

Township of Elizabeth

Financial Statements and
Required Supplementary and
Supplementary Information

Year Ended December 31, 2023
with Independent Auditors' Report

Township of Elizabeth
Elizabeth, Pennsylvania

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	3 - 5
Basic Financial Statements	
Government - Wide Financial Statements	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements	
Balance Sheet - Governmental Funds	8
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Funds Statement of Activities	11
Statement of Net Position - Proprietary Fund	12
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	13
Statement of Cash Flows - Proprietary Fund	14
Notes to the Financial Statements	15 - 46
<u>Required Supplementary Information</u>	
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Special Revenue Funds	48
Schedule of Changes in Net Pension Liability and Related Ratios -	
Police Pension Plan	49
Non-Uniformed Pension Plan	50
Sanitary Authority Pension Plan	51
Schedules of Township's Contributions -	
Police Pension Plan, Non-Uniformed Pension Plan, and Sanitary Authority Pension Plan	52

Township of Elizabeth
Elizabeth, Pennsylvania

Table of Contents

	<u>Page(s)</u>
<u>Required Supplementary Information (Continued)</u>	
Notes to the Required Supplementary Information - Pension Plan	53
Schedule of Changes in Net OPEB Liability and Related Ratios and Notes to Required Supplementary Information - OPEB Plan	54
<u>Supplementary Information</u>	
Combining Balance Sheet - Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	57

Independent Auditors' Report

Board of Commissioners
Township of Elizabeth
Elizabeth, PA 15037

Opinion

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

In our opinion, the financial statements referred to above 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 as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Required Supplementary Information (Continued)

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and pension and other post-employment benefit information on pages 48 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Opst & Associates, LLC

February 14, 2025

Township of Elizabeth

Statement of Net Position

For the Year Ended December 31,

2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 4,895,393	\$ 868,901	\$ 5,764,294
Restricted cash and cash equivalents	-	4,781,282	4,781,282
Receivables, net	1,224,071	2,135,461	3,359,532
Prepaid expenses	3,117	124,264	127,381
Net pension asset	-	317,563	317,563
Capital assets - net	10,544,431	34,917,280	45,461,711
Total Assets	<u>16,667,012</u>	<u>43,144,751</u>	<u>59,811,763</u>
Deferred Outflows of Resources			
Deferred amounts from pension asset/liability	1,680,902	32,087	1,712,989
Deferred amounts from OPEB liability	66,009	-	66,009
Deferred charge on refunding	-	109,784	109,784
Total Deferred Outflow of Resources	<u>1,746,911</u>	<u>141,871</u>	<u>1,888,782</u>
Liabilities			
Accounts payable and accrued expenses	1,207,339	1,994,537	3,201,876
Long-term liabilities due within one year			
Bonds and notes payable	148,746	1,874,031	2,022,777
Long-term liabilities due in more than one year			
Bonds and notes payable, net of discount of \$150,085	1,075,280	38,805,616	39,880,896
Compensated absences	24,861	-	24,861
Net pension liability	1,181,410	-	1,181,410
Net other post-employment benefit liability	1,382,156	-	1,382,156
Total Liabilities	<u>5,019,792</u>	<u>42,674,184</u>	<u>47,693,976</u>
Deferred Inflows of Resources			
Deferred amounts from pension asset/liability	85,766	-	85,766
Net Position			
Net investment in capital assets	9,235,605	(2,498,321)	6,737,284
Restricted for			
Net pension asset	413,726	349,650	763,376
Liquid fuels tax projects	5,062	-	5,062
Fire protection	363,607	-	363,607
Debt service	9,271	2,005,152	2,014,423
Unrestricted	3,281,094	755,957	4,037,051
Total Net Position	<u>\$ 13,308,365</u>	<u>\$ 612,438</u>	<u>\$ 13,920,803</u>

See accompanying notes to the basic financial statements.

Township of Elizabeth

Statement of Activities

For the Year Ended December 31,

2023

	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General government	\$ 1,283,613	\$ 67,997	\$ 354,687	\$ (860,929)	\$ -	\$ (860,929)
Public safety	4,401,103	1,041,800	69,571	(3,289,732)	-	(3,289,732)
Public works	3,265,422	-	1,567,138	(1,698,284)	-	(1,698,284)
Culture and recreation	166,383	50,983	-	(115,400)	-	(115,400)
Community development	-	-	-	-	-	-
Interest on long-term debt	34,597	-	-	(34,597)	-	(34,597)
Fiscal agent fees	750	-	-	(750)	-	(750)
Other financing uses	131,060	-	-	(131,060)	-	(131,060)
Unallocated depreciation expense	726,374	-	-	(726,374)	-	(726,374)
Total Governmental Activities	10,009,302	1,160,780	1,991,396	(6,857,126)	-	(6,857,126)
Business-Type Activities						
Sewer system operations	5,342,538	5,628,666	-	-	286,128	286,128
Total Business-Type Activities	5,342,538	5,628,666	-	-	286,128	286,128
Total	\$ 15,351,840	\$ 6,789,446	\$ 1,991,396	\$ (6,857,126)	\$ 286,128	\$ (6,570,998)
General Revenues						
Taxes						
Real estate				2,551,098	-	2,551,098
Earned income				2,055,602	-	2,055,602
Local services				18,033	-	18,033
Sales taxes from Regional Asset District				379,340	-	379,340
Other				135,744	-	135,744
Franchise fees, license, and permits				406,713	-	406,713
Fines and forfeits				19,174	-	19,174
Interest, rents, and royalties				400,983	196,007	596,990
Refunds, net				(16,545)	-	(16,545)
Gain on sale of assets				25,530	407	25,937
Miscellaneous income				1,039,297	-	1,039,297
Total General Revenues and Transfers				7,014,969	196,414	7,211,383
Change in Net Position				157,843	482,542	640,385
Net Position - Beginning of Year				13,150,522	129,896	13,280,418
Net Position - End of Year				\$ 13,308,365	\$ 612,438	\$ 13,920,803

See accompanying notes to the basic financial statements.

Township of Elizabeth
Balance Sheet - Governmental Funds

December 31,	2023			
	Major Funds		Nonmajor	Total
	General	Capital Project	Governmental Funds	Governmental Funds
Assets				
Current Assets				
Cash and cash equivalents	\$ 2,335,350	\$ 2,231,724	\$ 328,319	\$ 4,895,393
Receivables				
Taxes receivable	953,298	-	89	953,387
Other receivables	256,233	-	-	256,233
Prepaid expenses	3,117	-	-	3,117
Due from other funds	14,451	16,435	40,261	71,147
Total Current Assets	<u>\$ 3,562,449</u>	<u>\$ 2,248,159</u>	<u>\$ 368,669</u>	<u>\$ 6,179,277</u>
Liabilities				
Accounts payable	\$ 627,615	\$ -	\$ 322,358	\$ 949,973
Accrued liabilities	141,950	-	-	141,950
Due to other funds	56,696	-	-	56,696
Other current liabilities	30,616	-	-	30,616
Total Liabilities	<u>856,877</u>	<u>-</u>	<u>322,358</u>	<u>1,179,235</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	<u>945,996</u>	<u>-</u>	<u>-</u>	<u>945,996</u>
Governmental Fund Balances				
Restricted for				
Liquid fuels tax projects	-	-	5,062	5,062
Fire protection	-	-	41,249	41,249
Capital projects	-	2,248,159	-	2,248,159
Debt service	9,271	-	-	9,271
Committed for capital projects	961,780	-	-	961,780
Unassigned	788,525	-	-	788,525
Total Governmental Fund Balances	<u>1,759,576</u>	<u>2,248,159</u>	<u>46,311</u>	<u>4,054,046</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)				
	<u>\$ 3,562,449</u>	<u>\$ 2,248,159</u>	<u>\$ 368,669</u>	<u>\$ 6,179,277</u>

See accompanying notes to the basic financial statements.

Township of Elizabeth

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

December 31,	2023
Total Governmental Funds Balances	\$ 4,054,046
<p>Amounts Reported for Governmental Activities in the Statement of Net Position Are Different Because:</p>	
<p>Property taxes will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable in the funds.</p>	945,996
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.</p>	
<p>Cost of capital assets</p>	18,708,109
<p>Accumulated depreciation</p>	<u>(8,163,678)</u>
	10,544,431
<p>The net pension and other post-employment benefit assets (liabilities) and the deferred inflows and outflows of resources for pensions are not reflected on the fund financial statements.</p>	(1,012,082)
<p>Long-term liabilities are not due and payable in the current period and therefore are not required as liabilities in the funds.</p>	<u>(1,224,026)</u>
<p>Total Net Position of Governmental Funds</p>	<u><u>\$ 13,308,365</u></u>

See accompanying notes to the basic financial statements.

Township of Elizabeth

Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds

For the Year Ended December 31, 2023

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Project		
Revenues				
Taxes	\$ 4,764,864	\$ -	\$ 318,472	\$ 5,083,336
Licenses and permits	406,713	-	-	406,713
Fines and forfeits	19,174	-	-	19,174
Interest, rent, and royalties	312,666	62,992	25,325	400,983
Intergovernmental	1,538,378	-	453,018	1,991,396
Charges for services	1,160,780	-	-	1,160,780
Miscellaneous	1,039,297	-	-	1,039,297
Total Revenues	9,241,872	62,992	796,815	10,101,679
Expenditures				
General government	1,156,701	-	-	1,156,701
Public safety	3,556,596	-	322,358	3,878,954
Public works	4,539,178	-	860,609	5,399,787
Culture and recreation	279,083	-	-	279,083
Community development	-	-	-	-
Employer-paid benefits & withholding	647,479	-	-	647,479
Insurance	110,705	-	-	110,705
Capital outlay	260,230	-	-	260,230
Debt service				
Principal	158,313	-	-	158,313
Interest	34,597	-	-	34,597
Fiscal agent fees	750	-	-	750
Total Expenditures	10,743,632	-	1,182,967	11,926,599
Excess (Deficiency) of Revenues Over Expenditures	(1,501,760)	62,992	(386,152)	(1,824,920)
Other Financing Sources (Uses)				
Proceeds of capital asset disposition	25,530	-	-	25,530
Proceeds of long-term debt	-	-	-	-
Refund of prior year expenditures	9,817	-	-	9,817
Refund of prior year revenues	(26,362)	-	-	(26,362)
Transfers in	715,147	326,061	-	1,041,208
Transfers out	(326,061)	(715,147)	-	(1,041,208)
Total Other Financing Sources (Uses)	398,071	(389,086)	-	8,985
Net Change in Fund Balances	(1,103,689)	(326,094)	(386,152)	(1,815,935)
Fund Balances - Beginning of Year	2,863,265	2,574,253	432,463	5,869,981
Fund Balances - End of Year	\$ 1,759,576	\$ 2,248,159	\$ 46,311	\$ 4,054,046

See accompanying notes to the basic financial statements.

Township of Elizabeth

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Governmental Funds Statement of Activities

December 31,	2023
Net Change in Fund Balances - Governmental Funds	\$ (1,815,935)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.	2,594,911
Current year long-term debt proceeds reported as other financing sources in the governmental fund financial statements are shown as increases in the long-term liability in the government-wide financial statements.	-
Current year long-term debt principal payments reported as expenditures in the governmental fund financial statements are shown as reductions in the debt in the government-wide financial statements.	158,313
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Unavailable revenues, excluding those from grants, increased by this amount during the year.	56,481
Some expenses (i.e., changes in compensated absences and pension and OPEB liabilities) reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(835,927)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 157,843</u></u>

See accompanying notes to the basic financial statements.

Township of Elizabeth

Statement of Net Position - Proprietary Fund

For the Year Ended December 31,	2023
Assets	
Current Assets	
Cash and equivalents	\$ 868,901
Accounts receivable - user fees	1,556,708
Accounts receivable - nonuser fees	578,753
Prepaid expenses	91,979
Total Current Assets	3,096,341
Restricted Assets	
Cash and equivalents	
Debt service	1,880,888
Capital projects	2,900,394
Total Restricted Assets	4,781,282
Capital Assets - Net	34,917,280
Other Assets	
Prepaid bond insurance	32,285
Net pension asset	317,563
Total Other Assets	349,848
Total Assets	43,144,751
Deferred Outflow of Resources	
Deferred amounts from pension plan	32,087
Deferred charge on refunding	109,784
Total Deferred Outflows of Resources	141,871
	\$ 43,286,622
Liabilities	
Current Liabilities	
Accounts payable and accrued expenses	\$ 1,980,086
Due from other funds	14,451
Current portion of bonds payable	1,874,031
Total Current Liabilities	3,868,568
Long-Term Liabilities	
Notes payable	16,884,732
Bonds payable, net of discount of \$150,085	21,920,884
Total Long-Term Liabilities	38,805,616
Total Liabilities	42,674,184
Deferred Inflow of Resources	
Deferred amounts from pension plan	-
Net Position	
Net investment in capital assets	(2,498,321)
Restricted - pension asset	349,650
Restricted - debt service	2,005,152
Unrestricted	755,957
Total Net Position	612,438
	\$ 43,286,622

See accompanying notes to the basic financial statements.

Township of Elizabeth

Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Fund

For the Year Ended December 31,	2023
Operating Revenues	
Sewer revenue	\$ 5,628,666
Operating Expenses	
Sewer system operations	3,523,667
Depreciation and amortization	328,642
General and administrative	551,756
Total Operating Expenses	4,404,065
Operating Income (Loss)	1,224,601
Non-Operating Revenues (Expenses)	
Interest earned	196,007
Sale of property	407
Interest expense	(938,473)
Total Non-Operating Revenues (Expenses)	(742,059)
Net Income (Loss) Before Contributions & Transfers	482,542
Contributions & Transfers	-
Change in Net Position	482,542
Net Position - Beginning of Year	129,896
Net Position - End of Year	\$ 612,438

See accompanying notes to the basic financial statements.

Township of Elizabeth

Statement of Cash Flows - Proprietary Fund

For the Year Ended December 31,	2023
Cash Flows from Operating Activities	
Cash received from customers	\$ 5,567,728
Cash payments for operating expenses	<u>(3,366,786)</u>
Cash Provided by (Used for) Operating Activities	<u>2,200,942</u>
Cash Flows from Capital and Related Financing Activities	
Interest paid on debt	(1,014,370)
Capital assets and related purchases	(5,302,950)
Proceeds from sale of property and equipment	407
Proceeds of long-term debt	5,667,795
Principal payments on long-term debts	<u>(1,000,000)</u>
Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,649,118)</u>
Cash Flows from Investing Activities	
Earnings on investments	<u>196,007</u>
Increase (Decrease) in Cash	747,831
Cash and Equivalents - Beginning of Year	<u>4,902,352</u>
Cash and Equivalents - End of Year	<u><u>\$ 5,650,183</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating income (loss)	\$ 1,224,601
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation and net amortization	328,642
Changes in:	
Accounts receivable	(60,938)
Prepaid bond insurance	2,098
Accounts payable	736,478
Pension assets	154,137
Deferred amount on refunding	(24,935)
Deferred amount on pension	<u>(159,141)</u>
Cash Provided by (Used for) Operating Activities	<u><u>\$ 2,200,942</u></u>

See accompanying notes to the basic financial statements.

Township of Elizabeth

Notes to the Financial Statements

Note 1 - Reporting Entity

The Township of Elizabeth, Pennsylvania (the Township) was settled in the 1790s and was established as a Township in 1869 and is recognized as a First-Class Township under the Commonwealth of Pennsylvania. The Township operates under the Board of Commissioners (Commissioners) and provides the following services: public safety, streets, culture and recreation, public improvements, planning and zoning, and general administrative services.

The Financial Reporting Entity

The criteria used by the Township to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) outside of the legal Township entity within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Township reviews the applicability of the following criteria.

The Township is financially accountable for:

1. Legally separate organizations if Township officials appoint a voting majority of the organization's governing body and the Township is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
 - a. Impose Its Will – If the Township can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden – Exists if the Township (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
2. Legally separate organizations that are fiscally dependent on the Township and have a financial benefit or burden relationship with the Township. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the Township.

Based on the foregoing criteria, the reporting entity has been defined to include all the legally separate entities for which the Township is financially accountable or for which there is a significant relationship (component units).

Township of Elizabeth

Notes to the Financial Statements

Note 1 - Reporting Entity (Continued)

The Financial Reporting Entity (Continued)

Some component units, despite being legally separate from the Township government, are so intertwined with the Township government, whether through sharing common governing boards with the Township or through providing services solely to the Township, that they are, in substance, the same as the Township government and are reported as part of the Township government. There are no component units included in the accompanying financial statements. The Township has not identified any entities that should be subject to evaluation for inclusion for the Township reporting entity.

Note 2 - Summary of Significant Accounting Policies

The Township has chosen to present financial statements in conformance with generally accepted accounting principles for the year ended December 31, 2023.

The basic financial statements of the Township are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-Wide 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 non-fiduciary activities of the Township. For the most part, the effect of inter-fund activity has been removed from these statements.

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Township of Elizabeth

Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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 fund financial statements are reported using the *current financial resource measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Property taxes, earned income taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues 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 proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting.

Basis of Presentation

Fund Accounting

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

The determination of major funds is based on minimum criteria as set forth in GASB Statement No. 34. The non-major funds are combined in a column in the fund financial statements.

Governmental Funds

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

Township of Elizabeth
Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Governmental Funds (Continued)

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources except those accounted for in another fund.

The *Capital Project Fund* is used to account for amounts committed by the Board of Commissioners for the acquisition or improvement of major capital facilities and infrastructure.

Additionally, the Township reports the following nonmajor governmental funds:

Special Revenue Funds

The *Liquid Fuels Fund* accounts for state aid revenues (liquid fuels taxes) received from the Pennsylvania Department of Transportation for building, improving, lighting, and maintaining roads and bridges within the Township.

The *Fire Tax Fund* accounts for 0.50 mills of the property tax levy used to support fire services in the community.

Proprietary Fund

The Township reports the following major proprietary fund:

The *Sewer Fund* is an enterprise fund used to account for the resources derived from sewer billings to Township residents and related disbursements.

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are carried at fair value. All investment transactions are recorded on the trade date.

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds."

Capital Assets

Capital assets, including property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of \$5,000 and an estimated useful lives exceeding one year.

Township of Elizabeth

Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Such assets are recorded at historical costs. Donated capital assets are recorded at the estimated fair market value at the time 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. During the current fiscal year, no interest costs were included as part of the cost of capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives of the related assets:

Buildings	40 years
Plant and system	15 - 50 years
Vehicles and equipment	5 - 20 years

Compensated Absences

A liability for compensated absences is determined by the payments that would be available to employees if left or retired from the Township. These amounts are reflected as long-term liabilities in the government-wide statements unless retirements are likely within the upcoming fiscal year. Costs associated with retirements in the immediate succeeding year are reflected as current liabilities. 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.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, the face amount of debt issued is reported as another financing source. Premiums received on debt issuances are also reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

Township of Elizabeth

Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations (Continued)

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current period costs in both the government-wide and fund financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet can report a separate section for deferred outflows of resources. Deferred outflow of resources represents a consumption of net position and/or fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that later date. At December 31, 2023, the Township had the following items qualifying as deferred outflows of resources in the statement of net position: difference between projected and actual experience for OPEB and pension plans, changes in OPEB and pension assumptions, difference between projected and actual investment earnings on OPEB and pension plans, and pension contributions after the measurement date.

In addition to liabilities, the statement of net position can report a separate section for deferred inflows of resources. Deferred inflow of resources represents the acquisition of net position that applies to a future period(s) and which will not be recognized as an inflow of resources (revenue) until a later date. At December 31, 2023, the Township's deferred inflows of resources presented on the governmental funds balance sheet include unavailable property tax receivables that were assessed on April 1, 2023, and prior and are not collected within 60 days of December 31, 2023. The Township's deferred inflows of resources reported on government-wide statement of net position include the following: difference between expected and actual experience for pension plans, changes in pension assumptions, and difference between projected and actual investment earnings on pension plans.

Interfund Transactions

The Township conducts a variety of transactions between the funds to finance operations. Accordingly, to the extent that certain interfund transactions have not been paid or received as of December 31, 2023, appropriate interfund receivables and payables have been established.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Amounts are transferred between funds of the Township to fund certain operations and to reimburse expenditures. These transfers are reported as other financing sources and uses on the fund financial statements with no eliminations occurring.

The government-wide financial statements report the residual amount of transfers between the governmental activities column and the business-type activities column.

Township of Elizabeth

Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Classification of Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

- *Net Investment in Capital Assets* - This component of net position groups all capital assets in one component of net position. of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- *Restricted Net Position* - This component of net position consists of constraints placed on assets through external restrictions, reduced by liabilities related to those assets.
- *Unrestricted Net Position* - This component of net position consists of assets that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of constraints placed upon the funds. The levels are as follows:

- *Nonspendable Fund Balance* - includes the amount of fund balance that cannot be spent because it is either (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash within one year.
- *Restricted* - includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, granters, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. At December 31, 2023, the Township had restrictions through grant agreements, government ordinance, and debt covenants.
- *Committed* - includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Board of Commissioners is the highest level of decision-making authority and utilizes Township ordinances as a formal procedure to commit fund balances. As of December 31, 2023, committed funds include funds for future capital projects.

Township of Elizabeth

Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

- *Assigned* - includes amounts that are constrained by the Township's intent to use funds for specific purposes, but are neither restricted nor committed. The authority to make assignments of fund balance may be made by the Township Board of Commissioners and remains in place until released. The assignment cannot exceed the available spendable unassigned fund balance in any particular fund. As of December 31, 2023, the Township had no assigned funds.
- *Unassigned* - the residual classification for the Township's General Fund and includes all spendable amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund.

The Township's policy is to use funds in the order of the most restricted to the least restricted. The Township does not have a minimum fund balance policy in place.

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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgets and Budgetary Accounting

An annual appropriated budget was adopted for the General Fund on the cash basis as described above. The Township uses the following procedures in establishing the budgetary data reflected in the financial statements:

- A proposed operating budget for the fiscal year commencing the following January is submitted to the Commissioners in November.
- The budget is advertised to give notice that the budget is available for public inspection.
- The Commissioners legally adopt the budget prior to December 31 each year.

Capital expenditures for the General Fund are shown within the department in which the funds are expended.

Appropriations may be transferred between accounts if approved by a Commissioner's resolution. The Commissioners also have the authority to enact supplemental appropriations and emergency appropriations. The level of control for the budget (the level at which disbursements cannot legally exceed budget appropriations) is the department level. The Liquid Fuels, Fire Tax, and Sewer Funds are managed by the Commissioners without a formal budget. The Capital Project Fund is budgeted on a flexible project basis.

Township of Elizabeth

Notes to the Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting (Continued)

The Township had several negative variances in the General Fund where the amount spent exceeded the budget by department. The excess was covered by expenditures under appropriations in other line items and excess revenue over budgeted revenue.

Adoption of Accounting Pronouncements

During the year ended December 31, 2023, the Township adopted the provisions of the following GASB statements:

- The Township adopted the provisions of GASB issued Statement No. 87, *Leases*. The adoption of this statement had no effect on the financial reporting of the Township.
- The Township adopted the provisions of GASB issued Statement No. 91, *Conduit Debt Obligations*. The adoption of this statement had no effect on the financial reporting of the Township.
- The Township adopted the provisions of GASB issued Statement No. 92, *Omnibus 2020*. The adoption of this statement had no effect on the financial reporting information of the Township.
- The Township adopted the provisions of GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The adoption of this statement had no effect on the financial reporting information of the Township.
- The Township adopted the provisions of GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The adoption of this statement had no effect on the financial reporting information of the Township.
- The Township adopted the provisions of GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The adoption of this statement had no effect on the financial reporting information of the Township.
- The Township adopted the provisions of GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The adoption of this statement had no effect on the financial reporting information of the Township.

Note 3 - Deposits and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes also allow pooling of governmental funds for investment purposes. The deposit and investment policy of the Township adheres to state statutes. Governmental funds are maintained in demand deposits. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the Township's policy.

Township of Elizabeth

Notes to the Financial Statements

Note 3 - Deposits and Investments (Continued)

The following provides a reconciliation of deposits and investments, as reported on the balance sheet/statements of net position to the GASB Statement No. 40 disclosure:

<u>Balance Sheet/Statement of Net Position:</u>		
Unrestricted Cash and Cash Equivalents		
Governmental funds	\$	4,895,393
Proprietary fund		868,901
Restricted Cash and Cash Equivalents		
Proprietary fund		4,781,282
Restricted Investments		
Proprietary fund		-
		<u>10,545,576</u>
Reconciling Items:		
Routine transactions in transit		217,061
	\$	<u>10,762,637</u>
GASB Statement No. 40 Disclosure		
Deposits	\$	5,981,355
Investments		4,781,282
	\$	<u>10,762,637</u>

At December 31, 2023, the Township had the following investments:

<u>Investment Type</u>		<u>Weighted Average Maturity (Months)</u>
Proprietary Fund – Restricted		
Money market/open-end mutual funds	\$ 4,781,282	1.13
U.S. Treasury Notes	-	-
Proprietary fund	<u>\$ 4,781,282</u>	
Portfolio Weighted Average Maturity (Months)		1.13

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a formal deposit policy for custodial credit risk. The carrying amount of the Township's deposits at December 31, 2023, was \$5,764,294, while the bank balance was \$5,981,695.

Of the bank balance, \$759,271 was covered by federal depository insurance, while the remaining balance of \$5,222,424 was 100% collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

Township of Elizabeth

Notes to the Financial Statements

Note 3 - Deposits and Investments (Continued)

Investments

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

Credit Risk - Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits, and certificates of deposit. The statutes also allow pooling of governmental funds for investment purposes. The deposit and investment policy of the Township adheres to state statutes. Governmental funds are maintained in demand deposits. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the Township's policy.

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 - quoted prices in active markets for identical assets;
- Level 2 inputs - (A) quoted prices for similar assets or liabilities in active markets; (B) quoted prices for identical or similar assets or liabilities in markets that are not active; (C) inputs other than quoted prices that are observable for the assets or liability, such as (1) interest rates and yield curves observable at commonly quoted intervals, (2) implied volatilities, and (3) credit spreads; (D) market-corroborated inputs.
- Level 3 inputs - unobservable inputs for an asset or liability that are significant to the fair value measurement.

At December 31, 2023, all of the Township's investments were categorized as Level 1 inputs.

Township of Elizabeth
Notes to the Financial Statements

Note 4 - Capital Assets

A summary of current year changes in capital assets for the Governmental activities is as follows:

<u>Governmental Activities</u>	<u>1/1/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/23</u>
Capital Assets, Not Being Depreciated				
Land	\$ 801,650	\$ -	\$ -	\$ 801,650
	<u>801,650</u>	<u>-</u>	<u>-</u>	<u>801,650</u>
Capital Assets, Being Depreciated				
Building and improvements	2,054,898	35,855	(174,714)	1,916,039
Site improvements	826,502	205,490	-	1,031,992
Infrastructure	6,637,594	2,100,827	-	8,738,421
Vehicles and equipment	5,865,754	1,123,675	(769,422)	6,220,007
Capital Assets, Being Depreciated	<u>15,384,748</u>	<u>3,465,847</u>	<u>(944,136)</u>	<u>17,906,459</u>
Less: Accumulated Depreciation	(8,321,678)	(726,374)	884,374	(8,163,678)
Total Capital Assets, Being Depreciated, Net	<u>7,063,070</u>	<u>2,739,473</u>	<u>(59,762)</u>	<u>9,742,781</u>
Total Capital Assets, Net	\$ <u>7,864,720</u>	\$ <u>2,739,473</u>	\$ <u>(59,762)</u>	\$ <u>10,544,431</u>

A summary of current year changes in capital assets for the business-type activities - sewer enterprise fund - is as follows:

<u>Business-Type Activities</u>	<u>1/1/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/23</u>
Capital Assets, Not Being Depreciated				
Construction in progress	\$ 22,847,228	\$ 5,335,819	\$ (8,672,326)	\$ 19,510,721
Land	717,788	-	-	717,788
	<u>23,565,016</u>	<u>5,335,819</u>	<u>(8,672,326)</u>	<u>20,228,509</u>
Capital Assets, Being Depreciated				
Building and improvements	370,130	-	-	370,130
Site improvements	48,727	-	-	48,727
Infrastructure	8,646,840	8,672,326	-	17,319,166
Equipment	470,267	44,455	(377,566)	137,156
Vehicles	224,455	-	-	224,455
Capital Assets, Being Depreciated	<u>9,760,419</u>	<u>8,716,781</u>	<u>(377,566)</u>	<u>18,099,634</u>
Less: Accumulated Depreciation	(3,382,463)	(328,642)	300,242	(3,410,863)
Total Capital Assets, Being Depreciated, Net	<u>6,377,956</u>	<u>8,388,139</u>	<u>(77,324)</u>	<u>14,688,771</u>
Total Capital Assets, Net	\$ <u>29,942,972</u>	\$ <u>13,723,958</u>	\$ <u>(8,749,650)</u>	\$ <u>34,917,280</u>

Township of Elizabeth
Notes to the Financial Statements

Note 5 - Long-Term Debt

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

	<u>1/1/23</u>	<u>Acquisition of Debt</u>	<u>Retirements</u>	<u>12/31/23</u>	<u>Due Within One Year</u>
Governmental Activities					
General obligation bonds 2017	\$ 1,295,000	\$ -	\$ (120,000)	\$ 1,175,000	\$ 115,000
Note payable – dump truck	47,377	-	(15,819)	31,558	16,276
Note payable – police vehicles	<u>39,962</u>	-	<u>(22,494)</u>	<u>17,468</u>	<u>17,468</u>
Total Governmental Activities	<u>\$ 1,382,339</u>	<u>\$ -</u>	<u>\$ (158,313)</u>	<u>\$ 1,224,026</u>	<u>\$ 148,741</u>
Business Type Activities					
Sewer revenue bonds 2012	\$ 10,725,000	\$ -	\$ (530,000)	\$ 10,195,000	\$ 545,000
Sewer revenue bonds 2019A	6,700,000	-	(275,000)	6,425,000	280,000
Sewer revenue bonds 2019B	7,520,000	-	(195,000)	7,325,000	200,000
PennVest loan	<u>11,216,937</u>	<u>5,667,795</u>	-	<u>16,884,732</u>	<u>849,031</u>
Total Governmental Activities	<u>\$ 1,382,339</u>	<u>\$ 5,667,795</u>	<u>\$ (1,000,000)</u>	<u>\$ 40,829,732</u>	<u>\$ 1,874,031</u>

Governmental Activities

General Obligation Bonds 2017

On September 26, 2017, the Township issued the General Obligation Bonds Series of 2017 in the amount of \$1,885,000 with interest rates ranging from 2.00% to 2.30%. The Township issued the bonds for refunding, on a current basis, the Series of 2011 bonds in the amount of \$1,790,000 with interest rates ranging from 1.00% to 4.00%. As a result, the Series of 2011 bonds are considered defeased, and the Township has removed the liability from its accounts. The Series of 2017 bonds decreased total debt service payments over the next 15 years by \$78,317. The 2017 bonds are due serially through December 2032. Payments are made semi-annually on June 1 and December 1. The proceeds of \$1,814,238, after issue costs of \$70,761 and sinking fund deposit of \$9,271, were used to refund the Series of 2011 General Obligation Bonds. At December 31, 2023, the outstanding balance of the 2017 Bonds payable was \$1,175,000.

Note Payable - Dump Truck

On November 12, 2020, the Township entered into a loan agreement for the purchase of a 2020 Ford F-550 Chassis and aluminum dump body in the amount of \$78,956 with an interest rate of 2.75%. The loan is payable in 60 monthly payments of \$1,411 beginning December 31, 2020, and maturing on November 12, 2025. At December 31, 2023, the outstanding balance of the loan was \$31,558.

Note Payable - Police Vehicles

On September 16, 2019, the Township entered into a loan agreement for the purchase of three (3) Dodge Chargers in the amount of \$106,779 with an interest at the rate of 4.20%. The loan is payable in 60 monthly payments of \$1,979, beginning September 16, 2019, and maturing on September 16, 2024. At December 31, 2023, the outstanding balance of the loan was \$17,468.

Township of Elizabeth

Notes to the Financial Statements

Note 5 - Long-Term Debt (Continued)

Business-Type Activities

Sewer Revenue Bonds

On July 26, 2012, The Township issued a Sewer Bond (Series 2012) in the amount of \$15,925,000. The Bonds bear an interest rate ranging from 0.500% to 3.800%. Interest is payable in semiannual installments on June 15 and December 15 until final maturity which occurs on December 15, 2038. These Bond funds were used to provide the necessary funds to advance refund all of the Township's Sewer Revenue, Series 2003 and the Sewer Revenue Bonds, Series 2008. The funds were also used to finance capital improvements to the Township's sewer system, including, but not limited to, the expansion of sewer lines and the construction and improvement of new pump stations as necessary as well as to fund the debt service reserve fund and fund the payment of the costs of issuing the 2012 Bonds. At December 31, 2023, the outstanding balance of the 2012 Sewer Revenue Bonds was \$10,195,000.

On May 9, 2019, the Township issued a Sewer Bond (Series 2019A) in the amount of \$7,800,000. The Bonds bear an interest rate ranging from 2.000% to 3.125%. Interest is payable in semi-annual installments on June 15 and December 15 until final maturity, which occurs on December 15, 2039. These issued bonds provided funds that were used to refund, on a current basis, all of the Township's outstanding Sewer Revenue Bonds, Series 2009 in the outstanding principal amount of \$6,590,000 plus accrued interest to the date of redemption on May 9, 2019. These bond funds were also used to fund a portion of the costs of planning, designing, acquiring, constructing, and installing various capital improvements to the Township's sewer system in order to comply with a consent order and agreement with the Pennsylvania Department of Environmental Protection. And finally, the bonds were used to partially fund the debt service reserve fund and fund the payment of the costs of issuing and insuring the 2019A Bonds. At December 31, 2023, the outstanding balance of the 2019A Sewer Revenue Bonds was \$6,425,000.

On May 28, 2019, the Township issued a Sewer Bond (Series 2019B) in the amount of \$8,345,000. The bond bears an interest rate ranging from 2.000% to 3.250%. Interest is payable in semiannual installments on June 15 and December 15 until maturity, which occurs on December 15, 2041.

Township of Elizabeth

Notes to the Financial Statements

Note 5 - Long-Term Debt (Continued)

Business-Type Activities (Continued)

Sewer Revenue Bonds (Continued)

These issued bonds provided funds that were used to refund, on a current basis, all of the Township's outstanding Sewer Revenue Bonds, Series 2011 in the outstanding principal amount of \$7,170,000 plus accrued interest to the date of redemption on May 28, 2019. These bond funds were also used to fund a portion of the costs of planning, designing, acquiring, constructing, and installing various capital improvements to the Township's sewer system in order to comply with a consent order and agreement with the Pennsylvania Department of Environmental Protection. And finally, the bonds were used to partially fund the debt service reserve fund and fund the payment of the costs of issuing and insuring the 2019B Bonds. At December 31, 2023, the outstanding balance of the 2019B Sewer Revenue Bonds was \$7,325,000.

PennVest

During 2021, the Township obtained a loan with the Pennsylvania Infrastructure Investment Authority (PennVest). Under the terms of the agreement, the Township requests requisitions for the costs incurred not to exceed \$20,000,000 for the design and construction of the sanitary sewer system infrastructure. The loan has a 1.0% per annum interest rate with interest only payments beginning December 1, 2021. Payments of both principal and interest begin on January 1, 2024, and the final payment is due on December 1, 2043. As of December 31, 2023, the outstanding balance of the PennVest clean water state revolving fund was \$16,884,732.

The following schedule summarizes the future debt service and capital lease requirements of the Township as of December 31, 2023:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 149,000	\$ 31,000	\$ 180,000	\$ 1,874,000	\$ 931,000	\$ 2,805,000
2025	135,000	28,000	163,000	1,977,000	901,000	2,878,000
2026	125,000	25,000	150,000	2,012,000	864,000	2,876,000
2027	130,000	23,000	153,000	2,056,000	825,000	2,881,000
2028	-	20,000	20,000	2,090,000	784,000	2,874,000
2029-2033	685,000	59,000	744,000	11,011,000	3,694,000	14,705,000
2034-2038	-	-	-	12,536,000	2,178,000	14,714,000
2039-2041	-	-	-	7,276,000	467,000	7,743,000
Total	\$ 1,224,000	\$ 186,000	\$ 1,410,000	\$ 40,832,000	\$ 10,644,000	\$ 51,476,000

Township of Elizabeth

Notes to the Financial Statements

Note 6 - Compensated Absences

Township employees accumulate sick days. All employees earn ten sick days each year. Employees have the option to be paid for sick days once they accumulate a hundred days. Administration and police are paid for sick days at a rate of fifty percent of their current rate. Road department employees are paid \$40 for each sick day. Accrued compensated absences as of December 31, 2023, total \$24,861.

Note 7 - Real Estate Taxes

Real estate taxes for the Township for the year ended December 31, 2023, was 3.926 mills (\$3.926 per \$1,000 of assessed valuation). One-half mill was designated for the Fire Tax Fund; the other millage was all for general purposes. Total assessed value was \$662,224,537 at 100% market value in 2023.

Tax levy dates for the Township are as follows:

April 1	Levy date
April 1 to April 30	2% discount period
May 1 to June 30	Face payment period
July 1	10% penalty period

Taxpayers may pay at the penalty for a period of two years. Unpaid taxes after two years are liened.

Note 8 - Pension Plans

Plan Descriptions

The Township administers three-agent multiple-employer-defined benefit pension plans covering full-time employees: Police Pension Plan, Non-Uniformed Pension Plan, and Sanitary Authority Plan (Plans). The Plans are affiliated with the Pennsylvania Municipal Retirement System (PMRS). Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, grants the authority to establish and amend the benefit terms to the Township's Board of Commissioners.

The Police Pension Plan, established on September 9, 1957, covers full-time police officers of the Township. Employees are eligible to participate in the Plan after six months of continuous service. The Plan pays benefits in the event of disability, death, or retirement of participants who meet the eligibility requirements. Eligibility for the normal retirement benefit is age fifty if the employee has at least twelve years of credited service. An employee may retire early if the employee leaves with at least twenty-five years of credited service. Vesting is 100% after twelve years of service.

Township of Elizabeth

Notes to the Financial Statements

Note 8 - Pension Plans (Continued)

Plan Descriptions (Continued)

The pension benefit formula is based upon 2% per year of service of the Final Average Salary (FAS – average salary for the last three years). The maximum benefit is limited to 50% of FAS. There is no social security offset. A service increment for credited service in excess of 25 years provides a maximum benefit of \$100 per month for the service increment. A member may select a reduced joint annuitant benefit at retirement. Survivor benefits include 50% of the member's benefit if the member was eligible for retirement or was retired at the time of death.

Otherwise, present value of the accrued benefit will be paid to the beneficiary if an active member is eligible for retirement at the time of death. A disability benefit is provided in the Plan. If the disability is service related, the benefit is 50% of FAS. For a non-service-related disability with ten years of service, the benefit is 30% of FAS.

The Non-Uniformed Pension Plan, established on April 1, 1968, covers full-time non-uniformed employees of the Township. Employees are eligible to participate in the Plan after six months of continuous service. Eligibility for the normal retirement benefit is age sixty-two. An employee who is involuntarily terminated with eight or more years of credited service may retire early. Vesting is 100% after five years of service. If an employee voluntarily leaves employment, he or she may retire early if this individual has at least twenty-four years of credited service or fifteen years of credited service if age fifty-five or older. The Plan pays benefits in the event of disability, death, or retirement of participants who meet the eligibility requirements.

The pension benefit formula is based upon 2% per year of service of the Final Average Salary (FAS – average salary for last three years). The maximum benefit is limited to 70% of FAS. There is no Social Security offset. A member may select a reduced joint annuitant benefit at retirement. Otherwise, present value of the accrued benefit will be paid to the beneficiary if an active member is eligible for retirement at the time of death. A disability benefit is provided in the Plan.

If the disability is service related, the benefit is 50% of FAS. For non-service-related disability with ten years of service, the benefit is 30% of FAS.

The Sanitary Authority Plan is frozen to new participants and has 3 beneficiaries.

Plan provisions are established by ordinance with the authority for Township contributions required by Act 205 of the Commonwealth of Pennsylvania (Act 205). None of the plans issue stand-alone financial statements as part of PMRS. PMRS issues a publicly available financing report that includes financial statements and required supplementary information. That report can be obtained by writing PMRS at P.O. Box 1429, Harrisburg, PA 17105.

Township of Elizabeth

Notes to the Financial Statements

Note 8 - Pension Plans (Continued)

At December 31, 2022, the most recent actuarial date, membership consisted of the following:

	Police Plan	Non- Uniformed Plan	Sanitary Authority Plan
Inactive employees or beneficiaries currently receiving benefits	15	27	3
Inactive employees entitled to but not yet receiving benefits	1	3	-
Active employees	16	15	-
Total	<u>32</u>	<u>45</u>	<u>3</u>

Contributions and Funding Policy

Act 205 requires that annual contributions be based upon the calculation of the minimum municipal obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. Employees are not required to contribute under Act 205; such contributions are subject to collective bargaining. The Commonwealth of Pennsylvania allocates certain funds to assist in pension funding. Any financial requirements established by the MMO that exceed the Commonwealth of Pennsylvania allocation must be funded by the Township (and could include employee contributions).

Non-uniformed employees are required to make mandatory contributions to the Plan of 3% of their annual gross wages. During 2023, police plan participants were not required to make contributions to the Plan. The MMO for the Police, Non-Uniformed, and Sanitary Authority Plans in 2023 were \$238,666, \$136,582, and \$-0-, respectively.

Net Pension Liability (Asset)

The components of the net pension liability (asset) of the Plans at December 31, 2023, based on a measurement date of December 31, 2022, were as follows:

	Police Plan	Non- Uniformed Plan	Sanitary Authority Plan
Total pension liability	\$ 11,442,759	\$ 5,844,507	\$ 496,275
Plan fiduciary net pension	<u>10,616,664</u>	<u>5,489,192</u>	<u>813,838</u>
Net pension liability	<u>\$ 826,095</u>	<u>\$ 355,315</u>	<u>\$ (317,563)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>92.78%</u>	<u>93.92%</u>	<u>163.99%</u>

Township of Elizabeth

Notes to the Financial Statements

Note 8 - Pension Plans (Continued)

Changes in the Net Pension Liability (Asset)

The changes in the net pension liability (asset) of the Police Plan at December 31, 2022, were as follows:

Change in Net Pension Liability (Asset) - Police Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at 12/31/21	\$ 10,022,516	\$ 12,324,508	\$ (2,301,992)
Change for the year:			
Service cost	301,056	-	301,056
Interest	528,207	-	528,207
Changes of benefits	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	1,122,757	-	1,122,757
Contributions – employer	-	147,105	(147,105)
Contributions – PMRS assessment	-	80	(80)
Contributions – employee	-	-	-
PMRS investment income	-	530,154	(530,154)
Market value investment income*	-	(1,824,754)	1,824,754
Transfers	-	-	-
Benefit payments	(531,777)	(531,777)	-
PMRS administrative expense	-	(640)	640
Additional administrative expense	-	(28,012)	28,012
Net Changes	<u>1,420,243</u>	<u>(1,707,844)</u>	<u>3,128,087</u>
Balances at 12/31/22	\$ <u>11,442,759</u>	\$ <u>10,616,664</u>	\$ <u>826,095</u>
Covered employee payroll			\$ 1,544,951
Net pension liability as a percentage of covered employee payroll			53.47%

*Reflects the net investment income (loss) of \$(2,081,757) and the income/(loss) due to the difference between expected and actual asset values of \$257,003, which includes the impact from allocation of assets in support of the underlying retiree liabilities.

Township of Elizabeth

Notes to the Financial Statements

Note 8 - Pension Plans (Continued)

Changes in the Net Pension Liability (Asset) (Continued)

The changes in the net pension liability/(asset) of the Non-Uniformed Plan at December 31, 2022, were as follows:

Change in Net Pension Liability (Asset) - Non-Uniformed Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/21	\$ 5,821,504	\$ 6,531,871	\$ (710,367)
Changes for the year:			
Service cost	124,085	-	124,085
Interest	304,955	-	304,955
Changes of benefits	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	(128,649)	-	(128,649)
Contributions – employer	-	108,117	(108,117)
Contributions – PMRS assessment	-	960	(960)
Contributions – employee	-	29,515	(29,515)
PMRS investment income	-	283,195	(283,195)
Market value investment income*	-	(1,171,155)	1,171,155
Transfers	-	-	-
Benefit payments	(277,388)	(277,388)	-
PMRS administrative expense	-	(960)	960
Additional administrative expense	-	(14,963)	14,963
Net Changes	<u>23,003</u>	<u>(1,042,679)</u>	<u>1,065,682</u>
Balances at 12/31/22	<u>\$ 5,844,507</u>	<u>\$ 5,489,192</u>	<u>\$ 355,315</u>
Covered employee payroll			\$ 983,814
Net pension liability as a percentage of covered employee payroll			36.12%

*Reflects the net investment income (loss) of \$(1,112,022) and the income/(loss) due to the difference between expected and actual asset values of \$(59,133), which includes the impact from allocation of assets in support of the underlying retiree liabilities.

Township of Elizabeth

Notes to the Financial Statements

Note 8 - Pension Plans (Continued)

Changes in the Net Pension Liability (Asset) (Continued)

The changes in the net pension liability (asset) of the Sanitary Authority Plan at December 31, 2022, were as follows:

Change in Net Pension Liability (Asset) - Sanitary Authority Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/21	\$ 526,048	\$ 997,748	\$ (471,700)
Changes for the year:			
Service cost	-	-	-
Interest	26,471	-	26,471
Changes of benefits	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	(11,982)	-	(11,982)
Contributions – employer	-	-	-
Contributions – PMRS assessment	-	-	-
Contributions – employee	-	-	-
PMRS investment income	-	42,140	(42,140)
Market value investment income*	-	(179,501)	179,501
Transfers	-	-	-
Benefit payments	(44,262)	(44,262)	-
PMRS administrative expense	-	(60)	60
Additional administrative expense	-	(2,227)	2,227
Net Changes	<u>(29,773)</u>	<u>(183,910)</u>	<u>154,137</u>
Balances at 12/31/22	<u>\$ 496,275</u>	<u>\$ 813,838</u>	<u>\$ (317,563)</u>
Covered employee payroll			\$ -
Net pension liability as a percentage of covered employee payroll			N/A

*Reflects the net investment income (loss) of \$(165,471) and the income (loss) due to the difference between expected and actual asset values of \$(14,030), which includes the impact from allocation of assets in support of the underlying retiree liabilities.

Township of Elizabeth
Notes to the Financial Statements

Note 8 - Pension Plans (Continued)

Changes in the Net Pension Liability (Asset) (Continued)

Actuarial Assumptions – The Total Pension Liability (TPL) for the Township is measured as of December 31, 2022, based on the actuarial valuation of the same date. The beginning-of-year TPL is based on the January 1, 2021 actuarial valuation with liabilities measured at December 31, 2021. The end of year TPL is based on the same actuarial valuation with liabilities rolled forward to December 31, 2022.

A summary of the key assumptions and methods used to determine the contribution rates is as follows:

- Actuarial cost method: entry age
- Amortization period: level dollar based upon the amortization periods in Act 205
- Asset valuation method: based upon the municipal reserves
- Discount rate: 5.25%
- Inflation: 2.8%
- Salary increases: age-related scale with merit and inflation component
- COLA increases: 2.8% for those eligible for a COLA
- Pre-retirement mortality: Males – RP-2000 non-annuitant male table projected 15 years with scale AA, Females – RP-2000 non-annuitant female table projected 15 years with scale AA, setback five years.
- Post-retirement mortality: Males – RP-2000 annuitant male table projected 5 years with scale AA, Females – RP-2000 annuitant female table projected 10 years with scale AA

Changes in Actuarial Assumptions – The demographic and economic assumptions were reviewed by the PMRS Board as required every four years at the September 2020 Board meeting. The Board approved updated actuarial assumptions including mortality rates, termination rates, retirement rates, and the salary scale effective January 1, 2021.

Long-Term Expected Rate of Return – The PMRS System's (System's) long-term expected rate of return on plan investments was determined using a building-block method in which best estimates of expected future real rates of return are developed for each major asset class, for the portfolio as a whole, and at different levels of probability or confidence. There are three steps to the method:

1. Expected future real rates of return are based primarily on the 20-year nominal rates of return, as reflected by applicable return indexes, and may be adjusted for specific asset classes if, in the PMRS Board's opinion, any such asset classes are expected in the future to significantly vary from its 20-year returns.
2. The nominal rates of return by asset class are adjusted by the System's investment expenses and an expected future annual inflation rate of 2.5% to produce the long-term expected real rates of return. This is a reduction from the previous inflation rate of 3% from the prior year.

Township of Elizabeth
Notes to the Financial Statements

Note 8 - Pension Plans (Continued)

Changes in the Net Pension Liability (Asset) (Continued)

3. The long-term expected real rates of return are further adjusted by weighting each asset class using the PMRS portfolio target asset allocations.

The results from steps 1 through 3 are presented in the chart labeled "System Nominal and Real Rates of Return by Asset Class."

The following are the System Nominal and Real Rates of Return by Asset Class as of the December 31, 2022, measurement date:

Asset Class	Target Asset Allocation	Nominal Net Rate of Return	Long-Term Expected Real Rate of Return
Domestic Equities (large-capitalized firms)	24.5%	7.50%	5.00%
Domestic Equities (small-capitalized firms)	8%	8.20%	5.70%
International Equities (international developed markets)	14.5%	7.60%	5.10%
International Equities (emerging markets)	3%	8.01%	5.51%
Global Equities	5%	7.03%	4.53%
Real Estate	10%	7.42%	4.92%
Timber	5%	6.50%	4.00%
Fixed income (Core Investment Grade)	24%	4.60%	2.10%
Fixed income (Opportunistic Credit)	5%	8.00%	5.50%
Cash	1%	2.20%	-0.30%
Total Portfolio	<u>100%</u>	<u>7.43%</u>	<u>4.93%</u>

Based on the three-part analysis, the PMRS Board established the System's long-term expected rate of return at 7.43%.

In addition to determining the System's Long-Term Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate."

As of December 31, 2022, this rate is equal to 5.25%. The PMRS Board has determined the minimum acceptable confidence level for achieving the Regular Interest Rate to be 60%. The table below labeled "Confidence Levels for System Nominal and Real Rates of Return" identifies simulated portfolio returns at various confidence levels.

Township of Elizabeth
Notes to the Financial Statements

Note 8 - Pension Plans (Continued)

Confidence Levels for System Nominal and Real Rates of Return

Confidence Interval	Nominal Net Rate of Return	Long-Term Expected Real Rate of Return
95%	4.18%	1.68%
90%	4.87%	2.37%
85%	5.51%	3.01%
80%	5.86%	3.36%
75%	6.10%	3.60%
70%	6.45%	3.95%
60%	6.99%	4.49%

Discount Rate – The discount rate used to measure the total pension liability for the Plans was 5.25%. The PMRS Board establishes the regular interest rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of Plan participants, municipalities, and Plan retirees each year.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the Plans calculated using the discount rates described above, as well as what the Plans' net pension liabilities (assets) would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rates:

	1% Decrease 4.25%	Current Discount Rate 5.25%	1% Increase 6.25%
Net Pension Liability (Asset):			
Police Plan	\$ 2,368,800	\$ 826,095	\$ (444,140)
Non-Uniformed Plan	1,017,377	355,315	(210,765)
Sanitary Authority Plan	(280,571)	(317,563)	(350,171)
Total	<u>\$ 3,105,606</u>	<u>\$ 863,847</u>	<u>\$ (1,005,076)</u>

Township of Elizabeth
Notes to the Financial Statements

Note 8 - Pension Plans (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2023, the Plans recognized pension expense (revenue) of approximately \$800,935 and \$(37,091) in the governmental activities and business-type activities, respectively. At December 31, 2021, the Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources</u>	<u>Police Plan</u>	<u>Non-Uniformed Plan</u>	<u>Sanitary Authority Plan</u>
Differences between expected an actual experience	\$ 987,988	\$ 39,237	\$ -
Changes in actuarial assumptions	34,845	68,971	-
net differences between projected and actual earnings on pension plan investments	<u>309,728</u>	<u>240,133</u>	<u>32,087</u>
Total	<u>\$1,332,561</u>	<u>\$ 348,341</u>	<u>\$ 32,087</u>

<u>Deferred Outflows of Resources</u>	<u>Police Plan</u>	<u>Non-Uniformed Plan</u>	<u>Sanitary Authority Plan</u>
Differences between expected an actual experience	\$ -	\$ 85,766	\$ -
Changes in actuarial assumptions	-	-	-
net differences between projected and actual earnings on pension plan investments	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 85,766</u>	<u>\$ -</u>

For the year ended December 31, 2023, the Plans recognized pension expense (revenue) of approximately \$800,935 and \$(37,091) in the governmental activities and business-type activities, respectively. At December 31, 2021, the Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in the pension expense as follows:

Measurement Date	<u>Governmental Activities</u>		<u>Business-Type Activities</u>
	<u>Police</u>	<u>Non-Uniformed</u>	<u>Sanitary Authority</u>
December 31			
2023	\$ 134,235	\$ (68,292)	\$ (23,123)
2024	\$ 217,345	\$ (32,125)	\$ (492)
2025	\$ 391,478	\$ 128,761	\$ 19,801
2026	\$ 589,503	\$ 234,231	\$ 35,901
2027	\$ -	\$ -	\$ -
Thereafter	\$ -	\$ -	\$ -

Township of Elizabeth

Notes to the Financial Statements

Note 8 - Pension Plans (Continued)

Pension Plan Fiduciary Net Position

Detailed information about PMRS fiduciary net position is available in the PMRS Comprehensive Annual Financial Report, which is available on the PMRS website or a copy may be obtained by contacting the PMRS accounting office. Disclosure required by GASB Statement No. 3 for aggregate PMRS investments are included in PMRS's separately issued CAFR.

Note 9 - Post-Employment Benefits Other Than Pension Benefits (OPEB)

General Information about the OPEB Plan

Plan Descriptions and Benefits Provided - In addition to providing pension benefits under contractual obligations, the Township provides certain healthcare and life insurance benefits for certain retired employees who are covered under employment contracts. The Township does not have a formal plan document for the OPEB plan, but it operates as a single-employer-defined benefit plan that is not accounted for in a trust fund. An irrevocable trust has not been established, the OPEB plan does not issue a separate report, and activity of the OPEB plan is reported in the Township's General Fund.

The benefits are provided in accordance with labor agreements. Post-retirement benefits consist of medical, dental, and vision benefits and life insurance for police officers hired before January 1, 2009, and for road department employees hired before January 1, 2012. Three current retired administrative/clerical employees have \$20,000 term life insurance provided.

The Township incurs a portion of the cost of certain healthcare benefits for retired police and road department employees from the time of retirement until Medicare comes into effect. The Township also incurs 50% of the cost of certain healthcare benefits for the police officer retiree's spouse for a period not to exceed five years or until the retiree's coverage ends, with the Township paying 50% of the spouse's premium costs. The cost of retiree healthcare benefits is recognized as an expenditure at the time the premium is paid.

Funding Policy - The contribution requirements of OPEB plan members and the Township are established and may be amended by the Township. The OPEB plan is not funded. The employer's contributions are financed on a pay-as-you-go basis. In 2023, the Township paid \$77,553 in OPEB premiums.

Township of Elizabeth

Notes to the Financial Statements

Note 9 - Post-Employment Benefits Other Than Pension Benefits (OPEB) (Continued)

General Information about the OPEB Plan (Continued)

Employees Covered by Benefit Terms - As of January 1, 2022, the date of the most recent actuarial report, the following employees were covered by the benefit terms:

Current retired participants receiving OPEB benefit payments	12
Inactive employees entitled to but not yet receiving benefit payments	0
Active participants eligible for future	16

Total OPEB Liability

The Township's OPEB liability of \$1,382,156 was measured as of December 31, 2023, and was determined based on a roll-forward of the liabilities reflected in the January 1, 2022, actuarial valuation report based on actuarial assumptions contained therein.

Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and medical care costs. Amounts determined regarding the funded status and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Township utilizes the actuarial cost method for valuing the actuarial costs of the plan. Under this method, the valuations are determined under the entry age normal actuarial cost method. The actuarial present value of projected benefits of each individual is allocated as a level percentage of pay between entry age and assumed exit age for healthcare costs. Pays are assumed to increase over that period at the assumed rate of inflation. Entry age is calculated based upon hire date, and assumed exit age is based on the actuarial assumptions as to termination, disability, death, or retirement.

Township of Elizabeth
Notes to the Financial Statements

Note 9 - Post-Employment Benefits Other Than Pension Benefits (OPEB) (Continued)

Total OPEB Liability (Continued)

- *Actuarial Assumptions and Other Inputs* - The total OPEB liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.
- *Inflation Rate* - The expected long-term inflation assumption was 2.50%.
- *Discount Rate* - The discount rate of 2.50% per year was based on the index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
- *Mortality* - Police - 2010 Public Retirement Plan - Public Safety mortality tables (PubS-2010), Non-Police - 2010 Public Retirement Plan - General Employees mortality tables (PubG-2010).
- *Mortality Improvement* - Projected from the year 2020 with rates derived from the Long-Range Demographic Assumptions for the 2020 Social Security Administration's Trustee Report.
- *Withdrawal* - None assumed.
- *Disablement* - None assumed.
- *Retirement age* - Police officers' retirement age is assumed to be the earlier of 25 years of service or age 50 with 12 years of service. Public Works employees' retirement age is assumed to be the earlier of 24 years of service or age 62.
- *Participation* - It is assumed that participation will include 100% of future eligible retirees for life insurance and 90% of future eligible retirees for medical, dental, and vision.
- *Retirees' share of benefit-related costs* - Both Police and Public Works employees must contribute \$75 per month toward their health coverage, plus 50% of the cost of spouse health coverage (if any) and the full cost of their dependents' coverage (if any).

Year	Medical/Rx	Dental & Vision
2022	4.00%	1.00%
2023	6.75%	3.00%
2024	6.25%	3.00%
2025	5.75%	3.00%
2026	5.25%	3.00%
2027	4.75%	3.00%
2028 and later	4.50%	3.00%

Township of Elizabeth
Notes to the Financial Statements

Note 9 - Post-Employment Benefits Other Than Pension Benefits (OPEB) (Continued)

Changes in the OPEB Liability

Changes in the total OPEB liability were as follows:

		<u>Measurement Year Ended 1/1/2023</u>
<u>Total OPEB Liability</u>		
Service cost	\$	47,146
Benefit payments		(83,802)
Interest		34,739
Changes of benefit terms		-
Changes in assumptions or other inputs		-
Differences between expected and actual experience		-
Net change in total OPEB liability		<u>(1,917)</u>
Total OPEB liability – beginning		<u>1,384,073</u>
Total OPEB liability – ending		<u>1,382,156</u>
Plan fiduciary net position		-
Net OPEB Liability	\$	<u><u>1,382,156</u></u>

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

The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current rate.

	1% Decrease 1.50%	Discount Rate 2.50%	1% Increase 3.50%
Total OPEB Liability	<u>\$1,514,652</u>	<u>\$1,382,156</u>	<u>\$1,268,156</u>

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

The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% higher or lower than the current rates.

	1% Decrease	Healthcare Cost Rate	1% Increase
Total OPEB Liability	<u>\$1,285,297</u>	<u>\$1,382,156</u>	<u>\$1,489,942</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

Amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-), if any, should be recognized in OPEB expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined at the beginning of the measurement period.

Township of Elizabeth
Notes to the Financial Statements

Note 9 - Post-Employment Benefits Other Than Pension Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

For the year ended December 31, 2023, the Township reported the following deferred outflows and inflows of resources from the following sources.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 21,868	\$ -
Changes in actuarial assumptions	44,141	-
Net differences between projected and actual earnings on pension plan investments	-	-
Total	\$ 66,009	\$ -

Other amounts as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement <u>Date December 31</u>	
2024	\$ 35,476
2025	\$ 23,702
2026	\$ 6,831
2027	\$ -
2028	\$ -
Thereafter	\$ -

Note 10 - Commitments and Contingencies

Sewer Fund – Consent Decree

In 2022, the Allegheny County Health Department (ACHD) ordered communities tributary to the Allegheny County Sanitary Authority, whose sanitary sewers had been identified as being subject to possible wet weather outflows, to implement a comprehensive assessment, flow monitoring, and planning program. In fiscal year 2008, a consent decree related to this issue was signed by ACHD and the Township. The Township is subject to a civil penalty for untimely completion of each term or provision of the consent decree. A revised consent decree was signed in May 2016. The Township has paid \$9,000 in civil penalties for the year ended December 31, 2023.

Other Matters

The Township is involved in a number of other matters arising in the ordinary course of its operations. At present, management believes the ultimate outcome of these matters, after consideration of any applicable insurance coverage, will not be material to the financial statements taken as a whole.

Township of Elizabeth
Notes to the Financial Statements

Note 10 - Commitments and Contingencies (Continued)

Other Matters (Continued)

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, except for employee benefits and workers' compensation. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There have been no significant changes in insurance coverage during the year.

Note 11 - Municipal Employers Trust

The Township participates as a member in Municipal Employers Trust (d/b/a) Municipal Benefit Services (MBS), a public entity risk pool. MBS provides certain benefits including, but not limited to, the following coverages: health benefits, short-term accident and sickness disability benefits, long-term accident and sickness disability benefits, dental benefits, vision care, prescription drugs, and life insurance for eligible employers. All participants of MBS may be subject to supplemental premiums based on the overall experience of the participating members.

Reserves generated by MBS for self-insured health premiums paid by members exceeding claims and expenses are held by MBS for the benefit of all participating members. During 2014, a portion of the excess revenues was deposited in eligible clients' Rate Mitigation Accounts (RMA) as determined by MBS's actuary. RMA funds are held by MBS and are available to the Township to reduce future costs associated with participating coverage. RMA funds are forfeited if the member terminates participation in the MBS medical insurance program. As of December 31, 2023, the Township had approximately \$17,549 in the RMA account.

Note 12 - Risk Management

For its workers' compensation insurance coverage, the Township participates in the Municipal Risk Management Workers' Compensation Pooled Trust (Trust), a public entity risk pool operated for the benefit of approximately 200 cities, municipalities, boroughs, townships, and municipal authorities. Trust underwriting and rate-setting policies are established after consultation with an independent actuary and certain approvals of the Pennsylvania Department of Labor and Industry as mandated by Act 44 of 1993 (Act 44). All Trust participants may be subject to a supplemental assessment/dividend based on the overall experience of the participants, pursuant to Act 44.

Each participant of the Trust agrees to jointly and severally assume and discharge the liabilities arising under the Workers' Compensation Act and Occupational Disease Act of each and every participant of the Trust. Political subdivisions joining the Trust must remain members for a minimum of four years; a member may withdraw from the Trust after that time by giving ninety days' notice, subject to approval by the Trust actuary under specified circumstances related to the continued fiscal stability of the pool.

Township of Elizabeth

Notes to the Financial Statements

Note 12 - Risk Management (Continued)

At the time of withdrawal, the participant is responsible for their share of assessments but has no claim on any other assets of the Trust.

Note 13 - Subsequent Events

Subsequent events have been evaluated through February 14, 2025, which is the date the financial statements were available to be issued.

During 2019, the Municipal Authority of the City of McKeesport (MACM) filed a complaint against the Township alleging that the Township breached a written agreement with MACM that required the Township to deliver sewage to the MACM treatment plant for treatment by a certain date. MACM is claiming damages in excess of \$2,000,000 for lost profits on the treatment. There is no insurance coverage for this claim, and the Township has hired special counsel to defend the claim. This claim is still ongoing at December 31, 2023. The Township maintains it has no liability in this matter and intends to vigorously defend against MACM's claims.

During 2020, a writ of summons was filed against the Township. Although the Township is unaware of the exact nature of the claims, it is believed to be related to a demolition of a blighted structure without proper notice. The Township believes it has a very solid defense with numerous letters being sent regarding the public hearing held on the matter as well as a newspaper advertisement of this hearing.

Also, during 2020, the Township received notice regarding threatened litigation due to a water drainage problem on a Township resident's property. No suit has been filed at this time, and the claim is being handled by the Township's insurance defense counsel.

Township of Elizabeth
Required Supplementary Information
Year Ended December 31, 2023

Township of Elizabeth

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Special Revenue Funds

For the Year Ended December 31,

2023

	Budget		Special Revenue Funds			Favorable (Unfavorable) Variance with Final Budget
	Original/Final	General Fund Actual	Liquid Fuels Fund Actual	Fire Tax Fund Actual	Total Actual	
Revenues						
Taxes	\$ 4,805,093	\$ 4,764,864	\$ -	\$ 318,472	\$ 5,083,336	\$ 278,243
Licenses and permits	268,050	406,713	-	-	406,713	138,663
Fines and forfeits	11,550	19,174	-	-	19,174	7,624
Interest, rents, and royalties	190,930	312,666	17,946	7,379	337,991	147,061
Intergovernmental revenue	965,876	1,538,378	453,018	-	1,991,396	1,025,520
Charges for services	213,100	1,160,780	-	-	1,160,780	947,680
Miscellaneous revenues	1,448,176	1,039,297	-	-	1,039,297	(408,879)
Total Revenues	7,902,775	9,241,872	470,964	325,851	10,038,687	2,135,912
Expenditures						
General government	700,550	1,156,701	-	-	1,156,701	456,151
Public safety	2,639,275	3,556,596	-	322,358	3,878,954	1,239,679
Public works	3,000,386	4,539,178	860,609	-	5,399,787	2,399,401
Culture and recreation	1,566,546	279,083	-	-	279,083	(1,287,463)
Employer paid benefits and withholding	364,542	647,479	-	-	647,479	282,937
Insurance	207,000	110,705	-	-	110,705	(96,295)
Capital outlay	150,000	260,230	-	-	260,230	110,230
Debt service						
Principal	110,000	158,313	-	-	158,313	48,313
Interest	47,750	34,597	-	-	34,597	(13,153)
Fiscal agent fees	-	750	-	-	750	750
Total Expenditures	8,786,049	10,743,632	860,609	322,358	11,926,599	3,140,550
Excess of Revenues over Expenditures	(883,274)	(1,501,760)	(389,645)	3,493	(1,887,912)	(1,004,638)
Other Financing Sources (Uses)						
Proceeds of capital asset disposition	5,000	25,530	-	-	25,530	20,530
Long-term debt proceeds	-	-	-	-	-	-
Refund of prior year expenditures	-	9,817	-	-	9,817	9,817
Refunds of prior year revenues	(17,000)	(26,362)	-	-	(26,362)	(9,362)
Transfers in	1,050,000	715,147	-	-	715,147	(334,853)
Transfers out	-	(326,061)	-	-	(326,061)	(326,061)
Total Other Financing Sources (Uses)	1,038,000	398,071	-	-	398,071	(639,929)
Net Change in Fund Balances	\$ 154,726	\$ (1,103,689)	\$ (389,645)	\$ 3,493	\$ (1,489,841)	\$ (1,644,567)

Township of Elizabeth
Schedule of Changes in
Net Pension Liability and Related Ratios
Last 10 Measurement Years * *

Police Pension Plan

Measurement Date

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability:									
Service cost	\$ 301,056	\$ 219,842	\$ 234,382	\$ 224,501	\$ 196,579	\$ 183,508	\$ 170,200	\$ 197,078	\$ 182,927
Interest	528,207	513,014	476,302	464,219	462,914	456,018	474,287	469,496	456,581
Changes of benefits	-	-	-	-	47,415	-	-	-	-
Differences between expected and actual experience	1,122,757	-	359,131	-	(218,792)	-	(327,759)	(1,182)	75,618
Changes of assumptions*	-	-	139,377	-	-	-	237,770	(67,574)	-
Transfers	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(531,777)	(517,745)	(473,602)	(463,396)	(518,285)	(524,109)	(486,403)	(483,646)	(502,675)
Net Change in Total Pension Liability	1,420,243	215,111	735,590	225,324	(30,169)	115,417	68,095	114,172	212,451
Total Pension Liability - Beginning	10,022,516	9,807,405	9,071,815	8,846,491	8,876,660	8,761,243	8,693,148	8,578,976	8,366,525
Total Pension Liability - Ending	11,442,759	10,022,516	9,807,405	9,071,815	8,846,491	8,876,660	8,761,243	8,693,148	8,578,976
Plan Fiduciary Net Position:									
Contributions - employer	147,105	142,715	124,129	97,563	89,325	85,863	73,220	30,904	31,439
Contributions - PMRS assessment	80	20	-	560	-	-	-	60	-
Contributions - employee	-	-	-	-	-	-	-	-	-
PMRS investment income	530,154	520,413	506,388	499,710	486,771	483,901	517,915	513,587	509,688
Market value investment income	(1,824,754)	990,116	870,674	1,038,684	(1,047,396)	1,058,337	136,595	(707,510)	1,650
Transfers	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(531,777)	(517,745)	(473,602)	(463,396)	(518,285)	(524,109)	(486,403)	(483,646)	(502,675)
PMRS administrative expense	(640)	(580)	(560)	(560)	(540)	(540)	(480)	(580)	(540)
Additional administrative expense	(28,012)	(29,475)	(22,063)	(17,273)	(21,722)	(22,254)	(25,373)	(21,410)	(19,547)
Net Change in Plan Fiduciary Net Position	(1,707,844)	1,105,464	1,004,966	1,155,288	(1,011,847)	1,081,198	215,474	(668,595)	20,015
Plan Fiduciary Net Position - Beginning	12,324,508	11,219,044	10,214,078	9,058,790	10,070,637	8,989,439	8,773,965	9,442,560	9,422,545
Plan Fiduciary Net Position - Ending	10,616,664	12,324,508	11,219,044	10,214,078	9,058,790	10,070,637	8,989,439	8,773,965	9,442,560
Net Pension Liability	\$ 826,095	\$ (2,301,992)	\$ (1,411,639)	\$ (1,142,263)	\$ (212,299)	\$ (1,193,977)	\$ (228,196)	\$ (80,817)	\$ (863,584)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.78%	122.97%	114.39%	112.59%	102.40%	113.45%	102.60%	100.93%	110.07%
Covered Employee Payroll	\$ 1,544,951	\$ 1,128,176	\$ 1,185,247	\$ 1,135,282	\$ 992,183	\$ 926,211	\$ 917,421	\$ 874,908	\$ 820,279
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	53.47%	-204.05%	-119.10%	-100.61%	-21.40%	-128.91%	-24.87%	-9.24%	-105.28%

* Historical changes in assumptions -

12/31/15 - Assumptions based on the PMRS Experience Study for the period covering January 1, 2009, through December 31, 2013, issued by the actuary in July 2015.

12/31/16 - Investment return assumption for municipal assets decreased from 5.50% to 5.25%.

12/31/20 - Assumptions based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 issued by the actuary in September 2020.

** This schedule is intended to illustrate information for 10 years. However, until the full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

Township of Elizabeth
Schedule of Changes in
Net Pension Liability and Related Ratios
Last 10 Measurement Years * *
Non-Uniformed Pension Plan

Measurement Date

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability:									
Service cost	\$ 124,085	\$ 118,175	\$ 117,485	\$ 112,576	\$ 96,959	\$ 84,178	\$ 83,419	\$ 90,812	\$ 77,435
Interest	304,955	297,660	270,403	266,412	239,241	235,881	246,412	242,722	238,830
Changes of benefits	-	-	-	-	25,820	-	-	-	-
Differences between expected and actual experience	(128,649)	-	156,951	-	432,382	-	(190,038)	(4,486)	21,016
Changes of assumptions*	-	-	275,890	-	-	-	112,440	(20,500)	-
Transfers	-	-	-	-	-	-	-	-	(34,392)
Benefit payments, including refunds of member contributions	(277,388)	(288,071)	(316,039)	(299,927)	(285,204)	(252,892)	(227,777)	(249,035)	(266,672)
Net Change in Total Pension Liability	23,003	127,764	504,690	79,061	509,198	67,167	24,456	59,513	36,217
Total Pension Liability - Beginning	5,821,504	5,693,740	5,189,050	5,109,989	4,600,791	4,533,624	4,509,168	4,449,655	4,413,438
Total Pension Liability - Ending	5,844,507	5,821,504	5,693,740	5,189,050	5,109,989	4,600,791	4,533,624	4,509,168	4,449,655
Plan Fiduciary Net Position:									
Contributions - employer	108,117	109,132	72,825	63,848	43,400	48,178	43,818	30,908	29,810
Contributions - PMRS assessment	960	960	20	900	60	40	40	-	-
Contributions - employee	29,515	28,109	28,895	27,688	25,196	21,380	22,576	22,776	20,695
PMRS investment income	283,195	275,084	254,277	246,060	233,928	225,391	245,793	251,054	247,479
Market value investment income	(1,171,155)	527,346	590,028	721,857	(327,474)	468,000	38,736	(413,592)	28,301
Transfers	-	-	-	-	-	-	-	-	(34,392)
Benefit payments, including refunds of member contributions	(277,388)	(288,071)	(316,039)	(299,927)	(285,204)	(252,892)	(227,777)	(249,035)	(266,672)
PMRS administrative expense	(960)	(960)	(960)	(900)	(920)	(920)	(940)	(940)	(1,000)
Additional administrative expense	(14,963)	(15,580)	(11,079)	(8,505)	(10,439)	(10,366)	(12,042)	(10,466)	(9,491)
Net Change in Plan Fiduciary Net Position	(1,042,679)	636,020	617,967	751,021	(321,453)	498,811	110,204	(369,295)	14,730
Plan Fiduciary Net Position - Beginning	6,531,871	5,895,851	5,277,884	4,526,863	4,848,316	4,349,505	4,239,301	4,608,596	4,593,866
Plan Fiduciary Net Position - Ending	5,489,192	6,531,871	5,895,851	5,277,884	4,526,863	4,848,316	4,349,505	4,239,301	4,608,596
Net Pension Liability	\$ 355,315	\$ (710,367)	\$ (202,111)	\$ (88,834)	\$ 583,126	\$ (247,525)	\$ 184,119	\$ 269,867	\$ (158,941)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.92%	112.20%	103.55%	101.71%	88.59%	105.38%	95.94%	94.02%	103.57%
Covered Employee Payroll	\$ 983,814	\$ 936,951	\$ 963,157	\$ 922,913	\$ 820,846	\$ 712,650	\$ 751,706	\$ 759,205	\$ 639,028
Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	36.12%	-75.82%	-20.98%	-9.63%	71.04%	-34.73%	24.49%	35.55%	-24.87%

* Historical changes in assumptions -

12/31/15 - Assumptions based on the PMRS Experience Study for the period covering January 1, 2009, through December 31, 2013, issued by the actuary in July 2015.

12/31/16 - Investment Return Assumption for municipal assets decreased from 5.50% to 5.25%.

12/31/20 - Assumptions based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 issued by the actuary in September 2020.

** This schedule is intended to illustrate information for 10 years. However, until the full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

Township of Elizabeth
Schedule of Changes In
Net Pension Liability and Related Ratios
Last 10 Measurement Years **
Sanitary Authority Pension Plan

Measurement Date

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Total Pension Liability:									
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,678
Interest	26,471	27,541	26,003	27,275	27,472	28,642	35,477	36,101	41,222
Changes of benefits	-	-	-	-	5,992	-	-	-	-
Differences between expected and actual experience	(11,982)	-	16,504	-	14,004	-	(95,219)	-	(72,372)
Changes of assumptions*	-	-	38,272	-	-	-	11,215	7,606	-
Transfers	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(44,262)	(51,497)	(51,497)	(51,497)	(50,932)	(50,932)	(50,932)	(59,068)	(64,790)
Net Change in Total Pension Liability	(29,773)	(23,956)	29,282	(24,222)	(3,464)	(22,290)	(99,459)	(15,361)	(78,262)
Total Pension Liability - Beginning	526,048	550,004	520,722	544,944	548,408	570,698	670,157	685,518	763,780
Total Pension Liability - Ending	496,275	526,048	550,004	520,722	544,944	548,408	570,698	670,157	685,518
Plan Fiduciary Net Position:									
Contributions - employer	-	-	-	(60)	-	-	-	-	221
Contributions - PMRS assessment	-	-	-	60	-	-	-	-	-
Contributions - employee	-	-	-	-	-	-	-	-	-
PMRS investment income	42,140	42,318	40,214	40,372	38,867	39,343	41,254	46,684	47,083
Market value investment income	(179,501)	80,503	101,463	113,137	(56,978)	87,984	28,111	(131,717)	4,807
Transfers	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(44,262)	(51,497)	(51,497)	(51,497)	(50,932)	(50,932)	(50,932)	(59,068)	(64,790)
PMRS administrative expense	(60)	(60)	(60)	(60)	(60)	-	-	-	(140)
Additional administrative expense	(2,227)	(2,397)	(1,752)	(1,396)	(1,734)	(1,809)	(2,021)	(1,946)	(1,806)
Net Change in Plan Fiduciary Net Position	(183,910)	68,867	88,368	100,556	(70,837)	74,586	16,412	(146,047)	(14,625)
Plan Fiduciary Net Position - Beginning	997,748	928,881	840,513	739,957	810,794	736,208	719,796	865,843	880,468
Plan Fiduciary Net Position - Ending	813,838	997,748	928,881	840,513	739,957	810,794	736,208	719,796	865,843
Net Pension Liability	\$ (317,563)	\$ (471,700)	\$ (378,877)	\$ (319,791)	\$ (195,013)	\$ (262,386)	\$ (165,510)	\$ (49,639)	\$ (180,325)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	163.99%	189.67%	168.89%	161.41%	135.79%	147.85%	129.00%	107.41%	126.30%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,512
Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-143.67%

* Historical changes in assumptions -

12/31/15 - Assumptions based on the PMRS Experience Study for the period covering January 1, 2009, through December 31, 2013, issued by the actuary in July 2015.

12/31/16 - Investment Return Assumption for municipal assets decreased from 5.50% to 5.25%.

12/31/20 - Assumptions based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 issued by the actuary in September 2020.

** This schedule is intended to illustrate information for 10 years. However, until the full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

Township of Elizabeth
Schedules of Required Supplementary Information
Pension Plans
Last 10 Measurement Years **

Schedules of Township's Contributions

Measurement Date

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014*
Police Pension Plan									
Actuarially determined contributions	\$ 147,105	\$ 142,715	\$ 110,785	\$ 92,146	\$ 71,246	\$ 83,993	\$ 58,744	\$ 16,703	\$ 6,819
Contributions in relation to the actuarially determined contribution	147,185	142,735	124,129	98,123	89,325	85,863	73,220	30,964	31,439
Contributions deficiency (excess)	\$ (80)	\$ (20)	\$ (13,344)	\$ (5,977)	\$ (18,079)	\$ (1,870)	\$ (14,476)	\$ (14,261)	\$ (24,620)
Covered employee payroll	\$ 1,544,951	\$ 1,128,176	\$ 1,185,247	\$ 1,135,282	\$ 992,183	\$ 926,211	\$ 917,421	\$ 874,908	\$ 820,279
Contributions as a percentage of covered payroll	9.53%	12.65%	10.47%	8.64%	9.00%	9.27%	7.98%	3.54%	3.83%
Non-Uniformed Pension Plan									
Actuarially determined contributions	\$ 109,057	\$ 110,072	\$ 59,481	\$ 58,791	\$ 25,321	\$ 46,279	\$ 29,336	\$ 24,024	\$ 28,498
Contributions in relation to the actuarially determined contribution	109,077	110,092	72,845	64,748	43,460	48,218	43,858	30,908	29,810
Contributions deficiency (excess)	\$ (20)	\$ (20)	\$ (13,364)	\$ (5,957)	\$ (18,139)	\$ (1,939)	\$ (14,522)	\$ (6,884)	\$ (1,312)
Covered employee payroll	\$ 983,814	\$ 936,951	\$ 963,157	\$ 922,913	\$ 820,846	\$ 712,650	\$ 751,706	\$ 759,205	\$ 639,028
Contributions as a percentage of covered payroll	11.09%	11.75%	7.56%	7.02%	5.29%	6.77%	5.83%	4.07%	4.66%
Sanitary Authority Pension Plan									
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	221
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (221)
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,512
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.18%

* Beginning in 2015, amount is actual payroll. In 2014, amount is expected payroll based on the most recent actuarial valuation. These amounts may not match the MMO payroll.

** This schedule is intended to illustrate information for 10 years. However, until the full 10-year trend is compiled, the Township is presenting information for those years only for which information is available.

Township of Elizabeth

Notes to the Required Supplementary Information

Pension Plan

Actuarial Assumptions and Other Inputs - The total pension liability (asset) was determined by an actuarial valuation performed on January 1, 2023, with liabilities measured at December 31, 2022, using the following actuarial assumptions, applied to all periods in the measurement:

A summary of the key assumptions and methods used to determine the contribution rates:

- *Actuarial cost method:* Entry age
- *Amortization period:* Level dollar based upon the amortization periods in Act 205
- *Asset valuation method:* Based upon the municipal reserves
- *Discount rate:* 5.25%
- *Inflation:* 2.8%
- *Salary increases:* age-related scale with merit and inflation component
- *COLA increases:* 2.8% for those eligible for a COLA
- *Pre-retirement mortality:* Males – RP-2000 non-annuitant male table projected 15 years with scale AA, Females – RP-2000 non-annuitant female table projected 15 years with scale AA, setback five years.
- *Post-Retirement Mortality:* Males – RP-2000 annuitant male table projected 5 years with scale AA, Females – RP-2000 annuitant female table projected 10 years with scale AA.

Historical changes in actuarial assumptions:

12/31/15: Assumptions based on the PMRS Experience Study for the period covering January 1, 2009 through December 31, 2013, were issued by the actuary in July 2015.

12/31/16: Investment Return Assumption for municipal assets decreased from 5.50% to 5.25%.

12/31/20: Assumptions based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 issued by the actuary in September 2020.

Township of Elizabeth
Schedule of Changes in
Net OPEB Liability and Related Ratios
Last 10 Measurement Years **

	Measurement Date 12/31/2022	Measurement Date 12/31/2021	Measurement Date 12/31/2020	Measurement Date 12/31/2019	Measurement Date 12/31/2018	Measurement Date 12/31/2017
Total OPEB Liability						
Service costs	\$ 47,146	\$ 45,884	\$ 42,214	\$ 41,084	\$ 38,904	\$ 37,863
Interest	34,739	34,628	39,013	38,884	38,915	39,260
Benefit payments	(83,802)	(70,924)	(79,608)	(74,024)	(85,589)	(91,928)
Changes in assumptions or other inputs	-	75,045	-	12,644	-	-
Differences between expected and actual experience	-	102	-	85,964	-	-
Net Change in Total OPEB Liability	(1,917)	84,735	1,619	104,552	(7,770)	(14,805)
OPEB Liability - Beginning of Year	1,384,073	1,299,338	1,297,719	1,193,167	1,200,937	1,215,742
OPEB Liability - End of Year	\$ 1,382,156	\$ 1,384,073	\$ 1,299,338	\$ 1,297,719	\$ 1,193,167	\$ 1,200,937
Covered - Employee Payroll	\$ 1,261,245	\$ 1,261,245	\$ 1,284,757	\$ 1,284,757	\$ 1,044,743	\$ 1,044,743
Total OPEB Liability as a Percentage of Covered -Employee Payroll	109.59%	109.74%	101.13%	101.01%	114.21%	114.95%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is completed, only those years for which information is available is provided.

Notes to Required Supplementary Information - OPEB Plan

A. GASB 75 was implemented for the year ended December 31, 2018.

B. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

Historical changes in assumptions - Fiscal Year Beginning January 1, 2022:

Assumed discount rate reduced from 3.00% to 2.50%.

Rates of disablement are no longer assumed.

Coverage level for future retiring participants is assumed to be 70% individual, 40% husband/wife (as compared to 40% individual, 60% husband/wife at last valuation).

Medical trend rates (all years) updated.

Dental/vision trend rate for 2022 updated.

Township of Elizabeth
Supplementary Information
Year Ended December 31, 2023

Township of Elizabeth
Combining Balance Sheet
Nonmajor Governmental Funds

For the Year Ended December 31,

2023

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	<u>Liquid Fuels Fund</u>	<u>Fire Tax Fund</u>	
Assets			
Cash and cash equivalents	\$ 5,062	\$ 323,257	\$ 328,319
Accrued taxes receivable	-	89	89
Due from other funds	-	40,261	40,261
	<u>5,062</u>	<u>363,607</u>	<u>368,669</u>
Total Assets	<u>\$ 5,062</u>	<u>\$ 363,607</u>	<u>\$ 368,669</u>
Liabilities			
Accounts payable	-	322,358	322,358
	<u>-</u>	<u>322,358</u>	<u>322,358</u>
Fund Balances			
Restricted for			
Liquid fuels tax projects	5,062	-	5,062
Fire protection	-	41,249	41,249
	<u>5,062</u>	<u>41,249</u>	<u>46,311</u>
Total Fund Balances	<u>5,062</u>	<u>41,249</u>	<u>46,311</u>
	<u>\$ 5,062</u>	<u>\$ 363,607</u>	<u>\$ 368,669</u>
Total Liabilities and Fund Balances	<u>\$ 5,062</u>	<u>\$ 363,607</u>	<u>\$ 368,669</u>

Township of Elizabeth

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

For the Year Ended December 31,	2023		
	Special Revenue Funds		Total Nonmajor Governmental Funds
	Liquid Fuels Fund	Fire Tax Fund	
Revenues			
Taxes	\$ -	\$ 318,472	\$ 318,472
Interest, rent, and royalties	17,946	7,379	25,325
Intergovernmental	453,018	-	453,018
	470,964	325,851	796,815
Expenditures			
Public safety	-	322,358	322,358
Public works	860,609	-	860,609
	860,609	322,358	1,182,967
Excess (Deficiency) of Revenues over Expenditures	(389,645)	3,493	(386,152)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(389,645)	3,493	(386,152)
Fund Balances - Beginning of Year	394,707	37,756	432,463
Fund Balances - End of Year	\$ 5,062	\$ 41,249	\$ 46,311