipal reserves	Based upon the municipal reserves
Inflation	2.8%	2.8%
Salary increases	Age related scale	Age related scale
Investment rate of return	5.25%	5.3%
Retirement age	Age related range	Age related range
Mortality	RP 2000 Combined Healthy Mortality Table	RP 2000 Combined Healthy Mortality Table

This schedule is intended to show information for ten years. All available information is displayed. Additional information will be displayed as it becomes available.

2018	2017	2016	2015	2014
\$ 212,062	\$ 225,364	\$ 210,357	\$ 214,825	\$ 168,843
<u>212,182</u>	<u>225,384</u>	<u>210,377</u>	<u>214,845</u>	<u>168,903</u>
\$ <u>(120)</u>	\$ <u>(20)</u>	\$ <u>(20)</u>	\$ <u>(20)</u>	\$ <u>(60)</u>
\$ <u>1,101,613</u>	\$ <u>1,236,685</u>	\$ <u>1,413,358</u>	\$ <u>1,648,354</u>	\$ <u>1,672,957</u>
<u>19.26%</u>	<u>18.22%</u>	<u>14.88%</u>	<u>13.03%</u>	<u>10.10%</u>

January 1, 2015

January 1, 2013

Entry age, normal
Level dollar
Based upon the municipal reserves
3.0%
Age related scale
5.5%
Age related range
RP 2000 Combined Healthy
Mortality Table

Entry age, normal
Level dollar
Based upon the municipal reserves
3.0%
Age related scale
5.5%
Age related range
RP 2000 Combined Healthy
Mortality Table

CALN TOWNSHIP**SCHEDULE OF CHANGES IN THE TOTAL OTHER
POSTEMPLOYMENT BENEFIT PLAN LIABILITY
LAST FIVE FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL OPEB LIABILITY					
Interest	\$ 344	\$ 303	\$ 376	\$ 622	\$ 708
Changes for experience	(991)	-	384	-	-
Changes of assumptions	(32)	-	590	-	-
Benefit payments	<u>(3,217)</u>	<u>(3,394)</u>	<u>(3,248)</u>	<u>(3,041)</u>	<u>(2,916)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(3,896)	(3,091)	(1,898)	(2,419)	(2,208)
TOTAL OPEB LIABILITY, BEGINNING	<u>10,698</u>	<u>13,789</u>	<u>15,687</u>	<u>18,106</u>	<u>20,314</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 6,802</u>	<u>\$ 10,698</u>	<u>\$ 13,789</u>	<u>\$ 15,687</u>	<u>\$ 18,106</u>

NOTES TO SCHEDULE

Changes in assumptions - For 2023, the assumed discount rate increased from 2.5% to 4.25%. The assumed inflation increased from 2.5% to 2.75%. Trend rates modified from 5% per year to a schedule of rates declining by year from 7.50% in 2023 to 4.75% in 2029 and later. For 2021, the assumed discount rate was changed from 3.75% to 2.50%. The mortality assumption was updated from RP-2014 Combined Healthy Mortality Table with 50% blue collar adjustment to the 2010 Public Retirement Plan - Public Safety mortality tables (PubS-2010). The mortality improvement was updated from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report to those from the 2020 SSA Trustee Report, projected from the year 2015.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

SINGLE AUDIT

***Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards***

To the Board of Commissioners
Caln Township
Thorndale, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Caln Township as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Caln Township's basic financial statements, and have issued our report thereon dated October 8, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Compliance and Other Matters

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

To the Board of Commissioners
Caln Township
Thorndale, Pennsylvania

Purpose of this Report

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

A handwritten signature in black ink that reads "Mailhi UF". The letters are cursive and somewhat stylized.

Limerick, Pennsylvania
October 8, 2024

***Independent Auditors' Report on Compliance for Each Major Federal Program and
and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance***

To the Board of Commissioners
Caln Township
Thorndale, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Caln Township's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Caln Township's major federal programs for the year ended December 31, 2023. Caln Township's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Adverse Opinion on Coronavirus State and Local Fiscal Recovery Funds

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, Caln Township did not comply in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Caln Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2023.

Basis for Adverse and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Caln Township and to meet our other ethical responsibilities, in accordance with 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 on compliance for each major federal program. Our audit does not provide a legal determination of Caln Township's compliance with the compliance requirements referred to above.

To the Board of Commissioners
Caln Township
Thorndale, Pennsylvania

Matter Giving Rise to Adverse Opinion on Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying schedule of findings and questioned costs, Caln Township did not comply with requirements regarding Assistance Listing No. 21.027 Coronavirus State and Local Fiscal Recovery Funds as described in finding numbers 2023-002 for Reporting. Compliance with such requirements is necessary, in our opinion, for Caln Township to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Caln Township's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Caln Township's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Caln Township's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Caln Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Caln Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Caln Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

To the Board of Commissioners
Caln Township
Thorndale, Pennsylvania

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. None of the deficiencies were considered to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Caln Township's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Caln Township's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Limerick, Pennsylvania
October 8, 2024

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

CALN TOWNSHIP

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Sub-Recipients</u>
U.S. DEPARTMENT OF TREASURY			
Passed through Pennsylvania Department of Community & Economic Development			
COVID-19 Coronavirus State and Local Fiscal Recovery	21.027	\$ <u>1,081,561</u>	\$ <u>-</u>
TOTAL FEDERAL AWARDS		\$ <u><u>1,081,561</u></u>	\$ <u><u>-</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

CALN TOWNSHIP

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2023

NOTE A - GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Caln Township. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the schedule.

NOTE B - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting.

NOTE C - INDIRECT COST RATES

The Township has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

CALN TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting

Significant deficiencies identified: **No**

Significant deficiencies identified that are considered to be material weaknesses: **Yes**

Noncompliance material to financial statements noted: **No**

Federal Awards

Internal control over major programs:

Significant deficiencies identified: **No**

Significant deficiencies identified that are considered to be material weaknesses: **Yes**

Type of auditors' report issued on compliance for major programs: **Adverse**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Circular: **Yes**

Identification of major programs:

Program	ALN
Coronavirus State and Local Fiscal Recovery Funds	21.027

The threshold used for distinguishing Types A and B programs was \$750,000.

Auditee qualified as a low-risk auditee: **No**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2023-001 Accounts Deficiencies

Condition: During the course of our audit, we noted there is a lack of review and reconciliation in areas of the accounting function. In addition, we encountered inconsistencies in the supporting schedules of several financial statement line items, which led to a significant number of adjusting journal entries.

CALN TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

Criteria: Year-end accrual adjustments should be made on a timely basis to the general ledger.

Effect: Assets, liabilities, revenue and expenses may be misstated.

Cause: We noted that the Township did not properly record year-end accrual adjustments to numerous receivable and payable accounts.

Recommendation: We recommend the Township implement appropriate accounting policies that will result in complete and accurate financial reporting.

Management's Response: Adjustments have been made so that year-end accrual activity is recorded as part of the year-end close process.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

2023-002 Reporting

Federal Agency: Department of Treasury

Federal Program: Coronavirus State and Local Fiscal Recovery – ALN 21.027

Condition: The Township annual report related to this grant was not filed.

Criteria: The Township is required to submit an annual SLFRF Compliance report annually for the year ending March 31st, and the report is to be filed by April 30th. The Annual March 2023 report was not filed.

Effect: The Township was not in compliance with their reporting requirements.

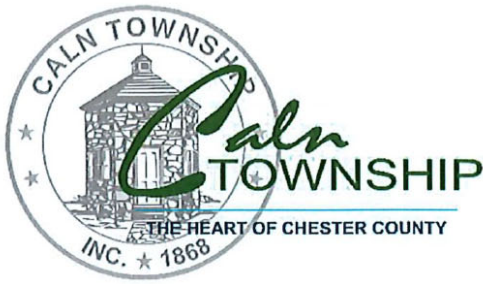
Cause: The Township did not properly complete and file the report on an accurate, timely basis. This was due to employee turnover and the Township's inability to obtain access to the reporting system.

Recommendation: We recommend that the Township establish a policy and procedure to ensure the report is properly completed and filed on a timely basis. The Township should ensure multiple appropriate personnel have access to the reporting system in case of any future turnover.

Management's Response: The Township has appointed three individuals who now have access to the reporting system. The 2023 annual filing was administratively closed and 2023 information was included in the annual 2024 report filing. Future reporting will be completed on an accurate and timely basis.

Questioned Costs: None.

Repeat Finding: This is not a repeat finding.



AUDIT CITATION ACTION PLAN

FISCAL YEAR ENDED DECEMBER 31, 2023

Finding 2023-001; Accounts Deficiencies

Description of Finding:

During the course of our audit, we noted there is a lack of review and reconciliation in areas of the accounting function. In addition, we encountered inconsistencies in the supporting schedules of several financial statement line items, which led to a significant number of adjusting journal entries.

District Position:

The Township concurs with the finding.

Corrective Action to be Taken:

Management will establish procedures to reconcile balances on a regular basis and will establish analytical procedures to identify misstatement and review balances on a regular basis and will investigate any discrepancies in a timely manner, to ensure accuracy of balances.

Timetable for Implementation:

December 2024

Monitoring to be Performed:

The Finance Director will monitor that this is completed by the deadline.

Responsible Person with Scope of Authority:

Finance Director

Finding 2023-002 – Coronavirus State and Local Fiscal Recovery ALN 21.027, Reporting

Description of Finding:

The Township is required to submit an annual SLFRF Compliance report annually for the year ending March 31st, and the report is to be filed by April 30th. The Annual March 2023 report was not filed.

District Position:

The Township concurs with this finding.

Corrective Action to be Taken

The annual report should be filed for each year ending March 31st, by April 30th.

Timetable for Implementation:

April 2024

Monitoring to be Performed:

The Finance Director will monitor the grant due dates and will ensure reports are filed in a timely and accurate manner.

Responsible Person with Scope of Authority:

Finance Director