

**TOWNSHIP OF HAVERFORD  
HAVERTOWN, PENNSYLVANIA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

*Year Ended December 31, 2023*

## **INTRODUCTORY SECTION**

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YEAR ENDED DECEMBER 31, 2023

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## **FINANCIAL SECTION**

## ***Independent Auditors' Report***

To the Board of Commissioners  
Township of Haverford  
Havertown, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Haverford as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township of Haverford'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, each major fund, and the aggregate remaining fund information of the Township of Haverford, 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.

We did not audit the financial statements of the Haverford Township Free Library (discretely presented component unit). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Haverford Township Free Library, is based solely on the report of other auditors.

#### ***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*, 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. The financial statements of the Haverford Township Free Library were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of Township of Haverford 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.

To the Board of Commissioners  
Township of Haverford  
Haverford, Pennsylvania

### ***Responsibilities of Management for the Financial Statements***

Township of Haverford'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.

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 Township of Haverford'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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, 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 Township of Haverford'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 Township of Haverford'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  
Township of Haverford  
Haverford, Pennsylvania

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the that management's discussion and analysis on pages 6i through 6ix, budgetary comparison information on pages 59 and 60, pension plan information on pages 61 through 66 and postemployment benefits other than pension funding progress on page 67 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 Township of Haverford's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information 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 accompanying supplementary information 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 May 23, 2024 on our consideration of Township of Haverford'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 Township of Haverford's internal control over financial reporting and compliance.



Limerick, Pennsylvania  
May 23, 2024



**TOWNSHIP OF HAVERFORD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2023

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The Board of Commissioners and Township Manager of the Township of Haverford (“the Township”) are pleased to present to readers of the financial statements of the Township of Haverford this narrative overview and analysis of the financial activities for the year ended December 31, 2023.

**FINANCIAL HIGHLIGHTS**

**Government-Wide**

Government-wide net position of the Township at the close of the year was a surplus of \$9,272,831. The total current year change in net position was \$8,774,517. This change was a result of a \$1,001,747 operational increase in our business-type activities and a \$7,772,770 increase recognized by our governmental activities. This increase in the governmental activities was largely derived from excess revenues in the General Fund further enhanced by proceeds from the sale of a Township-owned cellular facility. Areas of note on the revenue side included over-performance of business taxes and investment earnings. Areas of note on the expenditure side included savings from manufacturing delays of heavy equipment, reduced sanitation costs, and unfilled positions within our labor force.

The increase in business-type activities was largely a result of continued strong collections of our sewer fee coupled with an inter-fund transfer for capital assets paid by the American Rescue Plan Act Fund, lower than expected treatment costs, manufacturing delays on equipment and higher than expected investment earnings.

**Fund Level**

As of the close of the fiscal year, the Township reported combined ending fund balances in Governmental Funds of \$63,018,834, an increase of \$26,387,920 from the previous year. This increase is largely due to proceeds from the 2023 Series A and B debt issuances (\$20.6m) and from the sale of a Township owned cell tower (\$3.3m) in the Capital Projects Fund. In the General Fund, the Township over-performed in business tax collection, investment earnings, and recreational revenues. The Township also underspent expenditures in several areas due to personnel changes, extended wait times on capital purchases, a mild winter season and the timing of debt service payment with the new 2023 debt issuance. The total General Fund balance amounted to \$37,472,324, an increase of \$4,062,222 and 73.6 percent of General Fund revenues. An amount of \$25,673,485 is reported as unassigned in the General Fund, or 50.5 percent of total General Fund revenues. A total of \$2,629,475 is reported as restricted in the General Fund due to various external requirements. An amount of \$256,372 is shown as non-spendable since the balance represents prepaid expenses. A total of \$110,464 is shown as assigned by management for replacements and maintenance of our artificial turf field/indoor recreational center facilities. An amount of \$8,802,528 is reported as committed - budgetary reserve in accordance with the financial policies resolution passed by the Board of Commissioners to maintain financial stability.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is an introduction to the Township’s basic financial statements. The Township’s basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**TOWNSHIP OF HAVERFORD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2023

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**Government-Wide Financial Statements**

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

The Statement of Net Position (page 7) presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities (page 8) presents information showing how the government's net position changed during the most recent calendar year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future calendar periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

**Governmental Activities** - Most of the Township's basic services are reported in this category. Taxes and charges for services generally support these services. Services provided include general administration, public safety, public works, health and human services, culture and recreation, and community development.

**Business-type Activities** - The Township charges fees to customers to help it cover all or most of the cost of certain services it provides. The Township provides sanitary sewer services to property owners within the Township.

**Component Unit** - The Township includes one separate legal entity in this report: The Haverford Township Free Library. Although legally separate, this component unit is important because the Township is financially responsible for it. Additional financial information regarding the Township's component unit can be found in the statement of net position and statement of activities of this report. A separately audited annual financial report of this component unit may be obtained from the Library.

**Fund Financial Statements**

The fund financial statements begin on page 9 and provide detailed information about the major individual funds. A fund is a calendar and accounting entity with a self-balancing set of accounts that the Township uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, statements for nonmajor funds begin on page 68. All of the funds of the Township can be divided into three categories: governmental, proprietary and fiduciary.

# TOWNSHIP OF HAVERFORD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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**Governmental Funds** - Most of the Township's basic services are reported in the Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The Governmental Fund financial statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations are provided (pages 10 and 12) to reconcile between the Governmental Funds Balance Sheet and the Statement of Net Position and between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities. These funds are reported using modified accrual accounting, which primarily measures cash and other financial assets usable in the short-term. Governmental Funds include the Special Revenue Funds.

**Proprietary Funds** - When the Township charges for the services it provides, these services are generally reported in Proprietary Funds. Proprietary Funds (Enterprise Funds) utilize accrual accounting; the same method used by private sector businesses. Enterprise Funds report activities that provide supplies and services to the general public, in our case, sanitary sewer.

**Fiduciary Funds** - The Township acts as a fiduciary to account for resources held for the benefit of parties outside the government. The Township has three Pension Trust Funds - two for the civilian employees and one for the uniformed employees. These funds are reported using accrual accounting. The government-wide statements exclude Fiduciary Fund activities and balances because these assets are restricted in purpose and do not represent assets available to the Township to finance its operations.

## **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 18 of this report.

## **Other Information**

Other information includes combining financial statements for non-major Governmental Funds. The funds are added together by fund type and presented in single columns in the basic financial statements, but are not reported individually, as with major funds, on the Governmental Funds financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Township's largest component of its net position is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding, which was \$35,015,830 at the end of the year. As the Township utilizes those assets to provide services to its citizens, they are not available for future spending.

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# TOWNSHIP OF HAVERFORD

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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The component of our net position pertaining to the governmental activities has increased from a year ago by \$7,772,770 during the fiscal year. The increase in the governmental funds is largely a result of outperforming revenue projections (specifically in business tax, recreational programming, building-related permit revenues, and investment earnings) and the sale of a township-owned cellular tower coupled with savings from delayed capital purchases, reduced debt service costs, and labor cost savings from unfilled positions. Additionally, the component of our net position that pertains to our business-type activities increased by \$1,001,747. This increase was largely a result of continued strong collections of our sewer fee coupled with a \$474,000 interfund transfer for capital assets paid by the American Rescue Plan Act fund, \$204,000 in lower-than-expected treatment costs as passed-thru to us by Radnor-Haverford-Marple Sewer Authority and Upper Darby Township and \$460,000 in higher-than-expected investment earnings.

<b>Table 1 - Net Position</b>	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current and other assets	\$ 87,414,773	\$ 62,679,466
Capital assets	79,819,742	75,575,907
<b>TOTAL ASSETS</b>	<b>167,234,515</b>	<b>138,255,373</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>29,459,746</b>	<b>32,905,312</b>
<b>LIABILITIES</b>		
Noncurrent liabilities	154,597,727	133,095,749
Other liabilities	22,505,443	23,237,937
<b>TOTAL LIABILITIES</b>	<b>177,103,170</b>	<b>156,333,686</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>27,447,163</b>	<b>30,455,841</b>
<b>NET POSITION</b>		
Net investment in capital assets	\$35,015,830	29,121,433
Restricted	28,175,985	5,290,527
Unrestricted	(71,047,887)	(50,040,802)
<b>TOTAL NET POSITION</b>	<b>\$ (7,856,072)</b>	<b>\$ (15,628,842)</b>

Business-Type Activities		Totals	
2023	2022	2023	2022
\$ 12,014,490	\$ 11,548,803	\$ 99,429,263	\$ 74,228,269
6,111,945	5,434,451	85,931,687	81,010,358
<u>18,126,435</u>	<u>16,983,254</u>	<u>185,360,950</u>	<u>155,238,627</u>
204,422	410,138	29,664,168	33,315,450
746,701	862,408	155,344,428	133,958,157
455,253	403,828	22,960,696	23,641,765
<u>1,201,954</u>	<u>1,266,236</u>	<u>178,305,124</u>	<u>157,599,922</u>
-	-	27,447,163	30,455,841
6,111,945	5,434,451	41,127,775	34,555,884
-	-	28,175,985	5,290,527
<u>11,016,958</u>	<u>10,692,705</u>	<u>(60,030,929)</u>	<u>(39,348,097)</u>
\$ <u>17,128,903</u>	\$ <u>16,127,156</u>	\$ <u>9,272,831</u>	\$ <u>498,314</u>

# TOWNSHIP OF HAVERFORD

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2023

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Table 2 highlights the Township's revenues and expenses for the fiscal year ended December 31, 2023. These two main components are subtracted to yield the change in net position. This table utilizes the full-accrual method of accounting.

<b>Table 2 - Changes in Net Position</b>	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
Program revenues		
Charges for services	\$ 11,003,247	\$ 10,784,969
Operating grants and contributions	8,245,312	6,649,678
General revenues		
Real estate taxes	32,231,488	32,092,979
Franchise Fees	926,791	979,153
Miscellaneous	4,139,248	1,154,727
Investment earnings	3,416,038	1,020,745
<b>TOTAL REVENUES</b>	<b><u>59,962,124</u></b>	<b><u>52,682,251</u></b>
<b>EXPENSES</b>		
General government	4,098,075	3,810,911
Public Safety	26,556,408	24,507,319
Public Works - Sanitation	6,021,225	5,864,435
Public Works - Highways and streets	1,775,823	7,335,614
Culture and recreation	10,189,098	7,253,669
Community development	1,670,852	1,443,001
Debt Service	1,973,589	1,482,736
Sewer	-	-
<b>TOTAL EXPENSES</b>	<b><u>52,285,070</u></b>	<b><u>51,697,685</u></b>
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>	<b>7,677,054</b>	<b>984,566</b>
<b>TRANSFERS</b>	<b><u>95,716</u></b>	<b><u>117,702</u></b>
<b>CHANGE IN NET POSITION</b>	<b>7,772,770</b>	<b>1,102,268</b>
	<b><u>(15,628,842)</u></b>	<b><u>(16,731,110)</u></b>
<b>NET POSITION, ENDING</b>	<b>\$ <u>(7,856,072)</u></b>	<b>\$ <u>(15,628,842)</u></b>

Business-Type Activities		Totals	
2023	2022	2023	2022
\$ 4,663,736	\$ 4,810,114	\$ 15,666,983	\$ 15,595,083
-	-	8,245,312	6,649,678
-	-	32,231,488	32,092,979
-	-	926,791	979,153
-	-	4,139,248	1,154,727
549,976	119,525	3,966,014	1,140,270
<u>5,213,712</u>	<u>4,929,639</u>	<u>65,175,836</u>	<u>57,611,890</u>
-	-	4,098,075	3,810,911
-	-	26,556,408	24,507,319
-	-	6,021,225	5,864,435
-	-	1,775,823	7,335,614
-	-	10,189,098	7,253,669
-	-	1,670,852	1,443,001
-	-	1,973,589	1,482,736
4,116,249	4,040,150	4,116,249	4,040,150
<u>4,116,249</u>	<u>4,040,150</u>	<u>56,401,319</u>	<u>51,697,685</u>
1,097,463	889,489	8,774,517	1,874,055
<u>(95,716)</u>	<u>(117,702)</u>	<u>-</u>	<u>-</u>
1,001,747	771,787	8,774,517	1,874,055
16,127,156	15,355,369	498,314	(1,375,741)
<u>\$ 17,128,903</u>	<u>\$ 16,127,156</u>	<u>\$ 9,272,831</u>	<u>\$ 498,314</u>



**TOWNSHIP OF HAVERFORD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2023

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**FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

As the Township completed the fiscal year, its Governmental Funds reported healthy fund balances of \$63,018,834, an increase of \$26,387,920. \$4,062,222 of the increase was generated by the General Fund; while \$21,400,035 and \$915,382 were generated by the Capital Projects and American Rescue Plan Act Funds, respectively. Of the current ending fund balances, \$256,372 is shown as non-spendable since it represents prepaid items, \$110,464 is reported as assigned for particular purposes, \$8,802,528 is reported as committed for budgetary reserve in the General Fund, \$28,175,985 is shown as restricted by external sources while \$25,673,485 is shown as unassigned.

**Governmental Funds**

**General Fund, Comparison to Final Budget** - Revenue figures exceeded final budget expectations by \$3,301,209, or 6.4 percent. Due to inflationary pricing and a continued economic rebound, the Township over-performed in business tax collection by \$620,000 as our business taxes are gross receipt based. Investment earnings over-performed by \$1.4m. During the 2023 budget season (Fall of 2022), the Federal Reserve Bank's fiscal policy trajectory was largely unknown and rate cuts were thought to be in its short-term outlook. Our reputation for excellent neighborhoods and schools compels both commercial and residential property owners to improve and/or redevelop properties and we continue to see that evidenced by \$400,000 in over-performance from building-related permit revenues. Haverford Township's ever-successful recreational offerings are well-known and respected in the area and draw participation from all walks of life from our youngest children to our senior citizens generating over-performance in revenues by over \$400,000. On the expenditure side, due to the timing of the 2023 debt issuance, our expected debt service was reduced by \$563,000. The mild winter season generated savings of approximately \$285,000. Continued supply chain delays with the manufacturing of heavy equipment helped reduce our expected spending by over \$790,000. Waste disposal and recycling costs were down \$238,000 due to fluctuations in market prices and reduced tonnages. Several open positions in public works and parks maintenance generated savings of over \$380,000 in wage costs. Those open positions spurred reduced participation and usage in our health plans generated additional savings of over \$300,000. For the year, we are pleased to report that total expenditures were less than budget expectations by \$2,704,816, or 5.7 percent.

**American Rescue Plan Fund** - the Township was the grateful recipient of over \$19m in ARPA funding from the federal government to combat the negative health and economic effects from the COVID-19 pandemic. In 2023, we invested \$2.7m of those dollars in various projects from park improvements to improved government services to infrastructure. Unrestricted investment earnings generated over \$900,000 in additional revenues for the Township.

**Non-major Governmental Funds** - The activities in the non-major governmental funds are primarily funded by federal grants for specific federally approved projects. Any increase in expenditures is offset by related increase in funding. These grants are cost-reimbursement basis grants.

**Proprietary Fund**

**Sewer Fund** - This fund experienced an increase in its net position by \$1,001,747. This increase was largely a result of continued strong collections of our sewer fee coupled with a \$474,000 interfund transfer for capital assets paid by the American Rescue Plan Act fund, \$204,000 in lower-than-expected treatment costs as passed-thru to us by Radnor-Haverford-Marple Sewer Authority and Upper Darby Township and \$460,000 in higher than expected investment earnings which as discussed above, was a result of expected rate cuts by the Federal Reserve Bank that did not materialized in 2023.

**TOWNSHIP OF HAVERFORD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**YEAR ENDED DECEMBER 31, 2023**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2023, the Township had invested \$85,931,687, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation expense for this calendar year totaled \$4,112,477.

Programs	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 14,713,479	\$ 14,713,479	\$ -	\$ -	\$ 14,713,479	\$ 14,713,479
Construction in progress	7,969,713	3,932,648	-	-	7,969,713	3,932,648
Buildings and improvements	35,200,238	35,010,238	811,067	811,067	36,011,305	35,821,305
Machinery and equipment	31,470,499	28,907,597	1,131,894	848,388	32,602,393	29,755,985
Infrastructure and improvements	44,623,107	43,230,874	6,703,129	6,151,029	51,326,236	49,381,903
Accumulated depreciation	(54,157,294)	(50,218,929)	(2,534,145)	(2,376,033)	(56,691,439)	(52,594,962)
	<u>\$ 79,819,742</u>	<u>\$ 75,575,907</u>	<u>\$ 6,111,945</u>	<u>\$ 5,434,451</u>	<u>\$ 85,931,687</u>	<u>\$ 81,010,358</u>

Additional information on the Township's capital assets is contained in Note E to the financial statements. Highlighting construction in progress is the renovation and expansion of the Haverford Township Free Library along with continuation of the Pennsy Trail system. Major capital assets acquisitions during 2023 include large pieces of heavy equipment, police vehicles, a new police reporting writing system, emergency response vehicles, various park improvements, replacement of playground equipment, installation of pickleball courts, pedestrian improvements along Haverford & Hathaway Lanes, and various sanitary and storm water improvements throughout the Township.

**Long-term Debt**

At the end of the current fiscal year, the Township had total bonded debt outstanding of \$59,465,000. In 2023, the Township issued \$18,425,000 through 2023 Series A and B. All of this is backed by the full faith and credit of the government. Governmental activities report \$59,465,000 and business-type activities report \$0- of general obligation bonds and notes payable. The Township is empowered by state law to issue debt obligations within the limits of authority passed from time to time by the state legislature. Additional information on the Township's long-term debt can be found in Note G to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Economically, all of us continue to mitigate higher prices, lengthy delays in manufacturing and ongoing inflationary concerns. Preparing for fiscal year 2024 brought questions of continued inflation which hovered around 3.4% along with questions as to how quickly the Federal Reserve Bank would roll back interest rate hikes affecting our investment income. As of January 1, 2024, a new collective bargaining agreement with our uniformed police force went into effect which called for 19.8% effective wage increase over the 4 year term of the contract. Municipalities are hard pressed to keep up with wage increases offered by the private sector and we will be mindful of challenges ahead as we enter into negotiations with our civilian association in early 2025. Overall general fund expenditures were budgeted to increase by 8% in 2024. While sewer and trash fees remained unchanged for 2024, the Board of Commissioners enacted a modest 2.3% property tax increase to offset to increased operating costs and continued improvements throughout the Township.

# **TOWNSHIP OF HAVERFORD**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

**YEAR ENDED DECEMBER 31, 2023**

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Haverford Township is buzzing with excitement as several transformative projects promise to enhance the quality of life for residents and visitors alike. From infrastructure improvements to community-focused initiatives, the township is undergoing a renaissance that is set to redefine our landscape and foster a more vibrant and accessible environment for all.

One of the standout projects in Haverford Township is the long-anticipated renovation and expansion of the Haverford Township Free Library. The Library is a cherished community hub, offering resources, programs and spaces for learning and connection. This project, scheduled for completion in spring 2025, will provide modern amenities, state-of-the-art technology, improved building systems and versatile spaces for gatherings and events, in addition to a new parking lot right across Mill Road. This revitalization underscores the Township's commitment to fostering a culture of literacy, education, and lifelong learning.

Outdoor enthusiasts and active residents will rejoice at the news of the Pennsy Trail extension. This addition to our trail network will provide more opportunities for walking, running, and cycling, while promoting healthy lifestyles and environmental stewardship. By connecting neighborhoods to parks, schools and shopping districts, we aim to enhance mobility and accessibility throughout the township, fostering a sense of community and well-being among our residents.

In addition, nature lovers will find much to celebrate with the extension of the Darby Creek Trail. The current phase of work, which should be complete by the time you read this, involves the construction of a short segment of trail from Burmont and Warrior Roads along the outfields at McDonald Field. Ultimately, the Township plans to connect this segment with the existing trail at Merry Place, including a short spur leading to the intersection of Burmont and Glendale Roads. The Township is working with PennDOT to improve that intersection, resulting in a safer pedestrian crossing. In that way, this project will not only preserve and showcase the natural beauty of the area, but also provide safer and more accessible recreational opportunities for residents and visitors.

Ensuring the safety and accessibility of roadways for all users is a top priority for Haverford Township and working towards the creation of a Township-wide Qualified Safety Action Plan under the Federal Safe Streets for All (SS4A) program. The goal of the Plan is to develop a holistic, well-defined strategy to prevent roadway fatalities and serious injuries.

Efficient parking management is essential for supporting local businesses, accommodating visitors and maintaining the vitality of commercial districts, while simultaneously respecting the quality of life of nearby residents. In 2024, the Township will embark on a comprehensive study of the parking situation in our business districts. This study aims to discover valuable insights into the existing parking conditions, benchmarking against best practices, recommending innovative strategies and outlining a detailed implementation plan. Through this strategic approach, we hope to strike the right balance between convenience, accessibility and sustainability.

Finally, for commuters using the Norristown High Speed Line, the Township will complete the Mill and Karakung Park & Ride Facility. This lot provides much needed parking for commuters to the City of Philadelphia and elsewhere. This parking facility will streamline commuting experiences, relieve commuter parking in our neighborhoods and reduce traffic congestion, all while enhancing the township's overall connectivity and accessibility.

**TOWNSHIP OF HAVERFORD**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED DECEMBER 31, 2023

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As these exciting projects unfold, Haverford Township stands on the brink of a bright and promising future. From revitalized libraries to expanded trails, improved safety measures to enhanced transportation facilities, the township is undergoing a transformation that reflects its commitment to fostering a thriving, inclusive and sustainable community. With each initiative designed to enrich the lives of residents and enhance the township's appeal for visitors, Haverford Township is poised to emerge as a beacon of progress and possibility in Delaware County and beyond.

The Township is extremely proud of the high level of services provided to the residents and property owners of our community. However, governments on every level must continue to be mindful of the effect of increased taxes on our citizenry (whether it be income taxes, property taxes, etc.). Our Township Manager, along with the Board of Commissioners, constantly evaluates the services provided by our workforce and strives to find ways to do things better and more efficiently at lower costs. Those efforts will continue each and every year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Township of Haverford's finances to the citizens of the Township of Haverford and other users of such data. This report can be found on the Township website at [www.havtwp.org](http://www.havtwp.org). Questions concerning any of the information in this report and requests for additional financial information should be addressed to David R. Burman, Township Manager, Township of Haverford, 1014 Darby Road, Havertown, PA 19083.

**TOWNSHIP OF HAVERFORD**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Totals	Unit Free Library
<b>ASSETS</b>				
Cash and cash equivalents				
Unrestricted	\$ 76,892,012	\$ 11,824,900	\$ 88,716,912	\$ 1,992,677
Restricted	2,963,739	-	2,963,739	-
Accounts receivable	6,453,360	145,703	6,599,063	4,657
Due from other governments	821,048	-	821,048	-
Prepaid expenses	316,372	12,129	328,501	2,687
Internal balances	(31,758)	31,758	-	-
Capital assets				
Land	14,713,479	-	14,713,479	-
Construction in progress	7,969,713	-	7,969,713	-
Other capital assets, net of accumulated depreciation	57,136,550	6,111,945	63,248,495	824,253
<b>TOTAL ASSETS</b>	<b>167,234,515</b>	<b>18,126,435</b>	<b>185,360,950</b>	<b>2,824,274</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources relating to pensions	12,659,002	204,422	12,863,424	-
Deferred outflows of resources relating to OPEB	16,800,744	-	16,800,744	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>29,459,746</b>	<b>204,422</b>	<b>29,664,168</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable	3,803,198	455,253	4,258,451	132,906
Accrued interest	341,419	-	341,419	-
Escrows payable	360,648	-	360,648	-
Unearned revenues	14,800,929	-	14,800,929	-
Long-term liabilities				
Portion due or payable within one year				
Bonds payable	2,980,000	-	2,980,000	-
Bond premiums, net of accumulated amortization	219,249	-	219,249	-
Lease liabilities	-	-	-	718
Portion due or payable after one year				
Bonds payable	56,485,000	-	56,485,000	-
Bond premiums, net of accumulated amortization	4,636,917	-	4,636,917	-
Lease liabilities	-	-	-	644
Net pension liability	36,199,317	709,633	36,908,950	-
Total OPEB liability	54,550,747	-	54,550,747	-
Compensated absences	2,725,746	37,068	2,762,814	-
<b>TOTAL LIABILITIES</b>	<b>177,103,170</b>	<b>1,201,954</b>	<b>178,305,124</b>	<b>134,268</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred charges on refunding, net	34,738	-	34,738	-
Deferred inflows relating to leases	4,735,824	-	4,735,824	-
Deferred inflows relating to pensions	157,491	-	157,491	-
Deferred inflows relating to OPEB	22,519,110	-	22,519,110	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>27,447,163</b>	<b>-</b>	<b>27,447,163</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	35,015,830	6,111,945	41,127,775	822,891
Restricted	28,175,985	-	28,175,985	-
Unrestricted	(71,047,887)	11,016,958	(60,030,929)	1,867,115
<b>TOTAL NET POSITION</b>	<b>\$ (7,856,072)</b>	<b>\$ 17,128,903</b>	<b>\$ 9,272,831</b>	<b>\$ 2,690,006</b>

See accompanying notes to the basic financial statements.

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**TOWNSHIP OF HAVERFORD**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 4,098,075	\$ 664,947	\$ 2,463,993	\$ -
Public safety	26,556,408	2,504,428	520,547	-
Public works				
Sanitation	6,021,225	4,660,971	71,642	-
Highways and streets	1,775,823	200,227	1,415,666	-
Culture and recreation	10,189,098	2,972,674	-	-
Community development	1,670,852	-	3,773,464	-
Debt service	1,973,589	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>52,285,070</u>	<u>11,003,247</u>	<u>8,245,312</u>	<u>-</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Sewer	4,116,249	4,663,736	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 56,401,319</u>	<u>\$ 15,666,983</u>	<u>\$ 8,245,312</u>	<u>\$ -</u>
<b>COMPONENT UNIT</b>				
Free Library	\$ 2,024,495	\$ 19,969	\$ 1,803,048	\$ 74,320
<b>GENERAL REVENUES</b>				
Taxes				
Property Taxes				
Transfer				
Business privilege				
Mercantile				
Local Service Tax				
Franchise fees				
Grants and contributions not restricted to specific programs				
Investment earnings				
Other revenue				
Gain on sale of capital assets				
<b>TRANSFERS</b>				
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				
<b>CHANGE IN NET POSITION</b>				
<b>NET POSITION AT BEGINNING OF YEAR</b>				
<b>NET POSITION AT END OF YEAR</b>				

*See accompanying notes to the basic financial statements.*

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component
Governmental	Business-Type	Totals	Unit
Activities	Activities		Free Library
\$ (969,135)	\$ -	\$ (969,135)	\$ -
(23,531,433)	-	(23,531,433)	-
(1,288,612)	-	(1,288,612)	-
(159,930)	-	(159,930)	-
(7,216,424)	-	(7,216,424)	-
2,102,612	-	2,102,612	-
(1,973,589)	-	(1,973,589)	-
(33,036,511)	-	(33,036,511)	-
-	547,487	547,487	-
(33,036,511)	547,487	(32,489,024)	-
			(127,158)
27,001,885	-	27,001,885	-
1,642,975	-	1,642,975	-
1,806,409	-	1,806,409	-
1,078,011	-	1,078,011	-
702,208	-	702,208	-
926,791	-	926,791	-
1,050	-	1,050	-
3,416,038	549,976	3,966,014	9,726
802,198	-	802,198	-
3,336,000	-	3,336,000	-
95,716	(95,716)	-	-
40,809,281	454,260	41,263,541	9,726
7,772,770	1,001,747	8,774,517	(117,432)
(15,628,842)	16,127,156	498,314	2,807,438
\$ (7,856,072)	\$ 17,128,903	\$ 9,272,831	\$ 2,690,006



# TOWNSHIP OF HAVERFORD

## BALANCE SHEET

### GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>American Rescue Plan Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents					
Unrestricted	\$ 35,560,886	\$ 25,166,943	\$ 16,030,420	\$ 133,763	\$ 76,892,012
Restricted	2,963,739	-	-	-	2,963,739
Taxes receivable	484,935	-	-	-	484,935
Accounts receivable	981,499	531,606	-	61,519	1,574,624
Leases receivable	4,925,407	-	-	-	4,925,407
Due from other governments	289,442	-	-	-	289,442
Prepaid expenses	256,372	-	60,000	-	316,372
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<b>\$ 45,462,280</b>	<b>\$ 25,698,549</b>	<b>\$ 16,090,420</b>	<b>\$ 195,282</b>	<b>\$ 87,446,531</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 2,103,494	\$ 1,375,991	\$ 217,255	\$ 106,458	\$ 3,803,198
Due to other funds	31,758	-	-	-	31,758
Escrows payable	360,648	-	-	-	360,648
Unearned revenues	73,334	-	14,738,037	-	14,811,371
<b>TOTAL LIABILITIES</b>	<b>2,569,234</b>	<b>1,375,991</b>	<b>14,955,292</b>	<b>106,458</b>	<b>19,006,975</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues					
Property taxes	395,456	-	-	-	395,456
Leases	4,735,824	-	-	-	4,735,824
Loan proceeds	289,442	-	-	-	289,442
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,420,722</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,420,722</b>
<b>FUND BALANCES</b>					
Nonspendable, prepaid expenses	256,372	-	-	-	256,372
Restricted					
Capital projects	-	24,322,558	-	-	24,322,558
Cable access enhancements	-	-	-	15,846	15,846
Community development	-	-	1,135,128	3,220	1,138,348
Culture and recreation	555,590	-	-	-	555,590
Scholarship fund	7,980	-	-	-	7,980
Real estate taxes paid under protest	17,911	-	-	-	17,911
Park improvements	-	-	-	69,758	69,758
Public works - highways and streets	1,924,054	-	-	-	1,924,054
Public safety	123,940	-	-	-	123,940
Committed, budgetary reserve	8,802,528	-	-	-	8,802,528
Assigned, parks and recreation	110,464	-	-	-	110,464
Unassigned	25,673,485	-	-	-	25,673,485
<b>TOTAL FUND BALANCES</b>	<b>37,472,324</b>	<b>24,322,558</b>	<b>1,135,128</b>	<b>88,824</b>	<b>63,018,834</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 45,462,280</b>	<b>\$ 25,698,549</b>	<b>\$ 16,090,420</b>	<b>\$ 195,282</b>	<b>\$ 87,446,531</b>

See accompanying notes to the basic financial statements.

# TOWNSHIP OF HAVERFORD

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

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TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 63,018,834
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Capital assets net of accumulated depreciation as detailed in the footnotes are included in the statement of net position.	79,819,742
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 governmental activities on the statement of net position.	
Deferred amounts related to pensions	12,501,511
Deferred amounts related to OPEB	(5,718,366)
Deferred amount on refunding, net of accumulated amortization	(34,738)
Because the focus of Governmental Funds is on short-term financing, some assets will not be available to pay current period expenditures. Those assets are offset by deferred revenues in the Governmental Funds and thus are not included in fund balance.	695,340
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Bonds payable	(59,465,000)
Bond premiums, net of accumulated amortization	(4,856,166)
Interest payable	(341,419)
Net pension liability	(36,199,317)
Total OPEB liability	(54,550,747)
Compensated absences	<u>(2,725,746)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>(7,856,072)</u></u>

*See accompanying notes to the basic financial statements.*

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>American Rescue Plan Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes					
Property	\$ 27,001,885	\$ -	\$ -	\$ -	\$ 27,001,885
Transfer	1,642,975	-	-	-	1,642,975
Business privilege	1,806,409	-	-	-	1,806,409
Mercantile	1,078,011	-	-	-	1,078,011
Local services	702,208	-	-	-	702,208
Licenses and permits	2,689,487	-	-	-	2,689,487
Fines and forfeits	223,856	-	-	-	223,856
Interest and rent	1,915,243	770,359	915,382	4,059	3,605,043
Intergovernmental revenues	3,637,708	969,636	2,744,686	970,842	8,322,872
Charges for services	8,873,077	-	-	-	8,873,077
Other	1,311,584	34,540	-	64,158	1,410,282
<b>TOTAL REVENUES</b>	<u>50,882,443</u>	<u>1,774,535</u>	<u>3,660,068</u>	<u>1,039,059</u>	<u>57,356,105</u>
<b>EXPENDITURES</b>					
Current					
General government	4,093,401	258,335	-	-	4,351,736
Public safety	21,906,599	1,183,880	-	-	23,090,479
Highways and streets	5,145,741	431,479	-	-	5,577,220
Culture and recreation	6,597,194	2,334,642	-	-	8,931,836
Public works, sanitation	5,207,857	-	-	-	5,207,857
Community development	-	-	2,240,402	1,028,778	3,269,180
Miscellaneous	-	7,300	-	-	7,300
Debt service					
Principal retirement	2,645,000	-	-	-	2,645,000
Interest	1,724,429	247,330	-	-	1,971,759
<b>TOTAL EXPENDITURES</b>	<u>47,320,221</u>	<u>4,462,966</u>	<u>2,240,402</u>	<u>1,028,778</u>	<u>55,052,367</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>3,562,222</u>	<u>(2,688,431)</u>	<u>1,419,666</u>	<u>10,281</u>	<u>884,072</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of long-term debt	-	18,425,000	-	-	18,425,000
Bond premium	-	2,227,466	-	-	2,227,466
Proceeds from sale of fixed assets	-	3,336,000	-	-	3,336,000
Interfund transfers in	600,000	100,000	-	-	700,000
Interfund transfers out	(100,000)	-	(504,284)	-	(604,284)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>500,000</u>	<u>24,088,466</u>	<u>(504,284)</u>	<u>-</u>	<u>24,084,182</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,062,222	21,400,035	915,382	10,281	26,387,920
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>33,410,102</u>	<u>2,922,523</u>	<u>219,746</u>	<u>78,543</u>	<u>36,630,914</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 37,472,324</u>	<u>\$ 24,322,558</u>	<u>\$ 1,135,128</u>	<u>\$ 88,824</u>	<u>\$ 63,018,834</u>

*See accompanying notes to the basic financial statements.*

## TOWNSHIP OF HAVERFORD

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

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 26,387,920

Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$3,954,365) is exceeded by capital outlays (\$8,198,200) in the current period. 4,243,835

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (79,618)

The issuance of long-term debt (e.g., notes, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of 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. (17,788,251)

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the Governmental Funds:

Change in accrued interest payable	(213,745)
Change in compensated absences	(106,449)
Changes in the total OPEB liability and related deferrals	(962,606)
Changes in net pension liability and related deferrals	<u>(3,708,316)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 7,772,770

*See accompanying notes to the basic financial statements.*

# TOWNSHIP OF HAVERFORD

## STATEMENT OF NET POSITION

### PROPRIETARY FUND

DECEMBER 31, 2023

	<u>Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 11,824,900
Receivables	145,703
Due from other funds	31,758
Prepaid expenses	12,129
TOTAL CURRENT ASSETS	<u>12,014,490</u>
CAPITAL ASSETS	
Building and improvements	811,067
Vehicles	1,131,894
Sewer system	6,703,129
Accumulated depreciation	<u>(2,534,145)</u>
TOTAL CAPITAL ASSETS	<u>6,111,945</u>
TOTAL ASSETS	<u>18,126,435</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount related to pensions	<u>204,422</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued wages	<u>455,253</u>
NONCURRENT LIABILITIES	
Net pension liability	709,633
Compensated absences	37,068
TOTAL NONCURRENT LIABILITIES	<u>746,701</u>
TOTAL LIABILITIES	<u>1,201,954</u>
NET POSITION	
Net investment in capital assets	6,111,945
Unrestricted	<u>11,016,958</u>
TOTAL NET POSITION	<u>\$ 17,128,903</u>

See accompanying notes to the basic financial statements.

**TOWNSHIP OF HAVERFORD**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Sewer Fund</u>
OPERATING REVENUES	
Charges for sewer services	\$ 4,636,201
Other revenues	<u>27,535</u>
TOTAL OPERATING REVENUES	<u>4,663,736</u>
OPERATING EXPENSES	
Treatment and operational expenses	3,176,281
Salaries and benefits	685,784
General and administrative	96,072
Depreciation	<u>158,112</u>
TOTAL OPERATING EXPENSES	<u>4,116,249</u>
OPERATING INCOME	<u>547,487</u>
NONOPERATING REVENUES	
Investment income	<u>549,976</u>
INCOME BEFORE OPERATING TRANSFERS	1,097,463
OPERATING TRANSFERS	
Operating transfers in	504,284
Operating transfers out	<u>(600,000)</u>
TOTAL OPERATING TRANSFERS	<u>(95,716)</u>
CHANGE IN NET POSITION	1,001,747
NET POSITION AT BEGINNING OF YEAR	<u>16,127,156</u>
NET POSITION AT END OF YEAR	<u>\$ 17,128,903</u>

*See accompanying notes to the basic financial statements.*

**TOWNSHIP OF HAVERFORD**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 4,676,186
Cash paid to employees for services	(595,775)
Cash paid to suppliers	<u>(3,221,798)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>858,613</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Interfund revenues	504,284
Interfund expenses	<u>(600,000)</u>
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	(95,716)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(835,606)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends on investments	<u>549,976</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	477,267
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>11,347,633</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 11,824,900</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 547,487
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	158,112
Pension expense	88,357
Decrease in	
Receivables	12,450
Due from other funds	(516)
Prepaid expense	(354)
Increase (Decrease) in	
Accounts payable and accrued wages	51,425
Compensated absences	<u>1,652</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 858,613</u>

*See accompanying notes to the basic financial statements.*

**TOWNSHIP OF HAVERFORD**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2023**

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	<u>Pension Trust Funds</u>
ASSETS	
Cash	\$ 7,365,076
Investments, at fair value	
Mutual funds	42,695,356
Exchange traded funds	43,988,723
Receivables	
Members' contributions	21,181
Pension overpayment	604
Accrued income	<u>80,573</u>
TOTAL ASSETS	<u>\$ 94,151,513</u>
NET POSITION	
Restricted for pension benefits	<u>\$ 94,151,513</u>

*See accompanying notes to the basic financial statements.*



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

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer contributions	\$ 3,661,263
Member contributions	737,771
Commonwealth of Pennsylvania	1,392,865
TOTAL CONTRIBUTIONS	<u>5,791,899</u>
Investment earnings	
Net depreciation in fair market value of investments	9,518,335
Interest and dividends	2,440,998
Investment expenses	(227,409)
INVESTMENT EARNINGS, net	<u>11,731,924</u>
TOTAL ADDITIONS	<u>17,523,823</u>
DEDUCTIONS	
Employee benefit payments	6,661,617
Administrative expenses	44,400
Insurance	17,014
Return of member contributions	48,972
TOTAL DEDUCTIONS	<u>6,772,003</u>
CHANGE IN NET POSITION	10,751,820
NET POSITION AT BEGINNING OF YEAR	<u>83,399,693</u>
NET POSITION AT END OF YEAR	<u>\$ 94,151,513</u>

*See accompanying notes to the basic financial statements.*

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

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Township of Haverford (the "Township") is a municipal corporation existing and operating under Home Rule Charter following the First Class Township Code of the Commonwealth of Pennsylvania. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township.

**Component Units**

- The Haverford Township Free Library ("the Library") is a component unit of the Township of Haverford, as four of the seven members of the Library Board of Trustees are appointed by the Board of Commissioners of the Township of Haverford. The Library is reported as a discretely presented component unit in the Township financial statements. The Library's separately audited financial statements can be obtained at the Library during regular business hours.
- The Pension Plans are single employer defined benefit and defined contribution pension plans for all full-time employees and police officers. Although the plans are separate legal entities they are reported as if they are part of the government as they are governed by the Board of Township Commissioners and the Township is responsible for funding the plan. The plans are reported as a fiduciary fund and issue separate financial statements.

**Government-Wide and Fund Financial Statements**

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

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

Separate financial statements are provided for Governmental Funds, the Proprietary Fund and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

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

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

The Township reports the following major Governmental Funds:

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

The *Capital Projects Fund* accounts for financial resources used to acquire or construct major capital projects. The revenue in this fund comes from the sale of bonds/notes or from capital appropriations from the General Fund. This fund is reported as a major fund.

The *American Rescue Plan Fund* accounts for federal funds received under the American Rescue Plan Act and the related expenditures of those funds.

The Township reports the following major Proprietary Fund:

The *Sewer Fund* accounts for the sewage and wastewater service operations and is intended to be self-supporting through user charges.

Additionally, the Township reports the following Fiduciary Fund Types:

The *Pension Trust Funds* account for the activities of the Police and Non-Uniformed Pension Plans, which accumulate resources for pension benefit payments to qualified employees.

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

---

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The Proprietary Fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Sewer Fund are charges to customers for sales and services. Operating expenses of the Sewer Fund include the costs of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Deposits and Investments**

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

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

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

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

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

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Investments for the Township are reported at fair value. In establishing the fair value of investments, the Township uses the following hierarchy. The lowest level of valuation available is used for all investments.

Level 1 - Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 - Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**Restricted Cash**

Certain cash deposits have been classified as restricted assets because of external grant restrictions or because they are held by the Township in a custodial capacity for developer fees.

**Interfund Transactions**

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**Accounts Receivable and Allowance for Uncollectible Accounts**

No allowance for uncollectible accounts has been provided since management considers all accounts to be collectible. The Township is permitted to lien the customer's property if the customer does not remit payment for property taxes, sewer user fees, or trash collection fees.

**Property Taxes**

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

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

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets, Township**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Prior to January 1, 2003, Governmental Funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Property, plant and equipment of the Township are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Roads	20
Storm sewers	75
Recreation equipment	5-40
Traffic signals	5-30
Buildings	40
Vehicles	10
Building improvements	10-40
General improvements and equipment	5-20
Sanitary sewers	75

**Capital Assets, Free Library**

Capital assets, which include leasehold improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Major outlays for capital assets and improvement are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Collection and books that are exhaustible are capitalized; books used in the circulating Library have not been capitalized because their estimated useful lives are less than one year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	20
Furniture and equipment	3-10
Book collection	5

**Leases**

The Township is the lessor for noncancellable leases of 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 the lease receivable.

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

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Compensated Absences**

**Sick Pay** - Civil employees are paid for up to 50 days of unused sick time, plus a maximum of \$3,000 in excess of the 50 days, upon retirement, disability, or layoff. For police employees, at the time of retirement, up to 90 unused sick days shall be paid at one-half of one hundred percent of the daily base pay as of January 1, 2019 for the retiring officer's rank in effect. For police officers hired on or after January 1, 2016, up to 90 unused sick days shall be paid at 75% of their daily base rate at retirement. All sick pay is accrued when incurred in the government-wide and Proprietary Fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured; for example, as a result of employee resignations and retirements.

**Other Leave Time** - Certain department directors, in place as of February 28, 2016, can carryover unused leave time for payout at retirement. Police personnel can also carryover leave time known as TOTO for payout at retirement.

**Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issues is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**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 two items that qualify for reporting in this category. The first item is the deferred amount related to pensions, reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred amount related to pensions is the result of changes in plan assumptions, the net difference between actual and expected experience and the net difference between projected and actual earnings on pension plan investments. The second item is the deferred amount related to other postemployment benefits ("OPEB"), reported in the government-wide statement of net position. The deferred amount is the result of changes in plan assumptions and net difference between expected and actual experience.



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

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 five types of items that qualifies for reporting in this category.

Unavailable revenues arise only under a modified accrual basis of accounting and are reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes and loans to other governments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second 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. The third item is the deferred amount related to pensions, reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred amount related to pensions is the result of the net difference between actual and expected experience. The fourth item is the deferred amount related to OPEB, reported in the government-wide statement of net position. The deferred amount is the result of changes in plan assumptions and difference between expected and actual experience. The fifth item, the deferred charge on refunding, is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**Fund Balance**

Fund balances of the governmental funds are classified, if applicable, as follows:

- ***Nonspendable Fund Balance*** - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- ***Restricted Fund Balance*** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- ***Committed Fund Balance*** - Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Board of Commissioners). 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*** - Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority. As of December 31, 2023, the Board has delegated the authority to assign fund balance to the Township Manager.
- ***Unassigned Fund Balance*** - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

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

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Board of Commissioners establishes (and modifies or rescinds) fund balance commitments by passage of a motion. 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.

The Township will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**Net Position**

Net position is classified as follows:

- ***Net Investment in Capital Assets*** - The Township's investment in capital assets plus any unspent funding from debt borrowings, reduced by accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.
- ***Restricted*** - amounts limited by external parties or legislation.
- ***Unrestricted*** - amounts available for consumption or not restricted in any manner.

Sometimes the Township will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Use of Estimates**

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

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

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**NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Capital Projects Fund, American Rescue Plan Fund, and Sewer Fund. All annual appropriations lapse at fiscal year-end. The General Fund and American Rescue Plan Fund budgets are presented in the required supplementary information.

The Township Manager must submit a preliminary budget to the Board of Commissioners on or before 60 days of year-end. On or before 30 days of year-end, the Board of Commissioners must adopt a preliminary budget. No later than 10 days following the adoption of the preliminary budget by the Board, the Manager shall cause to be published in one or more newspapers of general circulation in the Township a summary of the budget and notice of the date, time and place at which the Board shall hold a public meeting on the proposed budget, which shall take place at a regular or special meeting of the Board at least seven days after advertisement. Following advertising and public hearing at which interested citizens shall have the right to express their views on the budget, the Board, by a majority vote of its total membership, shall adopt a final budget with such amendments as the Board considers advisable.

The Township Board of Commissioners approves, by ordinance, total budget appropriations only. The Township Manager is authorized to transfer budget amounts between departments within the General Fund; however, any appropriations that exceed the total budget appropriations for the year of any fund are approved by the Board of Commissioners by resolution at the conclusion of the year. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.

Encumbrance accounting is employed in Governmental Funds. Encumbrances (e.g., purchase orders) outstanding at year-end lapse.

**Excess of Expenditures Over Appropriations**

For the year ended December 31, 2023, the General Fund did not incur expenditures in excess of appropriations in any functions.

**NOTE C - DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk**

**Deposits** - In the case of deposits, this is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township's policy is to require its banking institution to provide a letter stating that the Township follows Commonwealth of Pennsylvania Act 72, where all funds in excess of federal depository insurance limits held by the bank are collateralized in public funds secured on a pooled basis.

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

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**NOTE C - DEPOSITS AND INVESTMENTS**

As of year-end, the carrying amount of deposits was \$91,680,651 and the bank balance was \$93,061,147. Of the bank balance, \$750,000 was covered by federal depository insurance; \$34,167,258 exceeded depository insurance and was exposed to custodial credit risk because the deposits were uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Township's name; and the remaining balances of \$58,393,888 and \$9,755,056 were held in the Pennsylvania Local Government Investment Trust (PLGIT) and Pennsylvania School District Liquid Asset Fund (PSDLAF). Although not registered with the Securities and Exchange Commission and not subject to regulator oversight, PLGIT and PSDLAF act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share. Both are rated by a nationally recognized organization (Standard & Poor's rating of AAAM as of December 31, 2023), and are subject to an independent annual audit.

***Investments***

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

***Interest Rate Risk***

This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Township does not have a formal investment policy that limits investment maturities.

At year-end, investment balances were as follows:

Investment Type	Fair Value	Investment Maturities		
		Less Than 1 Year	1 to 5 Years	6 to 10 Years
<b>PENSION ACTIVITIES</b>				
Mutual funds	\$ 42,695,356	\$ 25,977,552	\$ 737,898	\$ 15,979,906
Exchange traded funds	43,988,723	27,431,123	2,450,011	14,107,589
<b>TOTAL</b>	<b>\$ 86,684,079</b>	<b>\$ 53,408,675</b>	<b>\$ 3,187,909</b>	<b>\$ 30,087,495</b>

***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.

Investments in mutual funds of \$42,695,356 and exchange traded funds of \$43,988,723 are valued using quoted market prices (Level 1 inputs).

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

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**NOTE C - DEPOSITS AND INVESTMENTS**

**Credit Risk** - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of Governmental Funds as described in Note A. Resolution No. 2143-2019 is the Township's formal investment policy for credit risk which was adopted on July 8, 2019 by the Board of Commissioners. The Governmental Funds pooled investments are rated AAAM by Standard & Poor's. The Fiduciary Funds bond mutual funds range from a rating of A to AAA by Moody's. The Fiduciary Funds pooled investments are assets held at contract value by Metropolitan Life Insurance Company, and there is no method available to disclose the interest rate risk of applicable underlying debt securities.

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

**Free Library - Deposits and Investments**

**Deposits** - As of December 31, 2023, the total carrying amount of the Library's deposits was \$1,992,677 and the corresponding bank balance was \$2,131,947.

**Custodial Credit Risk -**

**Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a policy for custodial credit risk. The bank balances are covered by federal depository insurance.

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

**Interest Rate Risk** - The Library has no formal policy that limits investment choices to certain credit ratings.

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

**Concentration of Credit Risk** - The Library has no investment policy that would limit the amount the Library may invest in one issuer.

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

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**NOTE D - RECEIVABLES**

Receivables as of year-end for the Township's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects Fund	Other Governmental Funds	Sewer Fund	Fiduciary Funds
Taxes	\$ 484,935	\$ -	\$ -	\$ -	\$ -
Accounts receivable	981,499	531,606	61,519	145,703	-
Leases	4,925,407	-	-	-	-
Due from other governments	289,442	-	-	-	-
Members' contributions	-	-	-	-	21,181
Pension overpayment	-	-	-	-	604
Accrued income	-	-	-	-	80,573
	<u>\$ 6,681,283</u>	<u>\$ 531,606</u>	<u>\$ 61,519</u>	<u>\$ 145,703</u>	<u>\$ 102,358</u>

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

**NOTE E - CAPITAL ASSETS**

Governmental activities capital asset activity for the year ended December 31, 2023, was as follows:

	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 14,713,479	\$ -	\$ -	\$ 14,713,479
Construction in progress	3,932,648	6,061,205	(2,024,140)	7,969,713
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<b>18,646,127</b>	<b>6,061,205</b>	<b>(2,024,140)</b>	<b>22,683,192</b>
Capital assets being depreciated				
Roads	26,936,770	473,414	-	27,410,184
Storm sewers	11,986,560	588,140	-	12,574,700
Recreation equipment	9,977,538	613,806	-	10,591,344
Traffic signals	1,739,178	145,875	-	1,885,053
Buildings	31,248,000	190,000	-	31,438,000
Vehicles	17,190,881	1,803,221	-	18,994,102
Building improvements	3,762,238	-	-	3,762,238
General improvements	4,307,544	346,679	(16,000)	4,638,223
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>107,148,709</b>	<b>4,161,135</b>	<b>(16,000)</b>	<b>111,293,844</b>
Accumulated depreciation				
Roads	(17,056,859)	(1,033,874)	-	(18,090,733)
Storm sewers	(2,567,141)	(163,742)	-	(2,730,883)
Recreation equipment	(4,764,143)	(557,388)	-	(5,321,531)
Traffic signals	(587,420)	(82,561)	-	(669,981)
Buildings	(7,298,576)	(738,243)	-	(8,036,819)
Vehicles	(12,582,401)	(1,002,278)	-	(13,584,679)
Building improvements	(2,048,590)	(179,913)	-	(2,228,503)
General improvements	(3,313,799)	(196,366)	16,000	(3,494,165)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>(50,218,929)</b>	<b>(3,954,365)</b>	<b>16,000</b>	<b>(54,157,294)</b>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, net</b>	<b>56,929,780</b>	<b>206,770</b>	<b>-</b>	<b>57,136,550</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net</b>	<b>\$ 75,575,907</b>	<b>\$ 6,267,975</b>	<b>\$ (2,024,140)</b>	<b>\$ 79,819,742</b>

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

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**NOTE E - CAPITAL ASSETS**

Business-type activities capital asset activity for the year ended December 31, 2023, was as follows:

	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets being depreciated				
Sanitary sewers	\$ 6,151,029	\$ 552,100	\$ -	\$ 6,703,129
Buildings	811,067	-	-	811,067
Vehicles	<u>848,388</u>	<u>283,506</u>	<u>-</u>	<u>1,131,894</u>
<b>TOTAL CAPITAL ASSETS         BEING DEPRECIATED</b>	<u>7,810,484</u>	<u>835,606</u>	<u>-</u>	<u>8,646,090</u>
Accumulated depreciation				
Sanitary sewers	(1,212,638)	(85,694)	-	(1,298,332)
Buildings	(505,922)	(15,258)	-	(521,180)
Vehicles	<u>(657,473)</u>	<u>(57,160)</u>	<u>-</u>	<u>(714,633)</u>
<b>TOTAL ACCUMULATED         DEPRECIATION</b>	<u>(2,376,033)</u>	<u>(158,112)</u>	<u>-</u>	<u>(2,534,145)</u>
 <b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net</b>	 <u>\$ 5,434,451</u>	 <u>\$ 677,494</u>	 <u>\$ -</u>	 <u>\$ 6,111,945</u>

Depreciation expense was charged to functions/programs of the Township as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 286,411
Public safety	816,218
Public works	
Sanitation	234,407
Highways and streets	1,625,062
Culture and recreation	975,818
Community development	<u>16,449</u>
	<u>\$ 3,954,365</u>
 <b>BUSINESS-TYPE ACTIVITIES</b>	
Sewer	<u>\$ 158,112</u>



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

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**NOTE E - CAPITAL ASSETS**

Component Unit capital asset activity for the year ended December 31, 2023, was as follows:

	Balance January 1, 2023	Increases	Decreases	Balance December 31, 2023
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>COMPONENT UNIT, FREE LIBRARY</b>				
Capital assets				
Leasehold improvements	\$ 257,016	\$ -	\$ -	\$ 257,016
Furniture and equipment	166,937	-	-	166,937
Right to Use Assets	29,800	-	(26,425)	3,375
Construction in progress	45,006	-	-	45,006
<b>TOTAL CAPITAL ASSETS</b>	<u>498,759</u>	<u>-</u>	<u>(26,425)</u>	<u>472,334</u>
 Accumulated depreciation	 (338,779)	 (10,061)	 -	 (348,840)
<b>CAPITAL ASSETS, net</b>	<u>\$ 159,980</u>	<u>\$ (10,061)</u>	<u>\$ (26,425)</u>	<u>\$ 123,494</u>
 <b>BOOK COLLECTION</b>				
Exhaustible Book Collection	\$ 2,483,187	\$ 164,938	\$ -	\$ 2,648,125
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>(1,819,485)</u>	<u>(127,881)</u>	<u>-</u>	<u>(1,947,366)</u>
<b>BOOK COLLECTION, net</b>	<u>\$ 663,702</u>	<u>\$ 292,819</u>	<u>\$ -</u>	<u>\$ 700,759</u>

**NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of December 31, 2023, is as follows:

**Due to/from Other Funds**

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$ 31,758
Sewer Fund	<u>31,758</u>	<u>-</u>
	<u>\$ 31,758</u>	<u>\$ 31,758</u>

Interfund balances are primarily a result of:

1. Payment of various program expenses.
2. Payment of sewer rents received in the General Fund attributable to the Sewer Fund.

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

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**NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Interfund Transfers**

	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 100,000	\$ 600,000
Capital Projects Fund	-	100,000
American Rescue Plan Fund	504,284	-
Sewer Fund	<u>600,000</u>	<u>504,284</u>
	<u>\$ 1,204,284</u>	<u>\$ 1,204,284</u>

Interfund transfers are primarily a result of:

1. Payment of various program expenses accounted for in other funds in accordance with budgetary authorizations.
2. Various funds financing capital projects.

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

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**NOTE G - LONG-TERM DEBT**

**General Obligation Bonds**

General obligation bonds currently outstanding are as follows:

General Obligation Bonds, Series of 2018, issued in October 2018 in the amount of \$32,700,000 for the purpose of funding certain capital projects and to currently refund the balance of the General Obligation Bonds Series of 2010 and 2013. The bonds bear interest at 2.0% - 5.0%, payable semi-annually on June 1 and December 1, and mature on December 1, 2048.	\$ 25,235,000
General Obligation Bonds, Series of 2020, issued in May 2020 in the amount of \$8,740,000 for the purpose of funding certain capital projects and to currently refund the balance of the General Obligation Bonds Series of 2014. The bonds bear interest at 2.0% - 5.0%, payable semi-annually on June 1 and December 1, and mature on June 1, 2044.	7,940,000
General Obligation Bonds, Series of 2021, issued in September 2021 in the amount of \$8,995,000 for the purpose of currently refunding the balance of the General Obligation Bonds Series of 2016. The bonds bear interest at 1.5% - 4.0%, payable semi-annually on June 1 and December 1, and mature on June 1, 2046.	8,195,000
General Obligation Bonds, Series of 2023A, issued in May 2023 in the amount of \$15,275,000 for the purpose of funding certain capital porojects. The bonds bear interest at 2.5% - 3.5%, payable semi-annually on April 1 and October 1, and mature on April 1, 2044.	15,095,000
General Obligation Bonds, Series of 2023B, issued in May 2023 in the amount of \$3,150,000 for the purpose of funding certain capital projects. The bonds bear interest at 4.4% - 4.7%, payable semi-annually on April 1 and October 1, and mature on April 1, 2033.	<u>3,000,000</u>
	<u>\$ 59,465,000</u>

For the year ended December 31, 2023, the Township issued General Obligation Bonds, Series A of 2023. The proceeds of the bonds will be used: (1) to construct and equip renovations and improvements to the building owned by the Township and leased to the Free Library for use by the Library Association as a free public library; (2) to purchase fire trucks; (3) to acquire and install solar panels for the Township administration building; and (4) to pay the costs and expenses incurred in connection with the issuance of the 2023A Bonds.

For the year ended December 31, 2023, the Township issued General Obligation Bonds, Series B of 2023. The proceeds of the bonds will be used: (1) to construct and equip renovations and improvements to the Township's ice skating rink; (2) to acquire ambulances and emergency vehicles; and (3) to pay the costs and expenses incurred in connection with the issuance of the 2023B Bonds.

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

**NOTE G - LONG-TERM DEBT**

The total principal and interest maturities are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2024	\$ 2,980,000	\$ 2,247,701
2025	3,120,000	2,099,799
2026	3,280,000	1,949,206
2027	3,430,000	1,796,730
2028	3,575,000	1,643,188
2029 to 2033	13,710,000	6,422,477
2034 to 2038	11,375,000	4,452,422
2039 to 2043	13,615,000	2,217,331
2044 to 2048	4,380,000	249,865
	<u>\$ 59,465,000</u>	<u>\$ 23,078,719</u>

Long-term liability activity was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds payable	\$ 43,685,000	\$ 18,425,000	\$ (2,645,000)	\$ 59,465,000	\$ 2,980,000
Bond premium	2,847,949	2,227,466	(219,249)	4,856,166	219,249
<b>TOTAL BONDS PAYABLE</b>	<u>46,532,949</u>	<u>20,652,466</u>	<u>(2,864,249)</u>	<u>64,321,166</u>	<u>3,199,249</u>
Total OPEB liability	48,855,630	5,695,117	-	54,550,747	-
Net pension liability	37,516,052	-	(1,316,735)	36,199,317	-
Compensated absences	2,619,297	106,449	-	2,725,746	-
<b>TOTAL GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES</b>	<u>\$ 135,523,928</u>	<u>\$ 26,454,032</u>	<u>\$ (1,316,735)</u>	<u>\$ 157,796,976</u>	<u>\$ 3,199,249</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Compensated absences	\$ 35,416	\$ 1,652	\$ -	\$ 37,068	\$ -
Net pension liability	826,992	-	(117,359)	709,633	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES</b>	<u>\$ 862,408</u>	<u>\$ 1,652</u>	<u>\$ (117,359)</u>	<u>\$ 746,701</u>	<u>\$ -</u>

For the governmental activities, all of the long-term liabilities are generally liquidated by the General Fund. For the business-type activities. All of the long-term liabilities are liquidated by the Sewer Fund.

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

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**NOTE H - RISK MANAGEMENT**

The Township self-insures an unemployment compensation program. Amounts are paid to the state as claims are filed. The Township paid \$3,402 on claims for the year ended December 31, 2023.

**NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

**Police Pension Plan**

**Summary of Significant Accounting Policies** - Police Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's Police Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose of measuring the net pension liability, in deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about 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 and Administration***

**Plan Administration** - The Haverford Township Police Pension Plan is a single-employer defined benefit pension plan covering the full-time police officers. The Plan was established effective January 1, 1958 and was restated by Ordinance No. 1960 Chapter 30 Article IV, as amended. The Plan is governed by the Board of Township Commissioners. The Board of Township Commissioners has delegated the authority to manage Plan assets to CBIZ/INR Advisory Services, LLC and PFM Asset Management, LLC.

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

Inactive plan members or beneficiaries currently receiving benefits	105
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	57
	<hr/>
	163
	<hr/> <hr/>

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

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**NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

**Benefits Provided**

The following is a summary of the Plan benefit provisions:

Eligibility Requirements:

- Normal Retirement: Age 50 and 25 years of service. If hired after August 1, 2014, age 53 and 25 years of service
- Early Retirement: Age 50 & 15 years of service (hired before January 1, 2000, 20 years of service (Act 24)
- Vesting: 100 percent vested after 12 years of service

Retirement Benefit: 50 percent of final average 36 months' pay plus a service increment equal to \$20 per month for each year of service over 25 up to a maximum of \$100/month

Survivor Benefit: Killed-in-Service (Act 51) - In the event of the death of a retired officer, the survivor would receive 50 percent of the pension the member was receiving. Vested- refund of contribution with interest or 50 percent of vested benefit payable beginning at officer's superannuation retirement date. Members who retire on or after January 1, 2013, if death occurs within the first 8 years, spouse receives 100 percent of benefit for remainder of 8 years, then benefit is reduced to 50 percent.

Disability Benefit Service Related: 70 percent of base salary offset by social security disability benefits

Post Retirement Adjustments: Eligibility: Retirement after January 1, 2000 Adjustment; Annual increase equal to increase in CPI until original pension has increased 15 percent or if earlier, until adjusted pension equals 75percent of the salary upon which the original pension was based.

Act 44 Deferred Retirement Option Program: An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 60 months upon attainment of age 52 and 25 years of service if hired prior to August 1, 2014 or if hired after August 1, 2014 upon attainment of age 53 and 25 years of service.

**Contributions and Funding Policy** - Act 205 of 1984, the Municipal Pension Plan Funding Standard and recovery Act, initiated actuarial funding requirements for Pennsylvania municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation ("MMO") to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds. The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

**TOWNSHIP OF HAVERFORD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

As a condition of participation, participants are required to make contributions to the Plan. Covered employees are required by statute to contribute 5% of their compensation to the Plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

In 2023, the MMO obligation for the Police Pension Plan was \$3,240,796, equal to the contributions made by the Township. Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings.

***Investments***

**Investment Policy** - The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Commissioners and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

The Plan's investment policy for CBIZ/INR Advisory Services, LLC establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equities	42%	5.60%
International equities	18%	5.60%
Fixed income	37%	2.60%
Cash	3%	<u>60.00%</u>
 Total Net Blended Return		 4.26%*

\* - Excludes 2.40% inflation assumption

**TOWNSHIP OF HAVERFORD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

The Plan's investment policy for PFM Asset Management, LLC establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
US Equity	39.0%	7.55%
International equity	15.0%	7.06%
Emerging equity	6.0%	7.43%
Core fixed income	20.0%	4.70%
Intermediate Inv. Grade Corp.	10.0%	5.40%
High yield	5.0%	6.79%
Emerging debt	5.0%	5.96%
Cash	0.0%	2.72%
Total Net Blended Return		4.07%*

\* - Excludes 2.50% inflation assumption

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 the Plan's target asset allocation as of December 31, 2023 are presented in the previous tables.

**Concentrations** - As of December 31, 2023, no investment in any one organization represented five percent or more of the Plan's fiduciary net position.

**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 14.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate** - The discount rate is based on the long-term expected rate of return on plan investments that 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 to ultimately achieve a 100 percent funded status.



**TOWNSHIP OF HAVERFORD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

**Net Pension Liability of the Township** - The components of the net pension liability of the Township at December 31, 2023, were as follows:

Total pension liability	\$ 78,966,285
Plan fiduciary net position	<u>(54,550,871)</u>

NET PENSION LIABILITY	\$ <u>24,415,414</u>
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Plan fiduciary net position as a percentage of the total pension liability	69.1%
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**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of January 1, 2023. Update procedures were used to roll forward to the Plan's fiscal year ended December 31, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	5.25% annual increase
Investment rate of return	7.50%

Mortality rates were based on the PUBS-2010 Mortality projected 5 years past the valuation date using scale MP-2020.

**TOWNSHIP OF HAVERFORD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balances at December 31, 2022	\$ 71,738,866	\$ 47,955,542	\$ 23,783,324
Changes for the year:			
Service cost	1,216,844	-	1,216,844
Interest cost	5,358,933	-	5,358,933
Changes for experience	4,313,427	-	4,313,427
Contributions			
Employer	-	3,240,796	(3,240,796)
Member	-	379,213	(379,213)
Net investment income	-	6,663,512	(6,663,512)
Benefit payments	(3,661,785)	(3,661,785)	-
Administrative expenses	-	(26,407)	26,407
Net changes	<u>7,227,419</u>	<u>6,595,329</u>	<u>632,090</u>
Balances at December 31, 2023	\$ <u>78,966,285</u>	\$ <u>54,550,871</u>	\$ <u>24,415,414</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 7.50%, 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 (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
	<u>(6.50%)</u>	<u>Rate (7.50%)</u>	<u>(8.50%)</u>
Net pension liability	\$ <u>32,971,912</u>	\$ <u>24,415,414</u>	\$ <u>17,235,847</u>

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

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**NOTE I - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)**

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 \$5,481,890. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,291,287	\$ 157,491
Changes in assumptions	2,023,745	-
Net difference between projected and actual earnings on pension plan investments	3,949,407	-
Total	\$ 9,264,439	\$ 157,491

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

Year Ended December 31,	
2024	\$ 3,018,644
2025	3,480,999
2026	3,009,970
2027	(402,665)
2028	-
Thereafter	-

**Deferred Retirement Option Plan** - An active member who has met the eligibility requirements for normal retirement may elect to participate in the DROP for a period of up to 60 months upon attainment of age 52 and 25 years of service if hired prior to 8/1/14 or if hired after 8/1/14 upon attainment of age 53 and 25 years of service. The monthly pension shall be calculated as of the date of participation in the DROP. The DROP plan account balance is distributed to the member in a lump sum at the termination of DROP. As of December 31, 2023, there were 13 members participating in the DROP with a total DROP account balance of \$2,768,963.

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

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**NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN)**

**Summary of Significant Accounting Policies** - Non-Uniformed Pension Plan investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Township's Non-Uniformed Pension Plan is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due as required by the Act. For the purpose 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 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 and Administration** - The Haverford Township Non-Uniformed Pension Plan ("the Plan") is a single-employer defined benefit pension plan covering the full-time non-uniformed employees who were hired prior to January 1, 2011. The Plan was established effective January 1, 1958 and was restated by Ordinance No. 1960 Chapter 30 Article IV, as amended. The Plan is governed by the Board of Township Commissioners. The Board of Township Commissioners has delegated the authority to manage Plan assets to CBIZ/INR Advisory Services, LLC and PFM Asset Management, LLC.

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

Inactive plan members or beneficiaries currently receiving benefits	106
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>53</u>
	<u>167</u>

**Benefits Provided**

The following is a summary of the Plan benefit provisions:

Eligibility Requirements:

- Normal Retirement: Age 62 and 5 years of service or 60 and 25 years
- Early Retirement: Age 55 with 30 years of service with actuarial reduction
- Vesting: 100 percent vested after 5 years of service

Retirement Benefit: 2 percent of highest average 36 months' pay times credited service.

Survivor Benefit: Upon death of vested active member or terminated vested member whose benefits had not commenced, the surviving spouse will receive an immediate monthly pension equal to 50 percent of the member's accrued benefit. Upon death of retired member, 50 percent of member's benefit is continued to spouse.

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

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**NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN)**

Disability Benefit Service Related: 50 percent of annual regular wages at the date of the disability offset by Worker's Compensation. The combination of monies received from the service connected disability benefits and Worker's Compensation cannot exceed 70 percent of total compensation paid over a 12 month period preceding the disability. The benefit is payable until the normal retirement date at which time the employee will receive the normal accrued benefit calculated at the time of the disability or 50 percent service disability benefit, whichever is higher.

Disability Benefit Non-Service Related: For civilian employees participating in the defined benefit pension plan, the disability benefit is 70 percent of salary of which 30% will be paid through the defined benefit pension plan and 40% will be paid through the Township's long-term disability policy, according to policy terms and limits. The maximum duration of the 70 percent benefit is until age 65. If the non-probationary employee has reached 65, the 40 percent benefit paid from the long-term disability policy will only be paid for the maximum months of disability as follows: If disability determined is 1) between age 65 but before attaining 66: 21 monthly benefit payments, or 2) between age 66 but before attaining 67: 18 monthly benefit payments, or 3) between age 67 but before attaining 68: 15 monthly benefit payments, or 4) between age 68 but before attaining 69: 12 monthly benefit payments. At the point in which the long-term disability policy expires, the subsequent benefit will be the greater of the employee's accrued pension benefit calculated at the time of the disability or 30 percent of the employee's salary as the time of disability, whichever is greater.

Post Retirement Adjustments: None

**Contributions** - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation ("MMO"), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10 percent of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The Commonwealth provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

As a condition of participation, participants are required to make contributions to the plan. Covered employees are required by statute to contribute 4.50% of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan.

In 2023, the MMO obligation for the Non-Uniformed Pension Plan was \$1,637,145, equal to the contributions made by the Township.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

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

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**NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN)**

***Investments***

**Investment Policy** - The Plan's investment policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Commissioners and Pension Board. The objective of the investment strategy is to reduce risk while maximizing returns through the prudent diversification of the portfolio in order to maintain a fully funded status and meet the benefit and expense obligations when due. The Plan's formal Investment Policy Statement which is revised periodically provides more comprehensive details on investment strategy and authorized investments.

The Plan's investment policy for CBIZ/INR Advisory Services, LLC establishes the following target allocation across asset classes:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equities	42%	5.60%
International equities	18%	5.60%
Fixed income	37%	2.60%
Cash	3%	60.00%
Total Net Blended Return		4.26%*

\* - Excludes 2.40% inflation assumption

The Plan's investment policy for PFM Asset Management, LLC establishes the following target allocation across asset classes:

Asset Class	Target Allocation	Long-term Expected Rate of Return
US Equity	39.0%	7.55%
International equity	15.0%	7.06%
Emerging equity	6.0%	7.43%
Core fixed income	20.0%	4.70%
Intermediate Inv. Grade Corp.	10.0%	5.40%
High yield	5.0%	6.79%
Emerging debt	5.0%	5.96%
Cash	0.0%	2.72%
Total Net Blended Return		4.07%*

\* - Excludes 2.50% inflation assumption

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

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**NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN)**

**Concentrations** - At December 31, 2023, no investment in any one organization represented five percent or more of the Plan’s fiduciary net position.

**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 14.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate** - The discount rate is based on the long-term expected rate of return on plan investments that 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 to ultimately achieve a 100 percent funded status.

**Net Pension Liability of the Township** - The components of the net pension liability of the Township at December 31, 2023, were as follows:

Total pension liability	\$ 50,582,330
Plan fiduciary net position	<u>(38,088,794)</u>
<b>NET PENSION LIABILITY</b>	<b>\$ <u>12,493,536</u></b>
 total pension liability	 75.3%

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation at January 1, 2023. Update procedures were used to roll forward to the Plan’s fiscal year ended December 31, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	5.0% annual increase
Investment rate of return	7.50%

Mortality rates were based on the PUBS-2010 Mortality Table projected five years past the valuation date using scaled MP-2020.

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

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

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**NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN)**

**Changes in the Net Pension Liability**

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) - (b)</u>
Balances at December 31, 2022	\$ 48,938,530	\$ 34,378,810	\$ 14,559,720
Changes for the year:			
Service cost	523,823	-	523,823
Interest cost	3,597,792	-	3,597,792
Changes for experience	541,873	-	541,873
Contributions			
Employer	-	1,637,145	(1,637,145)
Member	-	225,040	(225,040)
Net investment income	-	4,895,594	(4,895,594)
Benefit payments	(3,019,688)	(3,019,688)	-
Administrative expenses	-	(28,107)	28,107
Net Changes	<u>1,643,800</u>	<u>3,709,984</u>	<u>(2,066,184)</u>
Balances at December 31, 2023	\$ <u>50,582,330</u>	\$ <u>38,088,794</u>	\$ <u>12,493,536</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 7.50%, 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 (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Net pension liability	\$ <u>17,785,699</u>	\$ <u>12,493,536</u>	\$ <u>7,943,161</u>



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

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**NOTE J - DEFINED BENEFIT PENSION PLAN (NON-UNIFORMED PENSION PLAN)**

**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 \$3,192,724. 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	\$ 432,645	\$ -
Changes in assumptions	262,097	-
Net difference between projected and actual earnings on pension plan investments	<u>2,904,243</u>	<u>-</u>
Total	<u>\$ 3,598,985</u>	<u>\$ -</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 Ended December 31,</u>	
2024	\$ 1,249,744
2025	1,337,550
2026	1,490,916
2027	(479,225)
2028	-
Thereafter	-

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

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**NOTE K - NON-UNIFORMED DEFINED CONTRIBUTION PENSION PLAN**

The Township has established a defined contribution pension plan to provide pension benefits for its regular, full-time, non-police employees who were hired on or after January 1, 2011. Under the plan, an individual receives his own account to which all contributions are made. The Township determines how his account is invested. The accounts are administered by CBIZ/InR Advisory Services, LLC.

Under the plan, the employer contributions are negotiated through labor contracts. For 2023, the employer contribution was 4.5% of the employee's total compensation. Covered employees are fully vested in employer contributions after five years of service.

This plan was established effective January 1, 2011. Any person who became an eligible employee after January 1, 2011, would become a member on the last day of the Plan year coincident with or next following completion of one-half year of service. For the year ended December 31, 2023, Township contributions of \$176,187 and employee contributions of \$133,518 were made to this plan.

**NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**Plan Description**

The Township sponsors a single employer defined postemployment benefit ("OPEB") plan that provides fully insured medical and self-insured prescription drug, dental and vision benefits to two groups of participants: Police and Civilian. The Civilian Plan provides these benefits at either full or partial funding through age 65. The Police Plan provides these benefits at either full or partial funding through the end of life. The self-insured programs are administrated by third-party administrators. The requirements for eligibility mirror the requirements for retirement.

**Contributions**

Retirement eligible civilians (and spouses) receive 100 percent paid benefits for medical, prescription drug, dental, and vision from ages 60 to 62. At age 63, the retired Civilian continues to receive 100 percent paid insurance, while spouses of retirees receive 50 percent paid insurance. In January 2015, Civilian retiree's coverage was removed from post 65 coverage. Once a civilian retiree reaches age 65 and is eligible for Medicare, their spouse is also removed from any Township-paid benefits (other than COBRA). Police receive 100 percent paid medical, prescription drug, dental, and vision benefits through age 65. At age 65, retired police receive 100 percent of Medicare supplement premiums and 50 percent for spouses up to five years.

Except in cases of retired civilians participating in COBRA or spouses of eligible retired employees, retirees are not required to make contributions to either plan. The contribution requirements of plan members have been established and may be amended through Civilian and Police Labor Contracts.

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

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**NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**Funding Policy**

The Township has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of Supervisors. For fiscal year 2023, the Township paid \$1,620,484 to plan members eligible for receiving benefits.

**Participants**

As of December 31, 2023, the Plan had 248 participants, consisting of 193 active participants, 0 vested former participants, and 55 retired participants.

**Valuation Date**

The total OPEB liability was determined as part of the bi-annual actuarial valuation as of December 31, 2023.

**Discount Rate**

The discount rate was 3.26% based on the Bond Buyer 20-year General Obligation Index at December 31, 2023, a decrease from the prior measurement date (.46%).

**Salary Increase Rate**

The salary increase rate is 3.0% per annum.

**Medical Consumer Price Index Trend**

The medical consumer price index trend is 3% per annum.

**Inflation Rate**

The inflation rate is 2.5% per annum.

**Marriage Rate**

The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided.

**Spouse Age**

Spouse date of births were provided by the Township. Where this information is missing, male spouses are assumed to be three years older than female spouses.

**Medicare Eligibility**

All current and future retirees are assumed to be eligible for Medicare at age 65.

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

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**NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**Actuarial Cost Method**

The actuarial cost method is entry age normal based on level percentage of projected salary.

**Amortization Method**

Experience/assumptions gains and losses are amortized over a closed period of 10.4 years starting the current fiscal year, equal to the average remaining service of active and inactive plan members (who have no future service).

**Plan Participation Percentage**

The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 85% of all pre- Medicare Police and Civilian employees and their dependents who are eligible for early retiree benefits will participate in the retiree medical plan. This assumes that a one-time irrevocable election to participate is made at retirement.

**Mortality Rates**

PUB-2010 headcount weighted base mortality table for employee, annuitant, or disabled, projected generationally using Scale MP-2021, applied on a gender-specific and job class basis.

**Disabled Mortality Rates**

Disabled mortality rates use the RP-2014 generational table scaled using MP-17 and set forward seven years.

**Healthcare Cost Trend Rate**

The healthcare cost trend assumptions are used to project the cost of healthcare in future years. The following annual trends are based on the current HCA Consulting trend study and are applied on a select and ultimate basis. Select trends are reduced 0.25 percent each year until reaching the ultimate trend rate.

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

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**NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

<u>Expense Type</u>	<u>Select</u>	<u>Ultimate</u>
Pre-Medicare Medicare and RX Benefits	7.0%	4.0%
Medicare Benefits	6.0%	4.0%
Stop Loss Fees	7.0%	4.0%
Administrative Fees	6.0%	4.0%
Dental Benefits	4.0%	4.0%
Vision Benefits	4.0%	4.0%

**Per Capital Health Claim Cost**

Per capital health claim costs are developed by applying age adjustments to the current fully insured premiums since experience was not provided for Rx coverage. The age 60 and 70 per capital health claim costs are presented in the table below.

<u>Per Capita Cost</u>	<u>Age 60</u>	<u>Age 70</u>
Medical	\$ 11,815	\$ n/a
Prescription Drug	3,489	3,039

**Non-claim Expenses**

Non-claim expenses are based on the current amounts charged per retired employee.

**Age-based Morbidity**

The assumed per capita health claim costs are adjusted to reflect expected increases related to age and gender. These increases are based on a 2013 Society of Actuaries study.

**Termination**

The rate of withdrawal is based on the withdrawal assumption used in the Haverford Police/Civil Employees Pension Valuation as of January 1, 2023. The rate of withdrawal for reasons other than death and retirement is dependent on an employee's age and years of service.

**Retirement**

Retirement ages and associated probabilities are based on the Haverford Police/Civil Employees Pension Valuation as of January 1, 2023.

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

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**NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**Assumption Changes**

The discount rate was updated from 3.72% to 3.26%. The discount rate basis is the Bond Buyer 20-Bond General Obligation Index as of the measurement date.

**Sensitivity Analysis**

The following presents the total OPEB liability, calculated using the valuation discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower and one percentage point higher than the current rate.

	<u>1% Decrease</u> 2.26%	<u>Current</u> <u>Discount Rate</u> 3.26%	<u>1% Increase</u> 4.26%
Total OPEB liability	\$ <u>64,554,000</u>	\$ <u>54,550,747</u>	\$ <u>46,699,000</u>

The following presents the total OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the total OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	<u>1% Decrease</u>	<u>Current</u> <u>Healthcare Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ <u>40,880,000</u>	\$ <u>54,550,747</u>	\$ <u>59,237,000</u>

**Changes in Total OPEB Liability**

	<u>Total</u> <u>OPEB Liability</u>
Total OPEB Liability as of January 1, 2023	\$ 48,855,630
Service cost	1,512,321
Interest cost	1,843,547
Changes in assumptions or other inputs	3,959,733
Benefit payments	<u>(1,620,484)</u>
Total OPEB Liability as of December 31, 2023	\$ <u>54,550,747</u>

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

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**NOTE L - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

The amount of OPEB expense recognized by the Township was \$2,583,090 for the year ended December 31, 2023. At December 31, 2023, the Township reported the following deferred inflows and outflows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,693,803	\$ (6,425,080)
Changes of assumptions/inputs	<u>11,106,941</u>	<u>(16,094,030)</u>
	<u>\$ 16,800,744</u>	<u>\$ (22,519,110)</u>

Deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

2024	\$ (772,778)
2025	(772,778)
2026	(772,778)
2027	(772,778)
2028	(772,778)
Thereafter	<u>(1,854,476)</u>
	<u>\$ (5,718,366)</u>

**NOTE M - LEASES**

***Lease Receivable***

During the year, the Township of Haverford leases a portion of their land. The leases are for the following:

<u>Description</u>	<u>Term</u>	<u>Payment</u>
Land	Annually through 2063	\$80,000
Land	Monthly through November 2047	\$1,924 to \$10,334
Land	Monthly through April 2057	\$4,521 to \$5,560
Land	Monthly through August 2050	\$1,989 to \$3,463

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

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**NOTE M - LEASES**

As of December 31, 2023, the Township of Haverford's receivable for lease payments was \$4,925,407. Also, the Township of Haverford has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of December 31, 2023, the balance of the deferred inflow of resources was \$4,735,824. 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	
Land	\$ 52,179
Interest Revenue	<u>211,499</u>
TOTAL	<u>\$ 263,678</u>

Current year interest revenues were \$211,499. This is included on interest and rent financial statement line.

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	\$ 58,777	\$ 209,883	\$ 268,660
2025	61,786	207,374	269,160
2026	64,933	204,737	269,670
2027	70,005	202,112	272,117
2028	83,439	198,770	282,209
2029-2033	502,394	936,215	1,438,609
2034-2038	700,474	813,008	1,513,482
2039-2043	942,882	644,891	1,587,773
2044-2048	1,077,893	423,668	1,501,561
2049-2053	537,203	255,623	792,826
2054-2058	479,261	143,132	622,393
2059-2063	<u>346,358</u>	<u>53,642</u>	<u>400,000</u>
TOTAL FUTURE RECEIPTS	<u>\$ 4,925,407</u>	<u>\$ 4,293,054</u>	<u>\$ 9,218,461</u>



**TOWNSHIP OF HAVERFORD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE M - LEASES**

**Free Library - Right of Use Leases**

The Library routinely leases various equipment instead of purchasing the assets. These payments are recognized as expenses in the period that they occur. There were no termination penalties or residual guarantee payments expensed for the fiscal year ended December 31, 2023. Interest expense on these leases for the fiscal year ended December 31, 2023, totaled \$357.

The following schedule provided future minimum principal and interest payments to maturity for right of use leases.

<u>Year Ending December 31,</u>	<u>Right to Use Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2024	\$ 718	\$ 45	\$ 763
2025	<u>644</u>	<u>17</u>	<u>661</u>
Total	<u>\$ 1,362</u>	<u>\$ 62</u>	<u>\$ 1,424</u>

The following summary provided aggregated information reported for December 31, 2023 on right of use lease liabilities including additions, reductions and reported liabilities for the years then ended.

	<u>Balance January 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2023</u>
Lease Liability, Third Parties	\$ <u>10,433</u>	\$ <u>-</u>	\$ <u>(9,071)</u>	\$ <u>1,362</u>

**NOTE N - HAVERFORD TOWNSHIP FREE LIBRARY REVENUES**

Haverford Township Free Library is considered a component unit of the Township of Haverford, Delaware County, Pennsylvania. The majority of the Library Board is officially appointed by the Township Board of Commissioners. The Library receives a substantial amount of its support from the Township. During 2023, the contributions from the Township totaled \$1,299,864, including a minimum municipal obligation appropriation of \$52,092. A significant reduction in the level of this support, if this were to occur, may have an effect on the Library's programs and activities. In addition, the Township allows the Library free use of the building that houses the Library. The estimated value of the rental expense and other related expenses amounted to \$300,000 for the year ended December 31, 2023.

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

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**NOTE O - COMMITMENTS**

The Township is actively engaged in a number of projects which are under formal agreements. A summary of the projects under commitment are as follows:

	Total Amount of Contracts	Paid/Accrued (Completed) as of 12/31/23	Commitment
Totals	\$ <u>28,453,054</u>	\$ <u>2,142,172</u>	\$ <u>26,310,882</u>

**NOTE P - SUBSEQUENT EVENTS**

In January 2024, the Township authorized and entered into a professional services contract for architectural design services and preparation of construction documents related to the Haverford Township Skatium Locker Room Renovation and Space Planning Project at a cost not to exceed \$109,920; a construction contract for the Darby Creek Trail, Southern Extension – Phase 1 in the amount of \$125,975; and a purchase agreement for (2) baseball cages and fencing at Grange Park in the amount of \$50,000.

In February 2024, the Township authorized and entered into purchase agreements for the following: (3) 2024 Chevrolet Tahoe Police Vehicles and (2) 2024 Electric Chevrolet Blazer Police Vehicles, the amount of \$278,800; 2024 Ford F350 Regular Cab with Plow in the amount of \$66,110; 2024 Ford F350 Super Cab with Plow in the amount of \$70,060; 2024 Altec 75ft Tree Bucket Truck with International Cab & Chassis in the amount of \$299,000; 2024 International Cab & Chassis HV607 for Recycling Truck in the amount of \$128,164; 2024 Recycling Body (20-yard) for Cab & Chassis noted above in the amount of \$108,373; Pole Barn with Concrete Pad in the amount of \$50,000; (1) 2024 F600 in the amount of \$63,335; for chassis listed above: (1) Multi-Lift XR5S-3050 Hook Lift, (1) 10' Stainless Steel Dump Body, (1) 20 Gallon Stainless Steel Valve/Tank Combo, (1) Stainless Steel Salt Spreader with Spinner in the amount of \$89,500; 2024 Caterpillar 938 Front End Loader in the amount of \$281,165.00; 2024 Broom Bear Sweeper on International Cab and Chassis in the amount of \$407,000; and, a 2024 Brush Bandit Chipper in the amount of \$98,715.

In March 2024, the Township authorized and entered into a professional services contract for a comprehensive parking study within the business districts in the amount of \$60,000; to amend original contract award for the replacement of the Skatium chillers to include replacement of water pumps at an additional cost of \$73,300.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF HAVERFORD**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes				
Property	\$ 27,014,616	\$ 27,014,616	\$ 27,001,885	\$ (12,731)
Transfer	1,550,000	1,550,000	1,642,975	92,975
Business privilege	1,500,000	1,515,000	1,806,409	291,409
Mercantile	850,000	850,000	1,078,011	228,011
Local services	600,000	600,000	702,208	102,208
Licenses and permits	2,240,100	2,240,100	2,689,487	449,387
Fines and forfeits	176,500	176,500	223,856	47,356
Interest and rent	666,109	666,109	1,915,243	1,249,134
Intergovernmental revenues	3,459,279	3,459,279	3,637,708	178,429
Charges for services	8,252,014	8,377,014	8,873,077	496,063
Other	1,102,616	1,132,616	1,311,584	178,968
<b>TOTAL REVENUES</b>	<u>47,411,234</u>	<u>47,581,234</u>	<u>50,882,443</u>	<u>3,301,209</u>
<b>EXPENDITURES</b>				
Current				
General government	4,316,076	4,371,076	4,093,401	277,675
Public safety	21,694,457	21,949,457	21,906,599	42,858
Highways and streets	6,009,777	5,744,777	5,145,741	599,036
Parks and recreation	6,701,295	6,826,295	6,597,194	229,101
Public works, sanitation	6,100,219	6,100,219	5,207,857	892,362
Debt service				
Principal retirement	3,095,000	3,095,000	2,645,000	450,000
Interest	1,838,213	1,838,213	1,724,429	113,784
<b>TOTAL EXPENDITURES</b>	<u>49,755,037</u>	<u>49,925,037</u>	<u>47,320,221</u>	<u>2,604,816</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,343,803)</u>	<u>(2,343,803)</u>	<u>3,562,222</u>	<u>5,906,025</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	600,000	600,000	600,000	-
Interfund transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,843,803)	(1,843,803)	4,062,222	5,906,025
FUND BALANCE AT BEGINNING OF YEAR	<u>33,410,102</u>	<u>33,410,102</u>	<u>33,410,102</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 31,566,299</u>	<u>\$ 31,566,299</u>	<u>\$ 37,472,324</u>	<u>\$ 5,906,025</u>

**TOWNSHIP OF HAVERFORD**  
**BUDGETARY COMPARISON SCHEDULE**  
**AMERICAN RESCUE PLAN FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and rent	\$ 150,000	\$ 150,000	\$ 915,382	\$ 765,382
Intergovernmental revenues	-	-	2,744,686	2,744,686
TOTAL REVENUES	<u>150,000</u>	<u>150,000</u>	<u>3,660,068</u>	<u>3,510,068</u>
EXPENDITURES				
Current				
General government	<u>4,640,590</u>	<u>4,640,590</u>	<u>2,240,402</u>	<u>2,400,188</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,490,590)</u>	<u>(4,490,590)</u>	<u>1,419,666</u>	<u>5,910,256</u>
OTHER FINANCING USES				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>(504,284)</u>	<u>(504,284)</u>
NET CHANGE IN FUND BALANCE	(4,490,590)	(4,490,590)	915,382	5,405,972
FUND BALANCE AT BEGINNING OF YEAR	<u>219,746</u>	<u>219,746</u>	<u>219,746</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ (4,270,844)</u></u>	<u><u>\$ (4,270,844)</u></u>	<u><u>\$ 1,135,128</u></u>	<u><u>\$ 5,405,972</u></u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 1,216,844	\$ 1,356,133	\$ 1,198,593
Interest	5,358,933	5,047,132	4,946,540
Changes of benefit terms	-	-	-
Differences between expected and actual experience	4,313,427	(221,590)	(145,123)
Changes of assumptions	-	-	5,305,493
Benefit payments	<u>(3,661,785)</u>	<u>(3,475,816)</u>	<u>(3,734,795)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	7,227,419	2,705,859	7,570,708
TOTAL PENSION LIABILITY, BEGINNING	<u>71,738,866</u>	<u>69,033,007</u>	<u>61,462,299</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 78,966,285</u>	<u>\$ 71,738,866</u>	<u>\$ 69,033,007</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 3,240,796	\$ 3,206,075	\$ 3,784,770
Member	379,213	431,022	413,565
Net investment income (loss)	6,663,512	(8,878,727)	5,691,963
Benefit payments, including refunds of member contributions	<u>(3,661,785)</u>	<u>(3,475,816)</u>	<u>(3,734,795)</u>
Administrative expense	<u>(26,407)</u>	<u>(14,136)</u>	<u>(23,150)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	6,595,329	(8,731,582)	6,132,353
Plan fiduciary net position, beginning	<u>47,955,542</u>	<u>56,687,124</u>	<u>50,554,771</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 54,550,871</u>	<u>\$ 47,955,542</u>	<u>\$ 56,687,124</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 24,415,414</u>	<u>\$ 23,783,324</u>	<u>\$ 12,345,883</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>69.08%</u>	<u>66.85%</u>	<u>82.12%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 7,731,402</u>	<u>\$ 7,392,328</u>	<u>\$ 7,746,858</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>315.80%</u>	<u>321.73%</u>	<u>159.37%</u>

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	1,164,250	\$ 1,106,176	\$ 1,025,340	\$ 974,195	\$ 996,981	\$ 947,250	\$ 931,127
	4,671,578	4,483,236	4,200,223	4,011,524	3,729,984	3,551,888	3,377,023
	-	-	-	-	-	(24,282)	-
	-	296,584	-	1,011,784	-	(515,826)	-
	-	2,752,212	-	129,008	-	1,836,891	-
	<u>(3,207,999)</u>	<u>(3,378,437)</u>	<u>(3,074,633)</u>	<u>(2,424,566)</u>	<u>(2,440,176)</u>	<u>(2,340,070)</u>	<u>(2,255,036)</u>
	2,627,829	5,259,771	2,150,930	3,701,945	2,286,789	3,455,851	2,053,114
	<u>58,834,470</u>	<u>53,574,699</u>	<u>51,423,769</u>	<u>47,721,824</u>	<u>45,435,035</u>	<u>41,979,184</u>	<u>39,926,070</u>
\$	<u>61,462,299</u>	<u>58,834,470</u>	<u>53,574,699</u>	<u>51,423,769</u>	<u>47,721,824</u>	<u>45,435,035</u>	<u>41,979,184</u>
\$	3,775,794	\$ 3,465,636	\$ 3,472,178	\$ 3,121,717	\$ 3,113,035	\$ 2,859,475	\$ 2,819,919
	395,575	388,396	378,102	360,674	357,193	363,562	340,793
	6,439,000	6,791,947	(1,961,844)	4,500,380	1,883,126	(143,613)	1,606,146
	(3,207,999)	(3,378,437)	(3,074,633)	(2,424,566)	(2,440,176)	(2,340,070)	(2,255,036)
	<u>(15,403)</u>	<u>(23,590)</u>	<u>(12,199)</u>	<u>(24,202)</u>	<u>(7,835)</u>	<u>(28,635)</u>	<u>(13,194)</u>
	7,386,967	7,243,952	(1,198,396)	5,534,003	2,905,343	710,719	2,498,628
	<u>43,167,804</u>	<u>35,923,852</u>	<u>37,122,248</u>	<u>31,588,245</u>	<u>28,682,902</u>	<u>27,972,183</u>	<u>25,473,555</u>
\$	<u>50,554,771</u>	<u>43,167,804</u>	<u>35,923,852</u>	<u>37,122,248</u>	<u>31,588,245</u>	<u>28,682,902</u>	<u>27,972,183</u>
\$	<u>10,907,528</u>	<u>15,666,666</u>	<u>17,650,847</u>	<u>14,301,521</u>	<u>16,133,579</u>	<u>16,752,133</u>	<u>14,007,001</u>
	<u>82.25%</u>	<u>73.37%</u>	<u>67.05%</u>	<u>72.19%</u>	<u>66.19%</u>	<u>63.13%</u>	<u>66.63%</u>
\$	<u>7,656,098</u>	<u>7,165,068</u>	<u>7,238,232</u>	<u>6,915,142</u>	<u>6,819,296</u>	<u>6,888,822</u>	<u>6,468,876</u>
	<u>142.47%</u>	<u>218.65%</u>	<u>243.86%</u>	<u>206.81%</u>	<u>236.59%</u>	<u>243.18%</u>	<u>216.53%</u>



**TOWNSHIP OF HAVERFORD**  
**SCHEDULE OF POLICE PENSION PLAN CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 3,240,796	\$ 3,206,075	\$ 3,784,770
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>3,240,796</u>	<u>3,206,075</u>	<u>3,784,770</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 7,731,402</u>	<u>\$ 7,392,328</u>	<u>\$ 7,746,858</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>41.92%</u>	<u>43.37%</u>	<u>48.86%</u>

Assumption Changes - In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA. The interest rate assumption was lowered from 8.50% to 8.25% per annum, and the salary assumption was lowered from 5.50% to 5.25%. In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA. In 2019, the interest rate assumption was lowered from 8.25% to 8.00% per annum. Retirement: Age 53 and 28 years to Age 53 and 25 years. In 2021, the interest rate assumption was lowered from 8.0% to 7.5% per annum, and the mortality assumption was changed from the BC RP-2000 projected to 2017 using Scaled AA to PubS-2010 projected 5 years past the valuation date with Scale MP-2020.

Benefit Changes - In 2015, the 75% of salary COLA cap was eliminated for actives and inactive and the Killed in Service Benefit was removed

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 3,775,794	\$ 3,465,636	\$ 3,472,178	\$ 3,121,717	\$ 3,113,035	\$ 2,859,475	\$ 2,819,919
<u>3,775,794</u>	<u>3,465,636</u>	<u>3,472,178</u>	<u>3,121,717</u>	<u>3,113,035</u>	<u>2,859,475</u>	<u>2,819,919</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 7,656,098</u>	<u>\$ 7,165,068</u>	<u>\$ 7,238,232</u>	<u>\$ 6,915,142</u>	<u>\$ 6,819,296</u>	<u>\$ 6,888,822</u>	<u>\$ 6,648,876</u>
<u>49.32%</u>	<u>48.37%</u>	<u>47.97%</u>	<u>45.14%</u>	<u>45.65%</u>	<u>41.51%</u>	<u>42.41%</u>

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

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	<u>2023</u>	<u>2022</u>	<u>2021</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>14.21%</u>	<u>-15.66%</u>	<u>11.32%</u>

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<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>14.96%</u>	<u>19.14%</u>	<u>-5.28%</u>	<u>14.25%</u>	<u>6.57%</u>	<u>-0.62%</u>	<u>6.27%</u>

# TOWNSHIP OF HAVERFORD

## SCHEDULE OF CHANGES IN THE NET NON-UNIFORMED PENSION PLAN LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 523,823	\$ 656,254	\$ 581,399
Interest	3,597,792	3,470,337	3,425,696
Differences between expected and actual experience	541,873	-	1,174,161
Changes of assumptions	-	-	3,680,735
Benefit payments	<u>(3,019,688)</u>	<u>(2,918,432)</u>	<u>(2,742,531)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	1,643,800	1,208,159	6,119,460
TOTAL PENSION LIABILITY, BEGINNING	<u>48,938,530</u>	<u>47,730,371</u>	<u>41,610,911</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 50,582,330</u>	<u>\$ 48,938,530</u>	<u>\$ 47,730,371</u>
PLAN FIDUCIARY NET POSITION			
Contributions			
Employer	\$ 1,637,145	\$ 1,638,542	\$ 1,970,764
Member	225,040	229,451	244,705
Net investment income (loss)	4,895,594	(6,755,803)	4,368,921
Benefit payments, including refunds of member contributions	<u>(3,019,688)</u>	<u>(2,918,432)</u>	<u>(2,742,531)</u>
Administrative expense	<u>(28,107)</u>	<u>(15,036)</u>	<u>(25,050)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	3,709,984	(7,821,278)	3,816,809
Plan fiduciary net position, beginning	<u>34,378,810</u>	<u>42,200,088</u>	<u>38,383,279</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 38,088,794</u>	<u>\$ 34,378,810</u>	<u>\$ 42,200,088</u>
NET PENSION LIABILITY, ENDING (a)-(b)	<u>\$ 12,493,536</u>	<u>\$ 14,559,720</u>	<u>\$ 5,530,283</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>75.30%</u>	<u>70.25%</u>	<u>88.41%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 5,227,916</u>	<u>\$ 5,248,708</u>	<u>\$ 5,205,680</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>238.98%</u>	<u>277.40%</u>	<u>106.24%</u>

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	593,671	\$ 565,401	\$ 594,716	\$ 565,051	\$ 618,957	\$ 588,083	\$ 657,312
	3,177,980	3,077,205	3,111,288	2,974,719	2,883,564	2,750,337	2,601,424
	-	(1,562,039)	-	(618,019)	-	(354,668)	-
	-	757,853	-	118,492	-	1,492,372	-
	<u>(2,583,634)</u>	<u>(2,238,747)</u>	<u>(2,001,287)</u>	<u>(1,826,831)</u>	<u>(1,861,536)</u>	<u>(1,647,297)</u>	<u>(1,542,261)</u>
	1,188,017	599,673	1,704,717	1,213,412	1,640,985	2,828,827	1,716,475
	<u>40,422,894</u>	<u>39,823,221</u>	<u>38,118,504</u>	<u>36,905,092</u>	<u>35,264,107</u>	<u>32,435,280</u>	<u>30,718,805</u>
\$	<u>41,610,911</u>	<u>40,422,894</u>	<u>39,823,221</u>	<u>38,118,504</u>	<u>36,905,092</u>	<u>35,264,107</u>	<u>32,435,280</u>
\$	1,990,647	\$ 1,997,083	\$ 1,995,152	\$ 1,606,054	\$ 1,617,081	\$ 1,508,073	\$ 1,515,034
	243,731	267,502	267,859	265,277	280,513	282,347	299,084
	4,996,443	5,424,087	(1,603,755)	3,750,278	1,607,488	(132,267)	1,378,721
	<u>(2,583,634)</u>	<u>(2,238,747)</u>	<u>(2,001,287)</u>	<u>(1,826,831)</u>	<u>(1,861,536)</u>	<u>(1,647,297)</u>	<u>(1,542,261)</u>
	<u>(14,203)</u>	<u>(25,490)</u>	<u>(13,099)</u>	<u>(26,902)</u>	<u>(7,835)</u>	<u>(31,435)</u>	<u>(12,794)</u>
	4,632,984	5,424,435	(1,355,130)	3,767,876	1,635,711	(20,579)	1,637,784
	<u>33,750,295</u>	<u>28,325,860</u>	<u>29,680,990</u>	<u>25,913,114</u>	<u>24,277,403</u>	<u>24,297,982</u>	<u>22,660,198</u>
\$	<u>38,383,279</u>	<u>33,750,295</u>	<u>28,325,860</u>	<u>29,680,990</u>	<u>25,913,114</u>	<u>24,277,403</u>	<u>24,297,982</u>
\$	<u>3,227,632</u>	<u>6,672,599</u>	<u>11,497,361</u>	<u>8,437,514</u>	<u>10,991,978</u>	<u>10,986,704</u>	<u>8,137,298</u>
	<u>92.24%</u>	<u>83.49%</u>	<u>71.13%</u>	<u>77.87%</u>	<u>70.22%</u>	<u>68.84%</u>	<u>74.91%</u>
\$	<u>5,959,544</u>	<u>6,116,834</u>	<u>6,077,096</u>	<u>6,529,110</u>	<u>6,764,196</u>	<u>7,400,260</u>	<u>7,547,780</u>
	<u>54.16%</u>	<u>109.09%</u>	<u>189.19%</u>	<u>129.23%</u>	<u>162.50%</u>	<u>148.46%</u>	<u>107.81%</u>

**TOWNSHIP OF HAVERFORD**  
**SCHEDULE OF NON-UNIFORMED PENSION PLAN CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 1,637,145	\$ 1,638,542	\$ 1,970,764
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>1,637,145</u>	<u>1,638,542</u>	<u>1,970,764</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 5,227,916</u>	<u>\$ 5,248,708</u>	<u>\$ 5,205,680</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>31.32%</u>	<u>31.22%</u>	<u>37.86%</u>

**Notes to the Schedule:**

**Actuarial Methods and Significant Assumptions**

Valuation date	January 1, 2023
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	7 years
Asset valuation method	5-year smoothing

Actuarial Assumptions:

Investment rate of return	7.50%
Discount rate	7.50%
Projected salary increases	5.00%
Inflation	2.25%
Mortality	PUBS-2010 Mortality Table projected to 2026 using Scale MP-2020

Assumption Changes - In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA. The interest rate assumption was lowered from 8.50% to 8.25% per annum, and the salary assumption was lowered from 5.50% to 5.25%. In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA. In 2019, the interest rate assumption was lowered from 8.25% to 8.00% per annum. Retirement: Age 53 and 28 years to Age 53 and 25 years. In 2021, the interest rate assumption was lowered from 8.0% to 7.5% per annum, and the mortality assumption was changed from the BC RP-2000 projected to 2017 using Scaled AA to PubS-2010 projected 5 years past the valuation date with Scale MP-2020.

Benefit Changes - In 2019, an actuarially reduced early retirement benefit at age 55 and 30 years was added to the plan.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,990,647	\$ 1,997,083	\$ 1,995,152	\$ 1,606,054	\$ 1,617,081	\$ 1,508,073	\$ 1,515,034
<u>1,990,647</u>	<u>1,997,083</u>	<u>1,995,152</u>	<u>1,606,054</u>	<u>1,617,081</u>	<u>2,859,475</u>	<u>1,515,034</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 5,595,544</u>	<u>\$ 6,116,834</u>	<u>\$ 6,077,096</u>	<u>\$ 6,529,110</u>	<u>\$ 6,764,196</u>	<u>\$ 7,400,260</u>	<u>\$ 7,547,780</u>
<u>35.58%</u>	<u>32.65%</u>	<u>32.83%</u>	<u>24.60%</u>	<u>23.91%</u>	<u>20.38%</u>	<u>20.07%</u>



**TOWNSHIP OF HAVERFORD**  
SCHEDULE OF NON-UNIFORMED PENSION PLAN  
INVESTMENT RETURNS  
LAST TEN FISCAL YEARS

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	<u>2023</u>	<u>2022</u>	<u>2021</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>14.24%</u>	<u>-16.01%</u>	<u>11.37%</u>

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<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>14.80%</u>	<u>19.15%</u>	<u>-5.40%</u>	<u>14.47%</u>	<u>6.62%</u>	<u>-0.56%</u>	<u>6.21%</u>

**TOWNSHIP OF HAVERFORD**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB**  
**LIABILITY AND RELATED RATIOS**  
**LAST SIX FISCAL YEARS**

	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY						
Service cost	\$ 1,512,321	\$ 1,955,163	\$ 1,916,825	\$ 1,690,166	\$ 1,337,078	\$ 1,284,417
Interest on total OPEB liability	1,843,547	1,192,613	1,178,539	1,734,900	1,970,224	1,782,705
Differences between expected and actual experience	3,959,733	7,046,548	-	(10,165,877)	-	-
Changes of assumptions	-	(16,614,580)	599,336	187,302	12,783,876	(5,869,422)
Benefit payments	(1,620,484)	(1,325,582)	(1,535,704)	(1,262,748)	(1,100,228)	(936,352)
NET CHANGE IN TOTAL OPEB LIABILITY	<u>5,695,117</u>	<u>(7,745,838)</u>	<u>2,158,996</u>	<u>(7,816,257)</u>	<u>14,990,950</u>	<u>(3,738,652)</u>
TOTAL OPEB LIABILITY, BEGINNING	<u>48,855,630</u>	<u>56,601,468</u>	<u>54,442,472</u>	<u>62,258,729</u>	<u>47,267,759</u>	<u>51,006,411</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 54,550,747</u>	<u>\$ 48,855,630</u>	<u>\$ 56,601,468</u>	<u>\$ 54,442,472</u>	<u>\$ 62,258,709</u>	<u>\$ 47,267,759</u>
PLAN FIDUCIARY NET POSITION						
Plan fiduciary net position, beginning	-	-	-	-	-	-
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET OPEB LIABILITY, ENDING (a)-(b)	<u>\$ 54,550,747</u>	<u>\$ 48,855,630</u>	<u>\$ 56,601,468</u>	<u>\$ 54,442,472</u>	<u>\$ 62,258,709</u>	<u>\$ 47,267,759</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
COVERED-EMPLOYEE PAYROLL	<u>\$ 12,959,318</u>	<u>\$ 12,641,036</u>	<u>\$ 12,952,538</u>	<u>\$ 13,615,642</u>	<u>\$ 13,281,902</u>	<u>\$ 13,315,328</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	<u>420.94%</u>	<u>386.48%</u>	<u>436.99%</u>	<u>399.85%</u>	<u>468.75%</u>	<u>354.99%</u>

**Notes to Schedule:**

Valuation Date	December 31, 2021
Actuarial cost method	Entry Age
Asset valuation method	Market Value
Discount rate	3.72%
Projected salary increases	3.00%
Inflation	2.50%
Mortality	Pub-2010 mortality table with generational scale MP-2021

**Note on Cumulative Information:**

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

**Assumption Changes**

Assumption changes include:

- The discount rate was updated from 3.72% to 3.26%.

- The trend rates were reset to an initial rate of 7.00% (6.00% for post-Medicare), grading down by 0.25% per year until reaching the ultimate rate of 4.00% based on current Healthcare Analytics (HCA) Consulting trend study; current economic environment suggests a longer period until reaching the ultimate rate.

- The mortality projection scale was updated from MP-2019 to MP-2021 to reflect the Society of Actuaries' recent mortality study.

## **SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF HAVERFORD**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2023**

	Special Revenue Funds			Total Other Governmental Funds
	Community Development Fund	Merry Place Fund	Access Equipment Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 48,159	\$ 69,758	\$ 15,846	\$ 133,763
Receivables	<u>61,519</u>	<u>-</u>	<u>-</u>	<u>61,519</u>
<b>TOTAL ASSETS</b>	<u>\$ 109,678</u>	<u>\$ 69,758</u>	<u>\$ 15,846</u>	<u>\$ 195,282</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	<u>\$ 106,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,458</u>
<b>FUND BALANCES</b>				
Restricted, park improvements	-	69,758	-	69,758
Restricted, cable access enhancements	-	-	15,846	15,846
Restricted, community development	<u>3,220</u>	<u>-</u>	<u>-</u>	<u>3,220</u>
<b>TOTAL FUND BALANCES</b>	<u>3,220</u>	<u>69,758</u>	<u>15,846</u>	<u>88,824</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 109,678</u>	<u>\$ 69,758</u>	<u>\$ 15,846</u>	<u>\$ 195,282</u>

# TOWNSHIP OF HAVERFORD

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS YEAR ENDED DECEMBER 31, 2023

	Special Revenue Funds			Total Other Governmental Funds
	Community Development Fund	Merry Place Fund	Access Equipment Fund	
<b>REVENUES</b>				
Interest and rent	\$ -	\$ 3,330	\$ 729	\$ 4,059
Intergovernmental revenues	970,842	-	-	970,842
Other	57,936	1,800	4,422	64,158
<b>TOTAL REVENUES</b>	<u>1,028,778</u>	<u>5,130</u>	<u>5,151</u>	<u>1,039,059</u>
<b>EXPENDITURES</b>				
Community development	<u>1,028,778</u>	<u>-</u>	<u>-</u>	<u>1,028,778</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>5,130</u>	<u>5,151</u>	<u>10,281</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>				
	<u>3,220</u>	<u>64,628</u>	<u>10,695</u>	<u>78,543</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 3,220</u>	<u>\$ 69,758</u>	<u>\$ 15,846</u>	<u>\$ 88,824</u>

**TOWNSHIP OF HAVERFORD**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2023**

	Pension Trust Funds			
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund	Total Pension Trust Funds
ASSETS				
Cash	\$ 1,844,457	\$ 5,467,417	\$ 53,202	\$ 7,365,076
Investments, at fair value				
Mutual funds	17,543,620	25,151,736	-	42,695,356
Exchange traded funds	18,688,273	23,913,852	1,386,598	43,988,723
Receivables				
Members' contributions	8,223	12,958	-	21,181
Pension overpayment	-	604	-	604
Accrued income	4,221	4,304	72,048	80,573
	<u>38,088,794</u>	<u>54,550,871</u>	<u>1,511,848</u>	<u>94,151,513</u>
TOTAL ASSETS				
	<u>38,088,794</u>	<u>54,550,871</u>	<u>1,511,848</u>	<u>94,151,513</u>
NET POSITION				
Restricted for pension benefits	\$ <u>38,088,794</u>	\$ <u>54,550,871</u>	\$ <u>1,511,848</u>	\$ <u>94,151,513</u>

**TOWNSHIP OF HAVERFORD**  
**COMBINING SCHEDULE OF CHANGES IN**  
**FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	Pension Trust Funds			Total Fiduciary Funds
	Non-Uniformed Pension Fund	Police Pension Fund	Non-Uniformed Defined Contribution Pension Fund	
<b>ADDITIONS</b>				
Contributions				
Employer contributions	\$ 1,169,669	\$ 2,315,407	\$ 176,187	\$ 3,661,263
Member contributions	225,040	379,213	133,518	737,771
Commonwealth of Pennsylvania	467,476	925,389	-	1,392,865
<b>TOTAL CONTRIBUTIONS</b>	<u>1,862,185</u>	<u>3,620,009</u>	<u>309,705</u>	<u>5,791,899</u>
Investment earnings				
Net depreciation in fair market value of investments	3,990,105	5,385,927	142,303	9,518,335
Interest and dividends	1,002,914	1,405,873	32,211	2,440,998
Investment expenses	(97,425)	(128,288)	(1,696)	(227,409)
<b>INVESTMENT EARNINGS, net</b>	<u>4,895,594</u>	<u>6,663,512</u>	<u>172,818</u>	<u>11,731,924</u>
<b>TOTAL ADDITIONS</b>	<u>6,757,779</u>	<u>10,283,521</u>	<u>482,523</u>	<u>17,523,823</u>
<b>DEDUCTIONS</b>				
Member benefit payments	3,019,688	3,620,427	21,502	6,661,617
Administrative expenses	19,600	17,900	6,900	44,400
Insurance	8,507	8,507	-	17,014
Return of member contributions	-	41,358	7,614	48,972
<b>TOTAL DEDUCTIONS</b>	<u>3,047,795</u>	<u>3,688,192</u>	<u>36,016</u>	<u>6,772,003</u>
<b>CHANGE IN NET POSITION</b>	3,709,984	6,595,329	446,507	10,751,820
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>34,378,810</u>	<u>47,955,542</u>	<u>1,065,341</u>	<u>83,399,693</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 38,088,794</u>	<u>\$ 54,550,871</u>	<u>\$ 1,511,848</u>	<u>\$ 94,151,513</u>



***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  
Township of Haverford  
Havertown, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Haverford as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Township of Haverford's basic financial statements and have issued our report thereon dated May 23, 2024. Our report includes a reference to other auditors who audited the financial statements of the Haverford Township Free Library, as described in our report on the Township of Haverford's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance or other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township of Haverford's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Haverford's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Haverford'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Commissioners  
Township of Haverford  
Havertown, Pennsylvania

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township of Haverford'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*.

### ***Purpose of this Report***

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



Limerick, Pennsylvania  
May 23, 2024