

## PRELIMINARY OFFICIAL STATEMENT DATED JUNE 11, 2025

NEW ISSUE—BOOK-ENTRY ONLY

**RATING: S&P: “AA+” (Stable Outlook)**  
(See “RATING” herein)

*In the opinion of Bond Counsel, assuming compliance with certain covenants of the Township, interest on the Bonds will be excluded from gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference under the Internal Revenue Code of 1986, as amended (the “Code”) for purposes of determining the federal individual alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such corporations. Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. For further information relating to federal and state tax matters relative to the Bonds, see “TAX MATTERS” herein.*

*The Township has designated the Bonds as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 (relating to the deductibility of interest expense by certain financial institutions). See “TAX MATTERS” herein.*

### **\$10,000,000\*** **TOWNSHIP OF LOWER MORELAND** **(Montgomery County, Pennsylvania)** **General Obligation Bonds, Series of 2025**

**Dated:** Date of Delivery  
**Interest Due:** June 1 and December 1

**Principal Due:** As Shown On Inside Cover  
**First Interest Payment:** December 1, 2025

The General Obligation Bonds, Series of 2025 described herein are in the aggregate principal amount of \$10,000,000\* (the “Bonds”), when issued, will be in registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Township of Lower Moreland, Montgomery County, Pennsylvania (the “Township”), payable from its tax and other general revenues. The Township has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Ordinance or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds. For such budgeting, appropriation, and payment the Township irrevocably has pledged its full faith, credit and available taxing power (See “SECURITY” *infra*).

Interest on each of the Bonds is payable initially on December 1, 2025, and thereafter semiannually on June 1 and December 1 of each year until the maturity date of such Bond or if redeemable, until redeemed. The Township has appointed The Bank of New York Mellon Trust Company, N.A. (the “Paying Agent”), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its corporate trust office in Philadelphia, Pennsylvania, (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check made out and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See “THE BONDS,” *infra*).

**The Bonds are subject to redemption prior to maturity as described herein.**

Proceeds of the Bonds, together with other available funds will be used finance a portion of the costs of the construction, acquisition of land, installation, construction management, engineering and other expense related to a new fire rescue station as well as other miscellaneous capital projects of the Township, fund a deposit to a capitalized interest fund and to pay the costs of issuing the Bonds.

#### **MATURITIES, AMOUNTS, RATES AND YIELDS** **See Inside Front Cover**

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Taylor Duma LLP, Philadelphia, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the Township by Hamburg, Rubin, Mullin, Maxwell & Lupin, P.C., Lansdale, Pennsylvania, Township Solicitor. It is expected that the Bonds will be available for delivery through DTC, on or about \_\_\_\_\_, 2025.

# STIFEL

Dated: \_\_\_\_\_

\*Estimated, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

**\$10,000,000\***  
**TOWNSHIP OF LOWER MORELAND**  
**(Montgomery County, Pennsylvania)**  
**General Obligation Bonds, Series of 2025**

**Dated:** Date of Delivery

**Interest Due:** June 1 and December 1

**Principal Due:** June 1

**First Interest Payment:** December 1, 2025

<b>Maturity Date (June 1) Year</b>	<b>Principal Amounts</b>	<b>Interest Rates</b>	<b>Initial Offering Yields</b>	<b>CUSIP Numbers<sup>(1)</sup></b>
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				

<sup>(1)</sup>The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Township or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Township nor the Underwriter has agreed to, and there is no duty or obligation to, update this Preliminary Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

\*Estimated, subject to change.

# TOWNSHIP OF LOWER MORELAND

Montgomery County, Pennsylvania

## TOWNSHIP ADDRESS

640 Red Lion Road  
Huntingdon Valley, PA 19006

## TOWNSHIP BOARD OF COMMISSIONERS

<u>Name</u>	<u>Office</u>
Denise A. Kuritz	President
Joseph A. Canale, Jr.	Vice President
Ruth A. Hausen	Member
Joseph S. Pace	Member
Sean Blanton	Member
Dennis Mueller	Member

## TOWNSHIP MANAGER

Christopher Hoffman

## SOLICITOR

GRIM, BIEHN & THATCHER  
Perkasie, Pennsylvania

## BOND COUNSEL

TAYLOR DUMA LLP  
Philadelphia, Pennsylvania

## PAYING AGENT

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.  
Philadelphia, Pennsylvania

## UNDERWRITER

STIFEL, NICOLAUS & COMPANY, INCORPORATED  
Conshohocken, Pennsylvania

No dealer, broker, salesman or other person has been authorized by the Township to give information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the Township and from other sources which are believed to be reliable but the Township does not guarantee the accuracy or completeness of information from sources other than the Township. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

The quotations from and summaries and explanation of provisions of laws and documents contained herein, including the cover page and Appendices attached hereto, do not purport to be complete. Reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Preliminary Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Preliminary Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Township since the date of this Preliminary Official Statement.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS PRELIMINARY OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS PRELIMINARY OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE PRELIMINARY OFFICIAL STATEMENT.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trust(s)) and others at prices lower than the public offering prices stated on the inside front cover hereof.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE ORDINANCE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER SECURITIES REGULATOR. NEITHER THE SECURITIES AND EXCHANGE COMMISSION, NOR ANY STATE SECURITIES COMMISSION OR ANY OTHER SECURITIES REGULATOR HAS PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The Underwriter has provided the following sentence for inclusion in this Preliminary Official Statement. The Underwriter has reviewed the information in this Preliminary Official Statement in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of any of such information.

The Township has previously provided the Underwriter with a copy of its Preliminary Official Statement dated \_\_\_\_\_, 2025; the Preliminary Official Statement was “deemed final” for the purposes of SEC Rule 15c2-12(b)(1).

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**PRELIMINARY OFFICIAL STATEMENT**  
**\$10,000,000\***  
**TOWNSHIP OF LOWER MORELAND**  
**(Montgomery County, Pennsylvania)**  
**General Obligation Bonds, Series of 2025**

**INTRODUCTION**

This Preliminary Official Statement, including the cover page and inside cover page hereof and Appendices hereto, is furnished by the Township of Lower Moreland, Montgomery County, Pennsylvania (the "Township"), in connection with the offering of its \$10,000,000\* aggregate principal amount of its General Obligation Bonds, Series of 2025 (the "Bonds"), dated the date of their delivery (the "Delivery Date"). The Bonds are being issued pursuant to an Ordinance of the Township enacted on June 10, 2025 (the "Ordinance"), and pursuant to the Local Government Unit Debt Act, as amended, of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S. Chs. 80-82 (the "Act").

**PURPOSE OF THE ISSUE**

Proceeds of the Bonds, together with other available funds will be used finance a portion of the costs of the construction, acquisition of land, installation, construction management, engineering and other expense related to a new fire rescue station as well as other miscellaneous capital projects of the Township, fund a deposit to a capitalized interest fund and to pay the costs of issuing the Bonds.

**Estimated Sources and Uses of Bond Proceeds**

The following is a summary of the estimated sources and uses of the proceeds from the issuance of the Bonds.

<b>SOURCE OF FUNDS</b>	<b>SERIES 2025 BONDS</b>
Par Amount of the Bonds	\$
Plus/Less: Net Original Issue Premium / Discount	
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$</b>
<b>USE OF FUNDS</b>	
Deposit to Project Fund	\$
Deposit to Capitalized Interest Fund	
Costs of Issuance <sup>(1)</sup>	
<b>TOTAL USES OF FUNDS</b>	<b>\$</b>

<sup>(1)</sup> Includes underwriter's discount, legal, printing, rating, paying agent, CUSIP, and miscellaneous fees.

**THE BONDS**

**Description**

The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, will be in the aggregate principal amount of \$10,000,000\*, will be dated the Delivery Date and will bear interest at the rates and mature in the amounts and at the times set forth on the inside cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially December 1, 2025, and thereafter, semiannually on June 1 and December 1 of each year, until the principal sum is paid. Interest shall be computed on the basis of a 30-day month and a 360-day year.

\*Estimated, subject to change.

*When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any physical delivery of bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See "**BOOK – ENTRY ONLY SYSTEM**" herein.*

**Payment of Principal and Interest**

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the Township with respect to, and to the extent of, principal and interest so paid.

If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal and interest on the Bonds shall be made as described in the following paragraphs.

The principal of the Bonds, when due upon maturity or upon redemption will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to The Bank of New York Mellon Trust Company, N.A., as paying agent and sinking fund depository for the Bonds, at its designated corporate trust office in Philadelphia, Pennsylvania (or to any successor paying agent at its designated office(s)).

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding December 1, 2025, in which event such Bond shall bear interest from \_\_\_\_\_, 2025, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially December 1, 2025, and thereafter, semiannually on June 1 and December 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the Township shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of such Bond not less than ten (10) days preceding such special record date but not more than thirty (30) days. Such notice shall be mailed to the person in whose name such Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal or interest on any Bonds or interest on any Bonds on an interest payment date, at maturity, shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

#### **Transfer, Exchange and Registration of Bonds**

Subject to the provisions described below under "**BOOK-ENTRY ONLY SYSTEM**," Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Paying Agent, accompanied by a written instrument or instruments in form and with instructions satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The Township and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the Township and the Paying Agent shall not be affected by any notice to the contrary.

If Bonds shall be subject to optional redemption or mandatory redemption prior to stated maturity, the Township and the Paying Agent shall not be required to issue or register the transfer of or exchange any of the Bonds then considered for redemption during the period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of such Bonds to be redeemed and ending at the close of business on the day of mailing of the applicable notice of redemption, as hereinafter provided, or to register the transfer of or exchange any portion of any of the Bonds selected for redemption until after the redemption date.

#### **BOOK-ENTRY ONLY SYSTEM**

***The information in this section has been obtained from materials provided by DTC for such purpose. The Township (herein referred to as the "Issuer") and the Underwriter do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the Township or the Underwriter.***

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts.



This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Tender Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Tender Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE ISSUER NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE ORDINANCE TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

*The Issuer and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Preliminary Official Statement.*

## SECURITY

### General Obligation Pledge

The Bonds will be general obligations of the Township, payable from its tax and other general revenues. The Township has covenanted in the Ordinance, that it shall do the following: (1) include the amount of debt service for the Bonds for each fiscal year in which such sums are payable in its budget for that year, (2) appropriate those amounts from its general revenues for the payment of such debt service, and (3) duly and punctually pay or cause to be paid from the Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of and interest on each of the Bonds at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof. For such budgeting, appropriation and payment in respect of the Bonds, the Township, under the Ordinance, has pledged its full faith, credit and taxing power. Under the provisions of the Pennsylvania First Class Township Code, as presently enacted and construed, the Township has the power to levy an annual ad valorem tax on all taxable real property within the Township, presently without limitation as to rate or amount, for the purpose of paying debt service when due on the Bonds.

### Sinking Fund

A sinking fund for the payment of debt service on the Bonds (the "Sinking Fund"), has been created under the Ordinance and is maintained by the Paying Agent, as sinking fund depository. The Township shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by the Act, upon direction of the Township. Such deposits and securities shall be in the name of the Township, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depository, is authorized without further order from the Township to pay from the Sinking Fund the principal of and interest on the Bonds, as and when due and payable.

### Actions in the Event of Default on the Bonds

In the event of failure of the Township to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the Township is located. The Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the Township. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

## REDEMPTION OF BONDS

### Mandatory Redemption

The Bonds stated to mature on June 1, \_\_\_\_, June 1, \_\_\_\_, June 1, \_\_\_\_ and June 1 \_\_\_\_ are subject to mandatory redemption prior to maturity as required by the Ordinance, in the amounts and on June 1 of the years shown below, from moneys in the mandatory sinking fund established under the Ordinance, upon payment of the principal amount being redeemed, together with interest accrued to the date fixed for redemption.

Term Bonds Maturing June 1, 20__			Term Bonds Maturing June 1, 20__		
Year	Amount	\$	Year	Amount	\$
*			*		

  

Term Bonds Maturing June 1, 20__			Term Bonds Maturing June 1, 20__		
Year	Amount	\$	Year	Amount	\$
*			*		

\*Term Bond Maturity

In lieu of such mandatory redemption, the Paying Agent, on behalf of the Township, may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the Township may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

### Optional Redemption

The Bonds stated to mature on or after June 1, \_\_\_\_, shall be subject to redemption prior to maturity, at the option of the Township, as a whole, on \_\_\_\_, or on any date thereafter, or from time to time, in part (and if in part, of any order of maturity as selected by the Township and within a maturity by lot), on \_\_\_\_, or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

### Notice of Redemption

Notice of any redemption shall be deposited in first class mail not less than 30 days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof shall not affect the validity of any proceeding for redemption of any Bonds called for redemption.

On the date designated for redemption, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds and portions thereof so called for redemption shall cease to accrue and such Bonds and portions thereof shall cease to be entitled to any benefit or security under the Ordinance, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to close, then the date for payment of the principal, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

### Manner of Redemption

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bonds being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

## DEFAULTS AND REMEDIES

### Debt Act Provisions

*Failure to Budget Debt Service.* The Debt Act provides that if the Township fails or refuses to make adequate provision in its budget for any fiscal year for the sums payable in respect of the Bonds in that year or fails to appropriate or pay the moneys necessary in that year for the payment of the interest on or principal of the Bonds as the same becomes due and payable, then at the suit of any holder of Bonds or of any taxpayer of the Township, the court of common pleas shall, after hearing held upon such notice to the Township as the court may

direct and, upon a finding of such failure or neglect, by order of mandamus direct the treasurer of the Township to pay into the sinking fund for the Bonds and the sinking fund for each other series of bonds and notes then outstanding (and payable out of the taxes and general revenues of the Township), the first tax moneys or other available revenues or moneys thereafter received in the fiscal year by the treasurer, equally and ratably for each series for which provision has not been made in proportion to debt service for the year on each series then outstanding. Under the terms of the Debt Act, any priority on incoming tax moneys accorded to a separate sinking fund for any outstanding tax anticipation notes shall not be affected by the foregoing until the sum on deposit in each sinking fund equals the moneys that should have been budgeted or appropriated for each series.

*Failure to Pay Principal or Interest.* The Debt Act further provides that if the Township fails or neglects to pay the interest or principal on any of the Bonds as the same becomes due, whether at the stated maturity date or upon an unrevoked call for prior redemption, and the failure continues for 30 days, the holder thereof may, subject to certain priorities afforded to the security for tax anticipation notes and for remedies for the failure to budget for debt service, the rights of a trustee appointed to represent bondholders, and any limitations upon individual rights of action properly provided in the bond ordinance or any indenture, recover the amount due in an action of assumpsit in the court of common pleas. Any judgment recovered shall have an appropriate priority upon the moneys next coming into the treasury of the Township.

*Trustee for Bondholders.* If the Township defaults in the payment of the principal of or interest on the Bonds after the same becomes due, whether at the stated maturity date or upon call for prior redemption, and the default continues for 30 days, or if the Township fails to comply with any provision of the Bonds or any provision in the Ordinance, the holders of 25% in aggregate principal amount of the Bonds then outstanding, by appropriate instrument duly filed in accordance with the requirements of the Debt Act, may appoint a trustee, which may be the Paying Agent, to represent the holders of all of the Bonds. In accordance with the Debt Act, such trustee may, and upon written request of the owners of 25% in principal amount of the Bonds and upon being furnished with indemnity satisfactory to it, shall, in his or its own name, take one or more of the following actions, and the taking of such action shall preclude similar action whether previously or subsequently initiated by individual holders of Bonds: (1) bring suit to enforce all rights of the holders of the Bonds, (2) bring suit on the Bonds, (3) petition the court to levy an assessment on real estate subject to *ad valorem* taxation by the Township for the amount due on the Bonds, which the trustee may collect or cause the Township to collect, as by a foreclosure or a mortgage or security interest on the realty if not paid on demand, (4) by suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of holders of the Bonds, and (5) after 30 days' prior written notice to the Township and subject to any limitations in the Ordinance, declare the unpaid principal of the Bonds to be immediately due and payable with interest at the rate or rates stated in the Bonds until final payment. If all defaults are made good, the trustee may annul the declaration and its consequences. Any assessment levied pursuant to the provisions described in clause (3) of the preceding sentence shall have the same priority and preference as to other liens or mortgages on the real estate or security interests in fixtures thereon or other property as a lien for unpaid taxes, but the court of common pleas in cases of extreme hardship may provide for the payment of sums levied in five or fewer annual installments with interest at a rate sufficient to cover the interest accruing on the Bonds.

*Additional Remedies and Qualifications Thereon.* The Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

## **LIMITATIONS ON REMEDIES**

The Pennsylvania Municipalities Financial Recovery Act, Act No. 1987-47, as amended and supplemented ("Act 47"), became effective on September 8, 1987. Under Act 47, upon a determination that a municipality is financially distressed (one indication of which is a default in the payment of principal or interest on any bonds or notes of the municipality), the Secretary of the Pennsylvania Department of Community and Economic Development shall appoint a coordinator who shall prepare a plan for alleviating the municipality's financial distress. All creditors are entitled to notice of the plan's adoption by the municipality's governing body. The intent of Act 47 is to provide for the adjustment of municipal debt by negotiated agreement with creditors. The plan, however, may recommend that the municipality file for relief under Chapter 9 of the United States Bankruptcy Code. The municipality's governing body is also authorized, subject to certain preconditions, including insolvency or an inability to meet its debts, to independently file for bankruptcy. The Township has not been designated an Act 47 municipality.

Under the provisions of Chapter 9 of the United States Bankruptcy Code, a bankruptcy filing by a municipality will operate as an automatic stay of the commencement or continuation of any judicial, administrative or other action or proceeding that seeks to enforce a claim against the municipality and the enforcement of a lien on or arising out of taxes or assessments owed to the municipality. Such a filing does not operate as a stay of the application of pledged special revenues (defined by the Bankruptcy Code to include such as receipts from projects or systems primarily used or intended to be used primarily to provide transportation, utility or other services; special excise taxes; incremental tax receipts, in the case of tax increment financing; other revenues or receipts derived from particular functions of the municipality; and taxes specifically levied to finance one or more projects or systems, excluding general property, sales or income taxes (other than tax-increment financing) levied to finance the general purposes of the municipality) to payment of indebtedness secured by such revenues. The municipality is required to file a plan for the adjustment of its debts with the bankruptcy court and may modify such plan any time before confirmation. The bankruptcy court may confirm the plan if it complies with the provisions of the Bankruptcy Code and, among other things, the plan is found to be in the best interest of creditors and feasible. A plan for the adjustment of debt filed by a municipality in such a proceeding in bankruptcy could include provisions modifying or altering the rights of creditors, including holders of bonds or notes issued or guaranteed by the municipality. Unless the municipality consents or the plan so provides, the bankruptcy court has no power to interfere, and may not interfere, with any of the political or governmental powers of the municipality, any property or revenues of the municipality or the municipality's use or enjoyment of any income-producing property. The provisions of a confirmed plan bind the municipality and any creditor, whether or not a proof of such creditor's claim is filed or deemed filed under the provisions of the Bankruptcy Code, such claim is allowed, or the creditor has accepted the plan. The municipality is discharged from all debts as of the time when the plan

is confirmed, the municipality deposits any consideration to be distributed under the plan with a disbursing agent appointed by the court, and the court has determined that any security so deposited will constitute, after distribution, a valid legal obligation of the municipality and that any provision made to pay or secure payment of such obligation is valid. The municipality is not discharged under the Bankruptcy Code from any debt excepted from discharge by the plan or the court order confirming the plan or owed to an entity that, before confirmation of the plan, had neither notice nor actual knowledge of the case.

The above references to the Federal Bankruptcy Code and Act 47 are not to be construed as an indication that the Township expects to resort to the provisions of such laws or that, if it did, any proposed plan or plans would include a dilution of the sources of payment of and security for the payment of the Bonds.

## **THE TOWNSHIP**

### **Introduction**

The Township operates under a Township Board of Commissioners-Manager form of local government under the Pennsylvania First Class Township Code.

The Manager, appointed by the Board of Commissioners, serves as the chief administrator of the Township. There are 6 Township Commissioners elected by Ward to serve for four-year, staggered terms. The other elected Township official is the Tax Collector, elected to serve a four-year term.

The Board of Commissioners holds regular public meetings at least once a month in order to enact legislation in the form of Ordinances.

The Manager, as the chief Administrator, supervises all of the departments of the Township government. The Manager has the responsibility for conducting the governmental affairs of the Township. The Manager reports monthly to the Board of Commissioners and the public on the work of the previous month and on the existing conditions and requirements of the Township, making such recommendations as are deemed necessary. All bonds, notes, contracts and written obligations of the Township are executed by the President of the Board of Commissioners and the Manager/Secretary.

The fiscal affairs of the Township are primarily handled through 17 independent funds, each of which is a separate entity. These include the: General Fund, Debt Service Fund, Trash Removal Fund, Highway Aid Fund, Capital Improvements/Traffic Fund, Sewer Fund, Stormwater Fund, Pension Trust Fund, Private Purpose Trust Fund and the Agency Fund (which holds monies on a custodial basis, primarily from developers). There is a Library Fund and a Fire and Fire Hydrant Fund.

The Township leases the sewer system from the Lower Moreland Township Authority.

The Township's business address is 640 Red Lion Road, Huntingdon Valley, Pennsylvania 19006.

The Township covers a land area of approximately 6.8 square miles at the easternmost area of Montgomery County, Pennsylvania, and is bounded by Bryn Athyn Borough and by Upper Moreland and Abington Townships in Montgomery County, Upper and Lower Southampton Townships in Bucks County, and the City of Philadelphia.

## **TOWNSHIP FINANCES**

### **Budget Process**

The Township's process for establishing its annual operating budget involves submission of the budget by the Township Manager to Board of Commissioners for its approval and adoption.

The budgetary process consists of the evaluation and review of appropriation requests of the operating directors of the various Township departments. Revenue estimates are made throughout the process to determine the amount of Township property taxes or rate charges required to balance the budget. Beginning in January 2004, the Township opted to enact an Earned Income Tax. The Township levies a 1.00% tax on the wages, salaries, commissions and other earned income of Township residents and non-residents working in the Township. Beginning in July 2004, the Lower Moreland Township School District imposed a 0.50% earned income tax, allowing it to receive one half of the Earned Income Tax collected.

The Township Manager is required to introduce the budget by the end of November after which it is advertised and reviewed at public hearings held by the Board of Commissioners. After the close of the public hearings, the Board of Commissioners is required to adopt the budget on or before December 31, the close of the Township's fiscal year. In preparing the Township's budget, appropriations for interest and principal payments due and payable during the fiscal year must be made in full. The 2025 Budget was adopted as of December 10, 2024.

### **Financial Reporting**

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units and to requirements prescribed by the Department of Community and Economic Development of the Commonwealth of Pennsylvania.

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available for use in current operations. Expenditures are generally recognized when the related fund liability is incurred. The proprietary fund (sewer fund) is accounted for using the accrual basis of accounting.

### Summary and Discussion of Financial Results

The Township finances its operations primarily through the General Fund. Most tax receipts and most revenues, including transfers made from the other funds, are paid into the General Fund and substantially all expenditures made by appropriations are paid from the General Fund. Some tax receipts are also paid into 6 dedicated funds including: fire hydrant, fire, debt service, library, ambulance/EMS and parks/recreation. A summary of the balance sheet and receipts and expenditures in fund balances are presented in Tables 1 and 2 which follow.

**TABLE 1**  
**TOWNSHIP OF LOWER MORELAND**  
**SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET\***

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b><u>Audited</u></b>	<b><u>Audited</u></b>	<b><u>Audited</u></b>	<b><u>Audited</u></b>	<b><u>Audited</u></b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$1,726,938	\$2,684,814	\$3,384,959	\$3,919,739	\$3,853,251
Receivables	772,256	800,092	826,213	1,123,519	1,491,595
Restricted- Receiveable	165,888	93,153	-	-	-
Due from other funds	46,698	-	117,453	-	-
Restricted Cash	-	-	96,704	-	-
Prepaid expenses	-	-	-	304,500	352,542
Lease receiveable	-	-	-	\$94,599	\$75,763
<b>TOTAL ASSETS</b>	<b><u>\$2,711,780</u></b>	<b><u>\$3,578,059</u></b>	<b><u>\$4,425,329</u></b>	<b><u>\$5,442,357</u></b>	<b><u>\$5,773,151</u></b>
<b>LIABILITIES</b>					
Accounts payable and accrued wages	\$194,603	\$357,514	\$357,565	\$398,722	\$559,194
Escrow Liabilities	-	-	\$96,704	-	-
Due to other funds	-	-	76,522	76,522	76,522
<b>TOTAL LIABILITIES</b>	<b><u>\$194,603</u></b>	<b><u>\$450,667</u></b>	<b><u>\$530,791</u></b>	<b><u>\$475,244</u></b>	<b><u>\$635,716</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue- property taxes	\$29,325	\$68,411	-	-	-
Leases	-	-	-	\$87,011	\$68,027
Total Deferred Inflows of Resources	\$29,325	\$68,411	-	\$87,011	\$68,027
<b>FUND BALANCE</b>					
Unspendable	-	-	-	\$7,588	\$360,278
Committed for:					
Post-retirement medical benefits	155,477	179,786	200,736	191,399	189,066
Unemployment benefits	80,174	82,564	74,473	82,705	70,223
Unassigned	2,252,201	2,796,631	3,619,329	4,598,410	4,449,841
<b>TOTAL FUND BALANCE</b>	<b><u>\$2,487,852</u></b>	<b><u>\$3,058,981</u></b>	<b><u>\$3,894,538</u></b>	<b><u>\$4,880,102</u></b>	<b><u>\$5,069,408</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u><u>\$2,711,780</u></u></b>	<b><u><u>\$3,578,059</u></u></b>	<b><u><u>\$4,425,329</u></u></b>	<b><u><u>\$5,442,357</u></u></b>	<b><u><u>\$5,773,151</u></u></b>

\*Totals may not add due to rounding.

Source: Township Audited Financial Statements

**TABLE 2**  
**TOWNSHIP OF LOWER MORELAND**  
**GENERAL FUND REVENUES AND EXPENDITURES\***

	<u>2019</u> <u>Audited</u>	<u>2020</u> <u>Audited</u>	<u>2021</u> <u>Audited</u>	<u>2022</u> <u>Audited</u>	<u>2023</u> <u>Audited</u>
<b>Revenues</b>					
Taxes					
Property	\$3,297,998	\$3,350,042	\$3,575,127	\$3,604,143	\$3,580,213
Transfer	537,384	767,472	819,037	743,889	638,605
Earned income	2,205,842	2,228,430	2,581,227	2,780,938	2,857,979
Local service	284,149	248,923	265,439	313,950	285,934
Other	769,370	736,238	767,023	1,146,246	1,031,246
Fees, licenses and permits	301,662	287,076	288,302	277,333	272,682
Investment income and rent	115,372	97,121	88,363	121,304	230,131
Intergovernmental revenues	466,466	515,199	460,855	371,785	345,230
Fines and forfeitures	93,853	86,576	202,146	209,166	169,346
Program revenues	401,893	468,527	568,558	424,490	241,103
Other	275,774	281,151	330,012	119,408	220,114
<b>Total Revenues</b>	<b>\$8,749,763</b>	<b>\$9,066,755</b>	<b>\$9,946,089</b>	<b>\$10,112,652</b>	<b>\$9,872,583</b>
<b>Expenditures</b>					
Current					
General government	1,008,156	1,039,960	908,581	962,179	1,071,846
Public safety	4,749,630	4,939,841	5,227,968	5,442,597	5,874,912
Highways and roads	1,576,074	1,474,811	1,539,084	1,539,942	1,436,906
Library	-	-	-	-	-
Culture and recreation	-	-	646	-	3,140
Miscellaneous	905,677	1,004,273	1,086,334	813,226	839,308
Debt service:					
Principal	-	12,749	12,713	13,101	13,506
Interest	-	4,476	4,806	4,418	4,013
<b>Total Expenditures</b>	<b>\$8,239,537</b>	<b>\$8,476,110</b>	<b>\$8,780,132</b>	<b>\$8,775,463</b>	<b>\$9,243,631</b>
<b>Excess (Deficiency) of Rev over Exp</b>	<b>\$510,226</b>	<b>\$590,645</b>	<b>\$1,165,957</b>	<b>\$1,337,189</b>	<b>\$628,952</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from debt issued	-	176,140	-	-	-
Transfers in	135,500	135,000	-	-	-
Transfers out	(381,200)	(330,656)	(330,400)	(351,625)	(439,646)
<b>Total Other Financing Sources (Uses)</b>	<b>(\$245,700)</b>	<b>(\$19,516)</b>	<b>(330,400)</b>	<b>(\$351,625)</b>	<b>(\$439,646)</b>
<b>Net Change in Fund Balance</b>	<b>\$264,526</b>	<b>\$571,129</b>	<b>\$835,557</b>	<b>\$985,564</b>	<b>\$189,306</b>
<b>Fund Balance, Jan. 1</b>	<b>\$2,223,326</b>	<b>\$2,487,852</b>	<b>\$3,058,981</b>	<b>\$3,894,538</b>	<b>\$4,880,102</b>
<b>Fund Balance, Dec. 31</b>	<b>\$2,487,852</b>	<b>\$3,058,981</b>	<b>\$3,894,538</b>	<b>\$4,880,102</b>	<b>\$5,069,408</b>

\*Totals may not add due to rounding.

Source: Township Audited Financial Statements

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**TABLE 3**  
**2024 AND 2025 GENERAL FUND BUDGETS**

	<b>Budget 2024<sup>(1)</sup></b>	<b>Budget 2025<sup>(2)</sup></b>
<b>REVENUES</b>		
Taxes		
Property	\$ 3,539,016	\$ 3,741,642
Transfer	350,000	350,000
Earned Income	2,735,000	2,800,000
Mercantile& Business Priv. Tax	920,000	925,000
Local service	300,000	275,000
Licenses and Permits	401,275	381,275
Fines and Forfeits	95,000	95,000
Interest, Rent, Royalties	106,935	114,262
Intergovernmental Revenues	344,198	632,717
Charges for Services	8,500	8,500
SRO Reimbursement	68,500	125,908
Miscellaneous	2,500	2,500
<b>Total Revenues</b>	<b>8,870,924</b>	<b>9,451,804</b>
<b>EXPENDITURES</b>		
General Government	1,181,075	1,190,902
Public Safety	5,959,578	6,245,940
Public Works	1,669,202	1,709,241
Culture and recreation	-	-
Transfers	496,204	501,108
Miscellaneous	902,889	1,318,868
<b>Total Expenditures</b>	<b>10,208,948</b>	<b>10,966,058</b>
<b>Excess (Deficit)</b>	<b>(1,338,024)</b>	<b>(1,514,254)</b>

(1)As adopted December 12, 2023

(2)As adopted December 10, 2024

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## TAXING POWERS

The Township Board of Commissioners adopts an annual budget and also levies local taxes prior to the beginning of the fiscal year on January 1. Under provisions of the Pennsylvania First Class Township Code, the Township may levy the following annual taxes upon all real property within the Township made taxable for township purposes, as ascertained by the last adjusted valuation for county purposes:

<b>Purpose</b>	<b>Maximum Levy</b>
General Purposes.....	30 mills*
Debt – Interest and Sinking Fund.....	No Limit
Library .....	No Limit
Parks and Recreation.....	No Limit
Shade Tree Commission .....	1/10 mills
Townhouse.....	No Limit
Fire Protection.....	3 mills
Fire Hydrants and Fire Hydrant Water Service.....	2 mills
Streets, Sidewalks, Sewer, Water.....	5 mills
Pensions, Retirements, Annuities for the Township Employees .....	½ mills
Ambulance, Rescue and Other Emergency Service .....	½ mills
Permanent Improvement Fund .....	5 mills
Road Machinery Fund.....	2 mills
Police Protection District .....	5 mills

\* An additional tax not exceeding 5 mills may be levied with court approval.

Additional real estate taxes may be levied by the Township for special purposes, as authorized by other statutes of the Commonwealth of Pennsylvania.

Under an Act of the Pennsylvania General Assembly, approved December 31, 1965, effective January 1, 1966 (The Local Tax Enabling Act), additional taxes may be levied by the Township, subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege with the following limitations:

<b>Tax</b>	<b>Levy Limit</b>
Per Capita .....	\$10.00
Gross Receipts of Wholesalers .....	1 mill
Gross Receipts of Retailers .....	1 ½ mills
Wages, Salaries, Commissions and Other Earned Income of Individuals .....	1%
Local Services Tax* .....	\$52.00
Retail Sales Involving Transfer of Title or Possession of Tangible Personal Property .....	2%
Transfer of Title of Real Property .....	1%
Flat Rate Occupation and/or Occupational Privilege Tax .....	\$10.00
Admissions (Except Motion Picture Theater) .....	10%

Source: Township officials.

\*Note: Restricted in use to: (1) police, fire and/or emergency services; (2) road construction and/or maintenance; or (3) reduction of property taxes.

The aggregate amount of taxes under the Local Tax Enabling Act shall not, in the case of any political subdivision, exceed an amount equal to the product of twelve mills on the latest total market value of real estate as determined by the board for the assessment and revision of taxes or any similar board established by the assessment laws which determines market values of real estate within the political subdivision, or if no such board has determined such values, then the values as certified by the State Tax Equalization Board shall be used.

All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year. Additionally, in accordance with Act No. 6 of 2016, wages or compensation paid to individuals on active military serve is not “earned income” for purposes of local income taxes levied and collected after December 31, 2015.

**TABLE 4**  
**TOWNSHIP OF LOWER MORELAND**  
**COMPARATIVE REAL PROPERTY TAX RATES**  
**(Mills on Assessed Value)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Township.....	5.1300	5.1300	5.3320	5.6740	6.274
Montgomery County .....	3.6320	3.9320	4.2370	4.7788	5.2520
	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Lower Moreland School District .....	36.7205	37.3908	38.4943	39.9784	41.5798

Source: Department of Community and Economic Development – Municipal Statistics.

### Real Property Tax

The real estate tax collection process of the Township allows taxpayers remitting within two months after billing a 2% discount on their obligations. Remittances during the next 60 days are paid at face value and at a 10% penalty thereafter. Delinquent taxes are lien by filing in the Montgomery County Tax Claim Bureau by the 15<sup>th</sup> day of January in the year following the year of levy.

**TABLE 5**  
**TOWNSHIP OF LOWER MORELAND**  
**REAL PROPERTY ASSESSMENT DATA**

<u>Year</u>	<u>Market</u> <u>Value</u>	<u>Assessed</u> <u>Value</u>	<u>Common Level</u> <u>Ratio</u>
2019.....	\$1,729,371,033	\$1,089,654,695	63.01%
2020.....	1,732,115,518	1,091,383,960	63.01%
2021.....	1,817,951,622	1,112,434,760	61.19%
2022.....	1,941,353,711	1,121,680,223	57.78%
2023.....	1,947,128,924	1,124,520,535	57.75%
Compound Average Annual Percentage Change.....	2.40%	0.63%	

Source: Pennsylvania State Tax Equalization Board (STEB) / Tax Equalization Division (TED).

**TABLE 6**  
**TOWNSHIP OF LOWER MORELAND**  
**REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	<u>2022</u> <u>Market</u> <u>Value</u>	<u>2022</u> <u>Assessed</u> <u>Value</u>	<u>2023</u> <u>Market</u> <u>Value</u>	<u>2023</u> <u>Assessed</u> <u>Value</u>
Township.....	1,941,353,711	1,121,680,223	1,947,128,924	1,124,520,535
Lower Moreland School District.....	1,941,353,711	1,121,680,223	1,947,128,924	1,124,520,535
Montgomery County .....	109,743,705,244	60,639,972,250	112,859,436,067	62,456,390,017

Source: Pennsylvania State Tax Equalization Board (STEB) / Tax Equalization Division (TED).

**TABLE 7**  
**TOWNSHIP OF LOWER MORELAND**  
**ASSESSMENT BY LAND USE**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Residential.....	\$953,696,976	\$955,330,771	\$977,052,581	\$992,494,989	\$995,634,119
Trailers .....	-	-	-	-	-
Seasonal .....	-	-	-	-	-
Lots .....	4,391,090	6,112,940	5,239,640	4,338,945	3,923,367
Industrial .....	42,990,674	43,610,894	43,610,894	40,786,904	42,510,894
Commercial .....	78,305,035	75,709,475	75,911,765	77,622,520	76,015,290
Agriculture .....	9,509,000	9,509,000	9,509,000	5,325,985	5,325,985
Land .....	761,920	1,110,880	1,110,880	1,110,880	1,110,880
<b>Total</b> .....	<b>\$1,089,654,695</b>	<b>\$1,091,383,960</b>	<b>\$1,112,434,760</b>	<b>\$1,121,680,223</b>	<b>\$1,124,520,535</b>

Source: Pennsylvania State Tax Equalization Board (STEB) / Tax Equalization Division (TED).

**TABLE 8**  
**TOWNSHIP OF LOWER MORELAND**  
**REAL PROPERTY TAX COLLECTION DATA**

<b>Year</b>	<b>Mills</b>	<b>Total Tax Levy<sup>(1)</sup></b>	<b>Current Tax Collections at Face</b>	<b>Current Collections % of Levy</b>	<b>Delinquent Collections</b>	<b>Total Collections Amount</b>	<b>Total Collections % of Current Levy<sup>(1)</sup></b>
2019	4.803	\$5,223,646	\$5,177,466	99.1%	\$46,180	\$5,223,646	100.0%
2020	4.940	5,391,629	5,294,056	98.2%	97,573	5,391,629	100.0%
2021	5.130	5,598,800	5,635,576	100.7%	147,747	5,783,323	103.3%
2022	5.130	5,753,284	5,679,446	98.7%	60,700	5,740,146	99.8%
2023	5.332	5,996,105	5,937,402	99.0%	66,600	6,004,002	100.1%
2024*	5.674	6,386,598	6,332,989	99.2%	86,742	6,419,731	100.5%
2025	6.274	7,058,256	In Collection				

<sup>(1)</sup>Total includes current year, penalties, discounts and all prior years delinquent collections.

\*Unaudited

Source: Township Officials

The ten largest real property taxpayers, together with 2023 assessed values are shown in Table 9. The aggregate assessed value of these ten taxpayers totals approximately 2.33% percent of total assessed value.

**TABLE 9**  
**TEN LARGEST REAL PROPERTY TAXPAYERS**

<b>Owner</b>	<b>Description</b>	<b>2024 Assessed Value</b>
GDL Manor Corp	Retirement Center	\$3,997,790
Artis Senior Living	Retirement Center	3,029,400
3430 Huntingdon Pike PA Owner, LLC	Commercial Property	2,931,250
KC Philmont LLC	Commercial Property	2,928,740
VV2727 LLC	Commercial Property	2,438,000
2600 Philmont Avenue Acquisition	Commercial Property	2,434,500
Concert Philmont, LLC	Commercial Property	2,189,280
Forest Hills Cemetery Corporation	Commercial Property	2,150,000
Fulton Bank, NA *	Bank	2,100,000
VV3103, LLC & Perkasio LLC	Commercial Property	2,036,000
<b>Total</b>		<b>\$26,234,960</b>

\* Property recently sold to HT 3993 Huntingdon LLC

## **Non-Real Estate Taxes**

In addition to ad valorem taxes on land and buildings, the Township is empowered by the Local Tax Enabling Act (Act of December 31, 1965, P.L. 1257, as amended) to levy certain other taxes for general revenue purposes on persons, transactions, occupations, privileges, subjects and personal property. Currently residents pay a Real Estate Transfer Tax and an Earned Income Tax, each of which subject to various limitations.

Real Estate Transfer Tax – The Township levies a 0.50% tax on the transfer of title of real property in the Township. Township revenues are budgeted at \$350,000 in 2025.

Earned Income Tax – The Township levies a 1.0% tax (which it shares equally with Lower Moreland Township School District) on the wages, salaries, commissions and other earned income of Township residents and a 1.0% tax on non-residents working in the Township. Revenues from this source are budgeted at \$2,800,000 in 2025.

Mercantile and Business Privilege Tax – A business privilege tax (BPT) is levied on any business, trade, occupation, profession or vocation in which any service or services is offered to the general public or a limited number of the general public. The BPT is based on 2 mills of gross receipts. The mercantile tax applies to any persons who are wholesale or retail vendors, dealers in merchandise, restaurant owners or other places where food or beverages are sold. Every person engaging in a wholesale, retail or wholesale and retail business in the Township shall pay an annual mercantile license tax for the tax year at the rate of 1.5 mills on gross receipts for retail and at the rate of 1 mill on gross receipts for wholesale. These business taxes are administered by the Township, with 100% of the proceeds credited to the Township for General Fund revenue purposes. The Mercantile and Business Privilege Taxes are budgeted to generate 9.8% of total General Fund revenues in 2025 or \$925,000.

Local Services Tax – The Annual rate is \$52.00, charged for employees with income from all available sources of \$12,000 or more. Revenues from this source are budgeted at \$275,000 in 2025.

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## DEBT AND DEBT LIMITS

### Debt Statement

Table 10 shows the debt of the Township as of June 1, 2025, including the issuance of the Bonds.

**TABLE 10**  
**TOWNSHIP OF LOWER MORELAND**  
**BONDED INDEBTEDNESS AND DEBT RATIOS\***  
**(As of June 1, 2025)**

	<b>Gross Outstanding</b>
<b>GENERAL OBLIGATION DEBT</b>	
<b>Nonelectoral Debt</b>	
General Obligation Bonds, Series of 2025 .....	\$10,000,000
General Obligation Bonds, Series of 2021 .....	1,755,000
General Obligation Bonds, Series of 2017 .....	730,000
<b>Total Non-Electoral Debt</b> .....	<b>\$12,485,000</b>
Lease Rental Debt .....	\$-
<b>TOTAL DIRECT DEBT</b> .....	<b>\$12,485,000</b>
<b>OVERLAPPING DEBT</b>	
Lower Moreland School District, General Obligations <sup>(1)</sup> .....	\$77,416,000
Montgomery County, General Obligations <sup>(2)</sup> .....	14,649,192
<b>TOTAL OVERLAPPING DEBT</b> .....	<b>\$92,065,192</b>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b> .....	<b>\$104,550,192</b>
<b>DEBT RATIOS</b>	
Per Capita (2020) .....	\$7,512
Percent 2023 Assessed Value .....	9.30%
Percent 2023 Market Value .....	5.37%

\*Includes the Bonds offered through this Preliminary Official Statement, estimated and subject to change.

<sup>(1)</sup>The School District is coterminous with the Township. Outstanding as of June 1, 2025.

<sup>(2)</sup>Approximate pro rata share (1.80%) of \$813,844,024 non-electoral and lease rental principal amount outstanding as of June 1, 2025 based upon the total 2023 assessed value of the municipalities within Montgomery County.

### Types of Indebtedness under the Debt Act

The Debt Act establishes three forms of debt for a local government unit: (i) electoral debt (debt incurred with the approval of the electors for which there is no limitation on the amount that may be so incurred), (ii) nonelectoral debt (debt of a local government unit not being electoral or lease rental debt for which the limitation on all such net debt which may be incurred is 250 percent of the borrowing base for the Township), and (iii) lease rental debt (the principal amount of municipal authority debt or debt of another local government unit to be repaid by the local government unit pursuant to a lease, subsidy contract guarantee or other form of agreement where such debt is or may be payable out of the tax revenues and other general revenues; the limitation on all such net debt which may be incurred, including any net nonelectoral debt incurred, is 350 percent of the borrowing base for the Township). Any debt which is approved by the Pennsylvania Department of Community and Economic Development ("DCED") as subsidized or self-liquidating may be deducted or excluded from the determination of any such debt incurred in determining the net debt of the local governmental unit to which such limitations are applicable. Certain other deductions are allowed in determining net debt.

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the Township under the Act is computed as a percentage of the Township's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of "Total Revenues" (as defined by the Act) for the three full fiscal years ended next preceding the date of incurring debt. The Township calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2022 .....	\$19,400,317
Total Revenues for 2023 .....	21,794,402
Total Revenues for 2024 (unaudited) .....	19,354,696
<b>Total</b> .....	<u><u>\$60,549,415</u></u>
Annual Arithmetic Average (Borrowing Base) .....	<u>\$20,183,138</u>

Under the Debt Act as presently in effect, (i) new nonelectoral debt may not be incurred if the net amount of such new nonelectoral debt plus all outstanding net nonelectoral debt would cause total net nonelectoral debt to exceed 250% of the Borrowing Base and (ii) new lease rental debt or new nonelectoral debt may not be incurred if the net amount of such new debt plus all outstanding net nonelectoral debt and net lease rental debt would cause the total net nonelectoral plus net lease rental debt to exceed 350% of the Borrowing Base. The application of the aforesaid percentages to the Township's Borrowing Base produces the following products:

	<b>Legal Limit</b>	<b>Net Debt Outstanding*</b>	<b>Remaining Borrowing Capacity</b>
<b>Net Nonelectoral Debt Limit:</b>			
250% of Borrowing Base .....	\$50,457,846	\$12,485,000	\$37,972,846
<b>Net Nonelectoral and Lease Rental Debt Limit:</b>			
350% of Borrowing Base .....	\$70,640,984	\$12,485,000	\$58,155,984

\*Preliminary, subject to change.

Future Financing

The Township plans to issue an additional \$5 - 10 million in the next few years to finance the completion of the fire station project, a portion of which is being financed by the Bonds.

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## Debt Service Requirements

Table 11 presents the debt service requirements on the Township's Bonds. The Township has never defaulted on the payment of debt service.

**TABLE 11**  
**TOWNSHIP OF LOWER MORELAND**  
**DEBT SERVICE REQUIREMENTS<sup>(1)(2)</sup>**

<u>Year</u>	<u>Series of 2025</u>			<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
<b>Total</b>				

(1) Upon issuance of the Bonds.

(2) Totals may not add due to rounding.

## LABOR RELATIONS

### Township Employees

The Township currently maintains a staff of 56 full time employees and 12 part time employee.

The Township employees are represented by two unions. Teamsters Local 107 represents Public Works and clerical employees. The current contract for clerical workers expires on December 31, 2026. The Lower Moreland Police Benevolent Association represents the Township Police. The current contract expires December 31, 2027. The Township has been in the practice of engaging approximately 12 summer part-time park, recreation and public works employees all of whom are non-union. There are 10 non-union personnel.

### Township Pension Plan

The Township sponsors two single employer pension plans, the Employees' Pension Plan (a defined contribution plan) and the Police Pension Plan (a defined benefit plan). All full time police and non-uniform employees participate in the plans. Neither of the plans prepares individual stand-alone financial statements. The Plans are administered by the Township's Board of Commissioners to provide benefits for police and non-uniformed employees. The most recent valuation was as of December 31, 2023. Details on the Pension Plans can be found in the notes to the audited financial statements provided in Appendix C hereto.

## **MUNICIPAL BANKRUPTCY LAW**

Enforcement of holders of the Bonds' rights may be limited by and be subject to the provisions of bankruptcy, insolvency and distressed municipality laws, as now or hereafter enacted, or to other laws or equitable principles which may affect enforcement of creditors' rights.

The rights and remedies of holders of the Bonds are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code. In general, that chapter permits, under prescribed circumstances (but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization), a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debt. Such plan may, on being approved by a certain percentage of creditors and the court, include provisions modifying or altering the rights of creditors.

The Pennsylvania Distressed Municipalities Act, Act No. 1987-47, authorizes a municipality, such as the Township, to file a municipal debt readjustment action pursuant to the Federal Bankruptcy Code only if one of the following conditions is present: (1) such action has been recommended by a state coordinator following a determination by the DCED that the municipality is financially distressed, within the meaning of such Act; (2) there is imminent jeopardy of an action by a creditor, a claimant or a supplier of goods and services that is likely to substantially interrupt or restrict the ability of the municipality to provide health or safety services; (3) one or more creditors of the municipality has rejected the proposed or adopted plan for relieving the municipality's financial distress and efforts to negotiate an Ordinance with such creditor(s) has been unsuccessful; (4) a condition affecting the municipality's financial distress is potentially solvable only through utilization of a remedy under the Federal Municipal Debt Readjustment Act; or (5) a majority of the governing body of the municipality has failed to adopt a plan for relieving the financial distress or to carry out the recommendations of the state coordinator.

## **TAX MATTERS**

In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference under the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the federal alternative minimum tax imposed on individuals; however such interest is taken into account in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such corporations. This opinion is subject to the condition that the Township comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Township has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, and purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Certain Bonds are offered at a discount ("original issue discount") equal generally to the difference between their public offering price and their principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders should consult their tax advisers for an explanation of the accrual rules.

Certain Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holder's tax basis for the Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisers for an explanation of the amortization rules.

The Township has designated the Bonds as "qualified tax-exempt obligations" within the meaning of paragraph (b)(3)(B) of Section 265 of the Code and has made certain representations and covenants necessary to cause the Bonds to continue to be obligations described in such paragraph during the period in which the Bonds are outstanding. In the opinion of Bond Counsel, assuming the accuracy of such representations and compliance with such covenants, banks, thrift institutions and other financial institutions which purchase the Bonds, may take into account as a deductible expense in calculating their federal income tax liability, 80 percent of their expense allocable of the Bonds, under and subject to applicable restrictions and limitations as contained in the Code.

Bond Counsel is also of the opinion that, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date of initial delivery of the Bonds, interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax, and the Bonds are exempt from personal property taxes in Pennsylvania.

The opinions expressed by Bond Counsel above are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.



Legislative and regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE LIST OF THE PROVISIONS OF FEDERAL, STATE AND LOCAL TAX LAWS WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE EFFECT ON THEIR FEDERAL, STATE OR LOCAL TAX LIABILITY AND GENERAL FINANCIAL AFFAIRS OF HOLDING THE BONDS OR RECEIVING INTEREST THEREON.

## **BONDHOLDER CONSIDERATIONS**

*The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Preliminary Official Statement does not purport to describe all of the risks of an investment in the Bonds; the Township and the Underwriter disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Preliminary Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds, and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire Preliminary Official Statement inclusive of its Appendices.*

### **Enforcement of Remedies**

Enforcement of a claim for payment of principal of and interest on the Bonds may be subject to the provisions of laws enacted by the United States or the Commonwealth or case law developed by competent courts applying general principles of equity, all of which could extend the time for payment or impose other constraints upon enforcement.

### **No Assurance of Secondary Market for the Bonds**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Accordingly, purchasers of the Bonds should be prepared to have their funds committed until the Bonds mature. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price. Moreover, while the Underwriter expects to reoffer the Bonds in secondary market, the Underwriter is not specifically required to do so.

### **Economic Factors Affecting the Financial Condition of the Township**

Changes in current economic conditions, on local, regional and national levels, could adversely affect the Township's operating revenues and expenses and, consequently, the County's ability to pay debt service on the Bonds. Among the factors that could have such adverse effects are: changes in local demographics; closure or relocation of key industries and employers; increases in local rates of unemployment; decreases in the assessed value of real estate within the Township; decreases in real estate tax collections; future contract negotiations with organized labor and the consequent impact on wage scales and operating costs; increasing costs of supplies and materials necessary to provide public services; loss or reduction of Commonwealth and federal subsidies and reimbursements for operating and capital costs; and delays in adoption of, failure to budget and appropriate within or other adverse changes to, the Commonwealth's budget, as the same may effect Township revenues or the timely payment thereof.

### **Uncertainty of Tax Revenues**

While present Commonwealth law authorizes the Township to levy *ad valorem* real estate taxes at an unlimited rate in order to support the payment of debt service on the Bonds, there can be no firm assurance or guaranty that the Township will realize sufficient revenues through its taxing and other revenue generating powers to make full and timely payment of the debt service on the Bonds. Moreover, the Township's ability to increase certain rates or purposes of taxation is limited by Commonwealth law. Additionally, the availability of tax and other locally-generated revenue is dependent on the tax base within the Township. However, the Township has never defaulted on the payment of principal of or interest on any general obligation debt or any tax anticipation note issues.

### **Public Health Emergencies Could Negatively Affect the Township's Operations**

Regional, national or global public health emergencies, such as the outbreak of the novel coronavirus ("COVID-19" or the "Pandemic"), could have materially adverse regional, national or global economic and social impacts causing, among other things, the promulgation of local or state orders limiting certain activities, extreme fluctuations in financial markets and contraction in available liquidity, prohibitions of gatherings and public meetings in such places as entertainment venues, extensive job losses and declines in business activity across important sectors of the economy, impacts on supply chain and availability of resources, or declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession. The Township cannot predict the extent to which its operations or financial condition may decline nor the amount of increased costs, if any, that may be incurred by the Township associated with operating during any public health emergencies. Accordingly, the Township cannot predict the effect any public health emergencies

will have on the finances or operations of the Township or whether any such effects will have a material adverse effect on the ability to support payment of debt service on the Bonds.

### **Cybersecurity**

The Township, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the Township may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the Township's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The Township has not been the subject of a cybersecurity breach that has had a material adverse impact on the operations or financial condition of the Township.

The Township has measures in place to respond to and mitigate cybersecurity incidents. No assurance can be given that the Township's current efforts to manage cyber threats and security will, in all cases, be successful. The Township cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the Township also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The Township relies on other entities and service providers in the course of operating the Township, including its accountants, attorneys, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will impact the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

### **Risk of Audit by Internal Revenue Service**

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Township as the taxpayer and Bond purchasers may have no right to participate in such procedure. None of the Township, the Underwriter or Bond Counsel is obligated to defend the tax-exempt status of the Bonds on behalf of the Bond purchasers, nor to pay or reimburse the cost of any Bond purchaser with respect to any audit or litigation relating to the Bonds. See "TAX MATTERS" herein.

## **LITIGATION**

At the time of settlement, the Township Board of Commissioners and the Solicitor will each deliver a certificate stating that there is no litigation pending with respect to the Bonds, the Ordinance or the right of the Township to issue the Bonds.

The Township is subject to a variety of suits and proceedings arising out of its ordinary course of its affairs, some of which may be adjudicated adversely to the Township. Any such litigation is of a routine nature which does not affect the right of the Township to conduct its affairs or the validity of its obligations.

## **CONTINUING DISCLOSURE UNDERTAKING**

Under the terms of a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), the substantial form of which is set forth in Appendix D hereto, the Township will undertake to file with the Municipal Securities Rulemaking Board ("MSRB") financial and other information concerning the Township. The covenants being made by the Township in the Continuing Disclosure Certificate are being made to assist the Underwriter (defined below) in complying with SEC Rule 15c2-12(b)(5) (the "Rule"). The Township's obligations with respect to continuing disclosure, as it relates to the Bonds, shall terminate upon the prior redemption or payment in full of all of the Bonds.

The Township may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed in the Continuing Disclosure Certificate, but the Township does not commit to provide notice of the occurrence of any such other event.

The Township reserves the right to terminate its respective obligation to provide annual financial information and notices of events, as set forth in the Continuing Disclosure Certificate, if and when such Township is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule. The Township acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds and shall be enforceable by the holders of such Bonds; provided that the Bondholders' right to enforce the provisions of the undertaking shall be limited to a right to obtain specific enforcement of the Township's obligations pursuant to its undertaking and any failure by the Township to comply with the provisions of its undertaking shall not be an event of default with respect to the Bonds.

Effective July 1, 2009, the MSRB was designated by the SEC to be the central repository for ongoing disclosures by municipal issuers. Disclosure filings and notices are made available to investors through the MSRB's Electronic Municipal Market Access which is accessible on the internet at <http://emma.msrb.org>.

### **Existing Continuing Disclosure Filing History**

The Township has entered into prior undertakings to provide certain annual financial information, as defined in the continuing disclosure agreements or certificates associated with prior bond issues, and notice of certain events under the Rule.

In the past five (5) fiscal years, the Township has failed to file timely annual financial information in regard to outstanding bonds in the following respects: (1) filed audited financial statements and annual operating data late for fiscal years 2020, 2022 and 2023 without a notice of late filing. Each of the items that are described in the preceding sentence has been filed, and the Township has developed procedures to ensure filing of annual financial information within the times required by the Continuing Disclosure Certificate

### **RATING**

S&P Global Ratings, New York, New York ("S&P"), has assigned its underlying rating of "AA+" (stable outlook) to this issue of Bonds. Such rating reflects on the view of such organization furnishing such rating. Any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: S&P Global Ratings, 55 Water Street, New York, New York 10041.

The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

### **UNDERWRITING**

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") from the Township, in accordance with the terms of the Bond Purchase Proposal, as supplemented by an addendum thereto (collectively, the "Purchase Contract") between the Underwriter and the Township. The purchase price for the Bonds, exclusive of accrued interest, is equal to \_\_\_\_\_ consisting of (i) the par amount of the Bonds of \_\_\_\_\_, (ii) less underwriter's discount of \_\_\_\_\_, and (iii) plus/(less) net original issue premium/(discount) of \_\_\_\_\_. The obligation of the Underwriter to purchase the Bonds is subject to the terms and conditions set forth in the Purchase Contract. The Purchase Contract provides that the Underwriter will purchase all of the Bonds, if any of the Bonds are purchased.

Stifel and its affiliates comprise a full-service financial institution engaged in activities that may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage, and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the Township and to persons and entities with relationships with the Township, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Township (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Township.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Township.

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## **LEGAL OPINION**

The issuance and delivery of the Bonds is subject to the receipt of the approving legal opinion of Taylor Duma LLP, Philadelphia, Pennsylvania, Bond Counsel. The proposed form of Bond Counsel Opinion is set forth as Appendix B hereto. Certain legal matters will be passed upon for the Township by its Solicitor, Grim, Biehn & Thatcher, Perkasie, Pennsylvania.

## **MISCELLANEOUS**

The information set forth in this Preliminary Official Statement has been obtained from the Township and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Ordinance, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

The Township has authorized the distribution of this Preliminary Official Statement.

TOWNSHIP OF LOWER MORELAND  
Montgomery County, Pennsylvania

By: \_\_\_\_\_  
President of the Board of Commissioners

**APPENDIX A**  
**Demographic and Economic Information**  
**Relating to the Township of Lower Moreland**

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## Population

Table A-1 shows recent population trends for the Township, Montgomery County, and the Commonwealth. The Township's population increased between 2010 and 2020. Table A-2 shows 2020 age composition and average number of persons per household in Montgomery County and for the State. Average household size was slightly larger for Montgomery County than the Commonwealth average.

**TABLE A-1**  
**TOWNSHIP OF LOWER MORELAND**  
**RECENT POPULATION TRENDS**

<u>Area</u>	<u>2010</u>	<u>2020</u>	<u>Compound Average Annual Percentage Change 2010-2020</u>
Township.....	12,982	13,917	0.70%
Montgomery County .....	799,874	856,553	0.69%
Pennsylvania .....	12,702,379	13,002,700	0.23%

Source: U.S. Census Bureau, 2010 and 2020 Census.

**TABLE A-2**  
**TOWNSHIP OF LOWER MORELAND**  
**AGE COMPOSITION**

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>	<u>Persons Per Household</u>
Montgomery County .....	23.9%	58.4%	17.8%	2.53
Pennsylvania .....	23.4%	58.4%	18.3%	2.42

Source: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates

## Employment

Montgomery County is a suburb of Philadelphia, many of its residents work in the City. The County is also a major employment center with large business parks in Blue Bell, Lansdale, Fort Washington, Horsham, and King of Prussia, which attract thousands of workers from all over the region, which include the Township.

The largest employers located within or near the Township are shown below:

### Company

Merck Sharp & Dohme Corporation  
Abington Memorial Hospital  
Main Line Hospitals Inc.  
State Government  
SEI Investments Company  
Albert Einstein Medical Center  
SmithKline Beecham Corporation  
Giant Food Stores LLC  
Lockheed Martin Corp.  
Montgomery County

Source: Quarterly Census of Employment and Wages, Q1 of 2024

Table A-3 shows the nonfarm jobs in the MSA for February 2025.

**TABLE A-3**  
**DISTRIBUTION OF EMPLOYMENT BY INDUSTRY**  
**Montgomery-Bucks-Chester Metropolitan Statistical Area**  
**NONFARM JOBS**  
**(February 2025)**

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	Feb 2025	Jan 2025	Dec 2024	Feb 2024	Jan 2025	Feb 2024
<b>TOTAL NONFARM</b>	<b>1,121,200</b>	<b>1,120,900</b>	<b>1,143,300</b>	<b>1,110,000</b>	<b>300</b>	<b>11,200</b>
<b>TOTAL PRIVATE</b>	<b>1,034,200</b>	<b>1,034,500</b>	<b>1,055,800</b>	<b>1,024,300</b>	<b>-300</b>	<b>9,900</b>
<b>GOODS-PRODUCING</b>	<b>141,700</b>	<b>142,100</b>	<b>146,300</b>	<b>144,300</b>	<b>-400</b>	<b>-2,600</b>
Mining, Logging, and Construction	52,900	53,900	57,100	54,900	-1,000	-2,000
Manufacturing	88,800	88,200	89,200	89,400	600	-600
Durable Goods	44,700	44,500	45,000	45,300	200	-600
Non-Durable Goods	44,100	43,700	44,200	44,100	400	0
Chemical mfg.	20,000	19,800	20,100	20,100	200	-100
<b>SERVICE-PROVIDING</b>	<b>979,500</b>	<b>978,800</b>	<b>997,000</b>	<b>965,700</b>	<b>700</b>	<b>13,800</b>
<b>PRIVATE SERVICE-PROVIDING</b>	<b>892,500</b>	<b>892,400</b>	<b>909,500</b>	<b>880,000</b>	<b>100</b>	<b>12,500</b>
Trade, Transportation, and Utilities	204,700	206,400	213,500	202,100	-1,700	2,600
Wholesale Trade	59,100	59,300	59,900	58,700	-200	400
Retail Trade	108,800	110,100	114,800	108,000	-1,300	800
General merchandise retailers	18,700	19,100	20,600	18,500	-400	200
Transportation, Warehousing, and Utilities	36,800	37,000	38,800	35,400	-200	1,400
Information	24,300	24,600	24,700	25,000	-300	-700
Financial Activities	88,500	89,000	89,700	88,200	-500	300
Finance and insurance	74,100	74,700	75,100	74,000	-600	100
Credit Intermediation and Related Activities including	17,100	17,100	17,200	17,000	0	100
Depository Credit Intermediation including Moneta	10,100	10,100	10,100	10,000	0	100
Insurance carriers and related activities	29,100	29,100	29,300	28,600	0	500
Real estate and rental and leasing	14,400	14,300	14,600	14,200	100	200
Professional and Business Services	211,800	210,300	214,900	211,500	1,500	300
Professional and technical services	114,500	113,500	114,900	116,900	1,000	-2,400
Scientific research and development services	23,300	23,100	23,300	23,600	200	-300
Management of companies and enterprises	31,900	31,600	31,800	31,500	300	400
Administrative and waste services	65,400	65,200	68,200	63,100	200	2,300
Education and Health Services	227,900	224,900	227,000	219,100	3,000	8,800
Educational services	31,300	29,300	30,900	32,100	2,000	-800
Health care and social assistance	196,600	195,600	196,100	187,000	1,000	9,600
Ambulatory health care services	73,800	73,400	73,700	70,400	400	3,400
Hospitals	32,000	31,900	31,900	31,400	100	600
Nursing and residential care facilities	36,400	36,200	36,400	34,500	200	1,900
Social assistance	54,400	54,100	54,100	50,700	300	3,700
Leisure and Hospitality	86,000	87,600	90,100	86,700	-1,600	-700
Accommodation and food services	70,300	71,600	72,400	70,400	-1,300	-100
Other Services	49,300	49,600	49,600	47,400	-300	1,900
Government	87,000	86,400	87,500	85,700	600	1,300
Federal Government	6,300	6,400	6,400	6,400	-100	-100
State Government	10,800	10,700	11,000	10,700	100	100
Local Government	69,900	69,300	70,100	68,600	600	1,300
Local government educational services	49,300	48,600	49,500	48,700	700	600
Local government excluding educational services	20,600	20,700	20,600	19,900	-100	700
Data benchmarked to March 2024	***Data changes of 100 may be due to rounding***					

Source: Center for Workforce Information & Analysis, Pennsylvania Department of Labor and Industry.

Table A-4 shows recent trends in labor force, employment and unemployment for Montgomery County and the Commonwealth. Overall labor force has grown at a faster rate in Montgomery County than in the Commonwealth over the past six years.



**TABLE A-4**  
**RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT\***  
**(000)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025<sup>(1)</sup></u>
<b>Montgomery County</b>						
Civilian Labor Force .....	456.7	458.5	466.3	470.3	460.1	470.9
Employment .....	422.9	437.3	451.1	457.3	447.7	454.7
Unemployment .....	33.8	21.2	15.2	13.0	12.4	16.2
Unemployment Rate.....	7.4%	4.6%	3.2%	2.8%	2.7%	3.4%
<b>Pennsylvania</b>						
Civilian Labor Force .....	6,515.0	6,445.0	6,479.0	6,518.0	6,518.0	6,516.0
Employment .....	5,933.0	6,059.0	6,196.0	6,296.0	6,296.0	6,241.0
Unemployment .....	581.0	386.0	283.0	223.0	223.0	275.0
Unemployment Rate.....	8.9%	6.0%	4.4%	3.4%	3.4%	4.2%

<sup>(1)</sup>As of February 2025.

Source: Labor Market Analysis, Pennsylvania Office of Employment Service.

### Income

The data in Table A-5 shows recent trends in per capita income for Montgomery County and Pennsylvania over the 2010-2020 period.

**TABLE A-5**  
**RECENT TRENDS IN PER CAPITA PERSONAL INCOME**

	<u>2010</u>	<u>2020</u>
Montgomery County .....	40,076	48,845
Pennsylvania .....	27,049	34,352

Source: U.S. Bureau of Economic Analysis

### Industry

Table A-6 shows recent trends for retail sales in Montgomery County, the Metropolitan Statistical Area (the “MSA”) and Pennsylvania.

**TABLE A-6**  
**TOTAL RETAIL SALES (000)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Montgomery County	21,566,509	22,055,191	21,239,179	22,982,660	24,998,262
MSA	118,054,280	121,588,785	117,611,765	129,095,108	138,955,072
Pennsylvania	244,709,540	251,185,116	274,685,600	297,770,327	310,912,244

Source: The Nielson Company.

### Housing

As of 2023, the Census estimated 85.7% of housing units in the Township were owner-occupied. The median value of owner-occupied units in the Township was \$563,50. The median value of owner-occupied housing units for Montgomery County in 2020 was \$409,900 and for the Commonwealth, the median value of owner-occupied housing units was \$240,500.

Source: U.S. Census Bureau QuickFacts, 2023

**Medical Facilities**

Montgomery County contains 20 hospitals with approximately 4,550 beds and employing over 10,000 people. The nearby City of Philadelphia is one of the largest health care centers in the world, with 53 hospitals employing over 37,000 people. There are seven medical schools and two dental schools in Philadelphia.

**Transportation**

Montgomery County contains 32.7 miles of Pennsylvania Turnpike and other Interstate Highways and over 3,000 miles of Commonwealth, Federal, secondary and municipal roads. Seven commercial airports and four different railroads serve the County.

In nearby Philadelphia is the Philadelphia International Airport, along with all major rail, bus and trucking lines. The port located in Philadelphia is considered to be one of the largest freshwater ports in the world.

**Educational Institutions**

There are five colleges and universities within Montgomery County and at least 30 colleges and universities in Philadelphia, Pennsylvania.

**APPENDIX B**  
**Form of Bond Counsel Opinion**

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## PROPOSED FORM OF BOND COUNSEL OPINION

July \_\_\_\_, 2025

Township of Lower Moreland  
Huntingdon Valley, Pennsylvania

The Bank of New York Mellon Trust Company, N.A.  
Dallas, Texas

Re:     \$ \_\_\_\_\_ Township of Lower Moreland,  
          Montgomery County, Pennsylvania  
          General Obligation Bonds, Series of 2025

You have requested our opinion as to the legality of the above-referenced series of general obligation bonds (the “Bonds”) which are being issued on the date hereof by Township of Lower Moreland, Montgomery County, Pennsylvania (the “Issuer”), under the provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa. Cons. Stat. §8001 *et seq.*, as amended (the “Act”), and pursuant to an ordinance duly enacted by the Issuer’s Board of Commissioners (the “Ordinance”). The Bonds are being issued for the purpose of providing funds to finance: (i) funding a portion of the costs of the construction, acquisition of land, installation, construction management, engineering and other expenses relating to a new fire rescue station, as well as other miscellaneous capital projects, including reimbursement for costs previously expended; (ii) funding of a capitalized interest account; and (iii) payment of the costs of issuance on the Bonds.

The Issuer has covenanted in the Ordinance: (i) to include the amount of debt service for the Bonds for each fiscal year in which such sums are due and payable in its budget for that year; (ii) to appropriate such amounts from its general revenues for the payment of such debt service; and (iii) to duly and punctually pay, or cause to be paid, from its sinking fund or any other of its revenues or funds, the principal of, and interest on, the Bonds at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof; for such budgeting, appropriation and payment the Issuer in the Ordinance has pledged its full faith, credit and taxing power.

As Bond Counsel for the Issuer, we have examined the relevant provisions of the Constitution of the Commonwealth of Pennsylvania; the Acts of Assembly pursuant to which the Bonds are authorized, issued and sold; the transcript of proceedings filed with the Pennsylvania Department of Community and Economic Development (the “Department”); and certain statements, affidavits and other documents which we have considered pertinent.

In rendering this opinion we have examined and relied upon (a) the opinion of counsel to the Issuer with respect to, *inter alia*, the due enactment by the Issuer of the Ordinance in accordance with applicable laws; and (b) the accuracy of the statements and representations and the performance by the Issuer of its covenants set forth in the Ordinance and the Issuer's Tax Certificate delivered on this date in connection with the issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Ordinance and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Issuer is authorized under the provisions of the Constitution and laws of the Commonwealth of Pennsylvania to issue the Bonds for the purposes above set forth, and the Issuer has authorized the issuance thereof.

2. As indicated in the Issuer's debt statement filed with the Department in connection with the issuance of the Bonds, outstanding debt of the Issuer, including debt represented by the Bonds, is within the debt limitations of the Act.

3. The Bonds are the valid and binding general obligations of the Issuer payable from the revenues of the Issuer from whatever source derived, which revenues, at the time of the issuance and sale of the Bonds, include *ad valorem* taxes levied upon all the taxable property within the Issuer, within limitations provided by law.

4. Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

5. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals by the Internal Revenue Code of 1986, as amended (the "Code").

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Code and, therefore, the interest expense of a financial institution will not be subject to allocation to the interest on the Bond under Section

Township of Lower Moreland  
The Bank of New York Mellon Trust Company, N.A.  
July \_\_, 2025  
Page 3

265(b) (but the interest on the Bond will be subject to treatment as a financial institution preference item under Section 291 of the Code).

In providing this opinion, we advise you that it may be determined in the future that interest on the Bonds, retroactive to the date of issuance thereof or prospectively, will not be excluded from the gross income of the owners of the Bonds for federal income tax purposes if certain requirements of the Code are not met. The Issuer has covenanted in the Ordinance and the Tax Certificate to comply with such requirements.

Purchasers of the Bonds should consult their own tax advisors as to collateral state or federal income tax consequences. We express no opinion regarding state or federal tax consequences arising with respect to the Bonds other than as expressly set forth in numbered paragraphs 4, 5 and 6 hereof.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

These opinions are rendered on the basis of federal law and the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof. We express no opinion as to, and we assume no responsibility for, any matter or information not set forth in the numbered paragraphs above including, without limitation, with respect to the accuracy, adequacy or completeness of, the Preliminary Official Statement or the Official Statement prepared in respect of the Bonds, including, in both cases, the appendices thereto, and make no representation that we have independently verified any such matter or information.

The opinions set forth herein are given solely for the benefit of the purchasers of the Bonds and may not be relied on by any other person or entity without our express prior written consent. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

TAYLOR DUMA LLP

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**APPENDIX C**  
**TOWNSHIP OF LOWER MORELAND**  
**Financial Statements**  
**December 31, 2023**

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LOWER MORELAND TOWNSHIP  
MONTGOMERY COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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215-343-2727 | [www.bbco-cpa.com](http://www.bbco-cpa.com)

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Lower Moreland Township  
Huntingdon Valley, Pennsylvania

### ***Report on the Financial Statements***

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Lower Moreland (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2023, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and fire tax fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Lower Moreland Township Authority or Huntingdon Valley Library, which represent 100 percent of the assets, net position, and revenues of the Lower Moreland Township Authority and Huntingdon Valley Library as of December 31, 2023, and the respective changes in financial position, thereof or year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar, as it relates to the amounts included for that component unit, is based solely on the report of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 opinions.

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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***

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

### ***Supplementary Information***

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



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

Warrington, PA  
October 1, 2024

**LOWER MORELAND TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

Our discussion and analysis of Lower Moreland Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the Township's financial statements, which begin on page 17.

**FINANCIAL HIGHLIGHTS**

From the perspective of Full Accrual Reporting:

The government-wide financial statements report information about the Township as a whole using the economic resources measurement focus and full accrual basis of accounting.

Using this reporting, the assets of Lower Moreland Township exceeded its liabilities at the close of the 2023 fiscal year by \$31,547,379 (total net position). Of this amount, \$14,656,657 is defined as unrestricted meaning that they may be used to meet the government's ongoing obligations to citizens and creditors. The general government portion of this unrestricted net position totals \$6,821,308 while business-type activities account for \$7,835,349.

Additionally, the assets of Lower Moreland Township's component units exceeded their liabilities by \$1,216,276 at the close of the 2023 fiscal year. Of this amount, \$357,009 is restricted and \$169,170 is invested in capital assets.

From the perspective of Modified Accrual Reporting:

The fund financial statements provide more detailed information about the Township's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

At December 31, 2023, the Township's total governmental funds reported a combined ending fund balance of \$10,063,397, an increase of \$2,545,347 in comparison from the prior year. During the year, the general fund had expenditures and transfers out that was \$189,306 less than the \$9,872,583 generated in taxes, other revenues, and transfers in. The Township continued prudent spending measures to control costs in 2023.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to Lower Moreland Township's basic financial statements. Lower Moreland Township's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**LOWER MORELAND TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

*Government Wide Reporting*

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

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

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of these government wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Lower Moreland Township include administrative, permits and licenses, police and emergency services, public works, libraries, culture and recreation and other charges. The major business-type activities of the Township include the trash service and sewer system. The government-wide financial statements include only Lower Moreland Township itself (known as the primary government).

In the Statement of Net Position and the Statement of Activities, we divide the Township into three kinds of activities.

- **Governmental Activities:** Most of the Township's basic services are reported here, including administrative, permits and licenses, police and emergency services, public works, libraries, and parks and recreation. Earned income taxes, property taxes, franchise fees, user fees and state and federal grants finance most of these activities.
- **Business-type Activities:** The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. Currently, the Township is classifying its sewer service and trash and recycling collections this way.

**Component Units:** Component units are legally separate units for which the Township is financially accountable. In addition, there are organizations for which the nature and significance of the relationship with the Township are such that the exclusion of their information would cause the reporting entity's financial statements to be incomplete. The Township has three component units, the Lower Moreland Township Authority, Huntingdon Valley Library, and Huntingdon Valley Fire Company. Separately issued financial statements may be obtained by contacting each of these respective organizations.

**LOWER MORELAND TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of Lower Moreland Township can be divided into three categories: governmental, proprietary and fiduciary. Each of these funds uses one of two different accounting approaches.

- **Governmental Funds:** The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the two.
- **Proprietary Funds:** When the Township charges customers for the services it provides, whether to outside customers or the other units of the Township, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Township's enterprise funds (a type of proprietary fund), the sewer fund and trash fund, are the same as the business-type activities we report in the government wide statements. The fund financial statement for the proprietary funds provides more detail than the government wide statements and additional information, such as cash flows, for trash and sewer operations.
- **Fiduciary Funds:** The Township is a fiduciary, or trustee, for various funds. These include our pension funds and trust and custodial funds. The assets reported in these funds can only be used for the trust beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 29 and 30. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

# **LOWER MORELAND TOWNSHIP** **MANAGEMENT DISCUSSION AND ANALYSIS** **DECEMBER 31, 2023**

## FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

The following table reflects the condensed statement of net position:

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

	Governmental Activities		Business-type Activities		Discretely Presented Component Units		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 12,472,149	\$ 9,635,435	\$ 9,101,319	\$ 7,928,951	\$ 1,086,197	\$ 955,811	\$ 22,659,665	\$ 18,520,197
Capital assets	<u>13,779,883</u>	<u>13,903,214</u>	<u>3,795,949</u>	<u>3,511,801</u>	<u>169,170</u>	<u>191,585</u>	<u>17,745,002</u>	<u>17,606,600</u>
Total Assets	<u>26,252,032</u>	<u>23,538,649</u>	<u>12,897,268</u>	<u>11,440,752</u>	<u>1,255,367</u>	<u>1,147,396</u>	<u>40,404,667</u>	<u>36,126,797</u>
Deferred outflows	<u>2,977,499</u>	<u>4,232,803</u>	-	-	-	-	<u>2,977,499</u>	<u>4,232,803</u>
Long term liabilities	7,271,047	8,467,144	-	410,000	-	-	7,271,047	8,877,144
Other liabilities	<u>670,176</u>	<u>580,212</u>	<u>1,265,970</u>	<u>1,496,217</u>	<u>39,091</u>	<u>30,555</u>	<u>1,975,237</u>	<u>2,106,984</u>
Total Liabilities	<u>7,941,223</u>	<u>9,047,356</u>	<u>1,265,970</u>	<u>1,906,217</u>	<u>39,091</u>	<u>30,555</u>	<u>9,246,284</u>	<u>10,984,128</u>
Deferred inflows	<u>1,372,227</u>	<u>1,017,809</u>	-	-	-	-	<u>1,372,227</u>	<u>1,017,809</u>
Net Position								
Invested in capital assets, net of debt	9,453,058	8,760,247	3,795,949	3,101,801	169,170	191,585	13,418,177	12,053,633
Restricted	3,641,715	2,183,615	-	-	357,009	333,525	3,998,724	2,517,140
Unrestricted	<u>6,821,308</u>	<u>6,762,425</u>	<u>7,835,349</u>	<u>6,432,734</u>	<u>690,097</u>	<u>591,731</u>	<u>15,346,754</u>	<u>13,786,890</u>
Total Net Position	<u>\$ 19,916,081</u>	<u>\$ 17,706,287</u>	<u>\$ 11,631,298</u>	<u>\$ 9,534,535</u>	<u>\$ 1,216,276</u>	<u>\$ 1,116,841</u>	<u>\$ 32,763,655</u>	<u>\$ 28,357,663</u>

For more detailed information, see the Statement of Net Position (page 17).

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Lower Moreland Township, assets exceeded liabilities by \$19,916,081 at year-end 2023 for governmental funds. A large portion of the Township's net position reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure), less the outstanding debt to acquire these assets. The restricted net position portion represents resources that are subject to external restrictions on how they may be used. The unrestricted net position for governmental activities is the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. The governmental unrestricted net position total \$6,821,308 at year-end 2023.

The net position of business-type activities totaled \$11,631,298 as of December 31, 2023. \$7,835,349 of this balance is unrestricted and \$3,795,949 is associated with capital assets.

**LOWER MORELAND TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

IMPACTS ON NET POSITION

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

- Net Results of Activities: will impact (increase/decrease) current assets and unrestricted net position.
- Borrowing for Capital: will increase current assets and long-term debt.
- Spending Borrowed Proceeds on New Capital: will reduce current assets and increase capital assets. There is a second impact, an increase in “invested in capital assets” and an increase in related net debt, which will not change the “invested in capital assets, net of debt”.
- Spending of Non-Borrowed Current Assets on New Capital: which will (a) reduce current assets and increase capital assets, and (b) will reduce unrestricted net position and increase invested in capital assets, net of debt.
- Principal Payment on Debt: will (a) reduce current assets and reduce long-term debt, and (b) reduce unrestricted net position and increase invested in capital assets, net of debt.
- Reduction of Capital Assets through Depreciation: will reduce capital assets and invested in capital assets, net of debt.

Current Year Impacts

The primary impact for governmental and business type activities would be categorized as a Net Result in Activity.

The net position-governmental activities increased by \$2,209,794 from the prior year.

# **LOWER MORELAND TOWNSHIP** **MANAGEMENT DISCUSSION AND ANALYSIS** **DECEMBER 31, 2023**

The following chart shows the revenues and expenses of the governmental activities and business-type activities:

**Table 2**  
**Changes in Net Position**  
**As of December 31, 2023 and 2022**

	Governmental Activities		Business-type Activities		Discretely Presented Component Units		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>								
Program Revenues:								
Charges for services	\$ 474,264	\$ 726,346	\$ 5,731,166	\$ 5,604,496	\$ 11,308	\$ 10,319	\$ 6,216,738	\$ 6,341,161
Operating grants and contributions	762,739	738,544	315,322	413,984	451,625	400,901	1,529,686	1,553,429
Capital grants and contributions	2,288,022	255,396	-	-	-	-	2,288,022	255,396
General Revenues:								
Property taxes	5,856,671	5,730,266	-	-	775,927	694,561	6,632,598	6,424,827
Transfer tax	638,605	743,889	-	-	-	-	638,605	743,889
Earned income tax	2,703,853	2,976,479	-	-	-	-	2,703,853	2,976,479
Other taxes	1,317,180	1,460,196	-	-	-	-	1,317,180	1,460,196
Franchise fees	264,742	269,143	-	-	-	-	264,742	269,143
Investment income (loss)	280,481	62,264	275,225	53,353	56,182	(89,515)	611,888	26,102
Other	1,147,268	464,151	34,494	11,462	-	1,213	1,181,762	476,826
Total Revenues	<u>15,733,825</u>	<u>13,426,674</u>	<u>6,356,207</u>	<u>6,083,295</u>	<u>1,295,042</u>	<u>1,017,479</u>	<u>23,385,074</u>	<u>20,527,448</u>
<b>EXPENSES</b>								
Administration	1,989,975	1,937,494	-	-	-	-	1,989,975	1,937,494
Permits and licenses	296,740	313,888	-	-	-	-	296,740	313,888
Police and emergency service	7,023,150	6,659,305	-	-	327,779	272,707	7,350,929	6,932,012
Sanitation and recycling	-	-	1,625,484	1,636,761	-	-	1,625,484	1,636,761
Public works	2,235,883	2,130,966	-	-	-	-	2,235,883	2,130,966
Library	525,600	492,182	-	-	867,828	862,275	1,393,428	1,354,457
Parks and recreation	323,766	308,340	-	-	-	-	323,766	308,340
Depreciation	1,030,558	1,064,573	249,635	194,142	-	-	1,280,193	1,258,715
Debt service	98,359	91,099	8,200	7,083	-	-	106,559	98,182
Sewer	-	-	2,134,544	2,050,552	-	-	2,134,544	2,050,552
Stormwater	-	-	241,581	-	-	-	241,581	-
Total Expenses	<u>13,524,031</u>	<u>12,997,847</u>	<u>4,259,444</u>	<u>3,888,538</u>	<u>1,195,607</u>	<u>1,134,982</u>	<u>18,979,082</u>	<u>18,021,367</u>
Change in Net Position	2,209,794	428,827	2,096,763	2,194,757	99,435	(117,503)	4,405,992	2,506,081
Net Position - Beginning	17,706,287	17,277,460	9,534,535	7,339,778	1,116,841	1,234,344	28,357,663	25,851,582
Net Position - Ending	<u>\$ 19,916,081</u>	<u>\$ 17,706,287</u>	<u>\$ 11,631,298</u>	<u>\$ 9,534,535</u>	<u>\$ 1,216,276</u>	<u>\$ 1,116,841</u>	<u>\$ 32,763,655</u>	<u>\$ 28,357,663</u>

For more detail see Statement of Activities (pages 18-19).

**LOWER MORELAND TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

IMPACTS ON REVENUE AND EXPENSE

Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below in any fiscal year.

Revenues

- **Economic Condition:** This can reflect a declining, stable or growing economic environment and has a substantial impact on property, income, transfer or other tax revenue, as well as public spending habits for building permits and elective user fees.
- **Increase/Decrease in Township Approved Rates:** While certain tax rates are set by statute, the Township Board of Commissioners has significant authority to impose and periodically increase/decrease rates (real estate tax millage, sewer fees, building fees, user fees, etc.).
- **Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring):** Certain recurring revenues (state-shared revenues, block grants, etc.) may experience significant changes periodically, while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.
- **Market Impacts on Investment Income:** The Township's investment portfolio is managed using a longer average maturity on capital funds. Market conditions cause investment income to fluctuate with the economic conditions.

Expenses

- **Introduction of new programs:** Within the functional expense categories (Police and Emergency Services, Public Works, etc.), individual programs may be added or deleted to meet changing community needs.
- **Increase in authorized personnel:** Change in service demand may cause the Township Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent a significant of the Township's program expenses.
- **Salary increases (annual adjustments and merit):** The ability to attract and retain human resources requires Lower Moreland Township to strive to approach a competitive salary and range position in the marketplace.
- **Inflation:** While overall inflation appears to be reasonably modest, the Township may experience unusual commodity specific increases. The potential for this type of impact is most common in the areas of fuel, utilities, large equipment and construction.



**LOWER MORELAND TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**CURRENT YEAR IMPACTS**

**Governmental Activities**

Revenues for the Township's governmental activities were \$15,733,825 for the year. Revenue collections remained strong in 2023 by maintaining real estate, transfer, local services, and business privilege taxes.

**THE TOWNSHIP FUNDS**

As the Township closed the 2023 year, its governmental funds (as presented on the Balance Sheet on page 20) reported a combined fund balance of \$10,063,397 which is more than last year's total of \$7,518,050.

**General Budgetary Highlights**

- Real Estate Tax Revenue was strong in 2023 with a variance of \$69,807 above the approved budget. A millage increase had been approved for the Fire Fund and the Library Fund to address local fire and library services needs.
- Transfer Tax - the 2023 budget continued to exceed the higher projection estimated in 2022. Based on the continued home sales in a strong market coupled with on-going sales within two more recent residential subdivisions, there was a positive variance of \$281,074.
- Earned Income, Local Services, Business Privilege and Mercantile Taxes - Berkheimer provides a projection range for these taxes each year. The final budget reflects the Township's policy to utilize the bottom end of this range to not establish a practice of relying on revenues the Township may not receive. Strong economic factors yielded a \$412,953 positive variance from the approved budget.
- General Government expenditures came in \$15,900 over budget in 2023 due to expenses carried over from 2022.
- Public Safety expenditures were over budget by \$236,756, which was to be offset by revenue from grants and donations for the K9 program that started in 2021 and continued into 2022 and 2023.
- Public Works came in \$173,795 under budget in 2023 due to delays in projects that will continue into 2024.

**LOWER MORELAND TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

Capital Assets

At the end of 2023, the Township has \$13,779,883 invested in Government Fund capital assets. The types of assets the Township owns includes items that are typical of a local municipality which include but are not limited to police vehicles and equipment, information technology equipment, public works vehicles and equipment, municipal buildings, park facilities, roads, and traffic signals. The 2023-year end asset value represents a \$123,331 decrease from the prior year. The Business-type Fund capital assets totaled \$3,446,499 of sewer lines and \$349,450 of trash equipment.

In 2023, the Township made capital purchases including police vehicles, in-car computers and printers, new vests and a weapons upgrade program for the Police Department. Public Works purchases included a new dump truck, stormwater pipe relining, and dragbox paver.

The following reconciliation summarizes the change in capital assets, which is presented in detail on page 47-49 of the Financial Statement Notes.

Table 3  
Changes in Capital Assets  
As of December 31, 2023

	Balance <u>12/31/2022</u>	Additions/ <u>Deletions</u>	Balance <u>12/31/2023</u>
<u>Governmental Activities</u>			
Non-Depreciable Assets			
Land	\$ 3,685,276	\$ -	\$ 3,685,276
Construction in Progress	102,099	(102,099)	-
Other Capital Assets			
Building and improvements	4,939,381	(239,511)	4,699,870
Equipment and vehicles	1,260,830	(29,011)	1,231,819
Infrastructure	3,915,628	247,290	4,162,918
	<u>\$ 13,903,214</u>	<u>\$ (123,331)</u>	<u>\$ 13,779,883</u>
<u>Business Type Activities</u>			
Other Capital Assets			
Sewer	\$ 3,113,719	\$ 332,780	\$ 3,446,499
Trash	<u>\$ 398,082</u>	<u>\$ (48,632)</u>	<u>\$ 349,450</u>
<u>Component units</u>			
Collections, equipment, and leasehold improvements	<u>\$ 191,585</u>	<u>\$ (22,415)</u>	<u>\$ 169,170</u>

**LOWER MORELAND TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

Debt

At the end of 2023, Lower Moreland Township had \$4,134,069 in bonds and notes outstanding versus \$5,317,575 in the prior year.

Table 4  
Outstanding Debt at Year End  
As of December 31, 2023

Year of <u>Issue</u>	Amount of <u>Original Issue</u>	Average <u>Interest Rate</u>	Final <u>Maturity</u>	Balance <u>12/31/2022</u>	<u>Issuance</u>	Principal <u>Payments</u>	Balance <u>12/31/2023</u>
2021	\$ 5,350,000	2.00%	2037	\$ 3,950,000	\$ -	\$ 715,000	\$ 3,235,000
2017	6,190,000	0.00%	2037	820,000	-	45,000	775,000
2017	206,023	3.10%	2032	137,575	-	13,506	124,069
2015	4,525,000	3.00%	2023	410,000	-	410,000	-
				<u>\$ 5,317,575</u>	<u>\$ -</u>	<u>\$ 1,183,506</u>	<u>\$ 4,134,069</u>

The borrowing limit of the Township under the Debt Act is computed as a percentage of the Township's "Borrowing Base". The "Borrowing Base" is calculated as the annual arithmetic average of total "Revenue" (as defined by the Debt Act) for the three fiscal years immediately preceding the date of borrowing. The Township's remaining non-electoral debt borrowing capacity is well under percentages allowed. We estimate that our current borrowing capacity is around \$15,930,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Lower Moreland Township remained committed to providing existing and new services for residents in 2023.

The 2023 budget included a property tax increase of .202 mils for the fire and library funds.

Regarding Business-Type Activities, the Township maintained its trash and recycling services rates at \$350/property. The township's business-type funds also increased from two to three, with the creation of the Stormwater Fund in collaboration with the Lower Moreland Township Authority. With the maturity of the sewer revenue bonds in 2023, the sewer fee reallocated \$70/quarter from the base sewer rate to a newly created stormwater fee in order to fulfill staffing, engineering, equipment, capital projects and capital planning expenses for the Township's stormwater system obligations.

**LOWER MORELAND TOWNSHIP  
MANAGEMENT DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

Looking ahead into the 2024 budget, the tax millage increased by 6.4% with increases in millage in the fire fund and the ambulance/EMS fund.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide Lower Moreland Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions concerning this report or requests for additional financial information can be directed to the Township Manager of Lower Moreland Township, 640 Red Lion Road, Huntingdon Valley, PA 19006.

# LOWER MORELAND TOWNSHIP

## STATEMENT OF NET POSITION

December 31, 2023

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Huntingdon Valley Fire Co.	Huntingdon Valley Library
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 8,434,888	\$ 6,333,396	\$ 14,768,284	\$ 62,238	\$ 299,129
Investments	-	2,056,165	2,056,165	-	637,603
Receivables	2,502,397	628,236	3,130,633	8,225	79,002
Due from other funds	(76,522)	76,522	-	-	-
Lease receivable	75,763	-	75,763	-	-
Prepaid expenses	359,542	-	359,542	-	-
Net pension asset	1,176,081	-	1,176,081	-	-
Net investment in lease	-	7,000	7,000	-	-
Land	3,685,276	-	3,685,276	-	-
Other capital assets (net of accumulated depreciation)	10,094,607	3,795,949	13,890,556	11,795	157,375
Total Assets	26,252,032	12,897,268	39,149,300	82,258	1,173,109
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
Unamortized deferred loss on refunding	91,733	-	91,733	-	-
Deferred outflows of resources- pension plan	2,267,205	-	2,267,205	-	-
Deferred outflows of resources- OPEB	618,561	-	618,561	-	-
Total Deferred Outflows of Resources	2,977,499	-	2,977,499	-	-
<b><u>LIABILITIES</u></b>					
Accounts payable and other current liabilities	655,503	412,115	1,067,618	15,663	23,428
Accrued interest payable	14,673	3,409	18,082	-	-
Escrow liabilities	-	-	-	-	-
Deferred revenue	-	850,446	850,446	-	-
Non-current liabilities:					
Due within one year	832,263	-	832,263	-	-
Due after one year	6,438,784	-	6,438,784	-	-
Total Liabilities	7,941,223	1,265,970	9,207,193	15,663	23,428
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred inflows-pension plan	600,614	-	600,614	-	-
Deferred inflows-OPEB	703,586	-	703,586	-	-
Deferred inflows-Leases	68,027	-	68,027	-	-
Total Deferred Inflows	1,372,227	-	1,372,227	-	-
<b><u>NET POSITION</u></b>					
Net investment in capital assets	9,453,058	3,795,949	13,249,007	11,795	157,375
Restricted					
Fire	1,550,007	-	1,550,007	54,800	-
Highways	475,052	-	475,052	-	-
Library	111,087	-	111,087	-	302,209
Debt service	294,661	-	294,661	-	-
Capital	34,161	-	34,161	-	-
Pensions	1,176,081	-	1,176,081	-	-
Park and recreation	666	-	666	-	-
Unrestricted	6,821,308	7,835,349	14,656,657	-	690,097
Total Net Position	\$ 19,916,081	\$ 11,631,298	\$ 31,547,379	\$ 66,595	\$ 1,149,681

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

# LOWER MORELAND TOWNSHIP

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	Total Primary <u>Government</u>	Governmental Activities				
		<u>Total</u>	<u>Administrative</u>	<u>Permits &amp; Licenses</u>	<u>Police and Emergency Services</u>	<u>Public Works</u>
Expenses:						
Program expenses	\$ 16,396,723	\$ 12,395,114	\$ 1,989,975	\$ 296,740	\$ 7,023,150	\$ 2,235,883
Depreciation	1,280,193	1,030,558	31,387	-	232,484	576,617
Interest expense	106,559	98,359	98,359	-	-	-
Total Expenses	<u>17,783,475</u>	<u>13,524,031</u>	<u>2,119,721</u>	<u>296,740</u>	<u>7,255,634</u>	<u>2,812,500</u>
Program Revenues:						
Charges for services	6,205,430	474,264	16,018	162,415	169,346	70,610
Operating grants and contributions	1,078,061	762,739	203,946	-	122,254	436,539
Capital grants and contributions	2,288,022	2,288,022	-	-	-	420,801
Total Program Revenues	<u>9,571,513</u>	<u>3,525,025</u>	<u>219,964</u>	<u>162,415</u>	<u>291,600</u>	<u>927,950</u>
Net (Expense) Revenue	(8,211,962)	(9,999,006)	(1,899,757)	(134,325)	(6,964,034)	(1,884,550)
General Revenues:						
Taxes:						
Property	5,856,671	5,856,671				
Transfer tax	638,605	638,605				
Earned income tax	2,703,853	2,703,853				
Other taxes	1,317,180	1,317,180				
Franchise fees	264,742	264,742				
Grants and contributions not restricted to specific programs	47,417	47,417				
Investment earnings	555,706	280,481				
Gain on sale of capital assets	-	-				
Miscellaneous	1,120,811	1,107,817				
Debt service	-	13,534				
Transfers	-	(21,500)				
Total General Revenues and Transfers	<u>12,504,985</u>	<u>12,208,800</u>				
Change in Net Position	4,306,557	2,209,794				
Net Position - Beginning	<u>27,240,822</u>	<u>17,706,287</u>				
Net Position - Ending	<u>\$ 31,547,379</u>	<u>\$ 19,916,081</u>				

Governmental Activities		Business Type Activities				Discretely Presented Component Units	
Library	Park & Recreation	Total	Sewer	Trash	Stormwater	Huntingdon Valley Fire Co.	Huntingdon Valley Library
\$ 525,600	\$ 323,766	\$ 4,001,609	\$ 2,134,544	\$ 1,625,484	\$ 241,581	\$ 327,779	\$ 867,828
-	190,070	249,635	156,296	79,707	13,632	-	-
-	-	8,200	8,200	-	-	-	-
<u>525,600</u>	<u>513,836</u>	<u>4,259,444</u>	<u>2,299,040</u>	<u>1,705,191</u>	<u>255,213</u>	<u>327,779</u>	<u>867,828</u>
-	55,875	5,731,166	2,811,185	1,501,018	1,418,963	-	11,308
-	-	315,322	272,399	42,923	-	328,439	899,113
-	1,867,221	-	-	-	-	-	-
<u>-</u>	<u>1,923,096</u>	<u>6,046,488</u>	<u>3,083,584</u>	<u>1,543,941</u>	<u>1,418,963</u>	<u>328,439</u>	<u>910,421</u>
(525,600)	1,409,260	1,787,044	784,544	(161,250)	1,163,750	660	42,593
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	275,225	-	-	-	-	56,182
-	-	12,994	-	-	-	-	-
-	-	21,500	-	-	-	-	-
-	-	<u>309,719</u>	-	-	-	-	<u>56,182</u>
-	-	2,096,763	-	-	-	660	98,775
-	-	9,534,535	-	-	-	65,935	1,050,906
-	-	<u>\$ 11,631,298</u>	-	-	-	<u>\$ 66,595</u>	<u>\$ 1,149,681</u>

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

# LOWER MORELAND TOWNSHIP

## BALANCE SHEET GOVERNMENTAL FUNDS

December 31, 2023

	General	Fire Tax	Capital Improvements/ Traffic	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 3,853,251	\$ 1,473,342	\$ 714,321	\$ 2,393,974	\$ 8,434,888
Receivables	1,491,595	20,628	467,191	13,842	1,993,256
Prepaid expenses	352,542	7,000	-	-	359,542
Lease receivable	75,763	-	-	-	75,763
Total Assets	<u>\$ 5,773,151</u>	<u>\$ 1,500,970</u>	<u>\$ 1,181,512</u>	<u>\$ 2,407,816</u>	<u>\$ 10,863,449</u>
<u>LIABILITIES</u>					
Accounts payable and accrued wages	\$ 559,194	\$ 13,328	\$ -	\$ 82,981	\$ 655,503
Due to other funds	76,522	-	-	-	76,522
Total Liabilities	<u>635,716</u>	<u>13,328</u>	<u>-</u>	<u>82,981</u>	<u>732,025</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Leases	68,027	-	-	-	68,027
Total Deferred Inflows of Resources	<u>68,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,027</u>
<u>FUND BALANCES</u>					
Unspendable	360,278	7,000	-	-	367,278
Restricted for:					
Park and recreation	-	-	-	666	666
Highway and streets	-	-	-	475,052	475,052
Emergency services	-	1,480,642	-	69,365	1,550,007
Debt service	-	-	-	294,661	294,661
Library	-	-	-	111,087	111,087
Capital projects	-	-	-	34,161	34,161
Committed for:					
Post-retirement medical benefits	189,066	-	-	-	189,066
Unemployment benefits	70,223	-	-	-	70,223
Assigned for:					
Capital projects	-	-	1,181,512	1,339,843	2,521,355
Unassigned	4,449,841	-	-	-	4,449,841
Total Fund Balances	<u>5,069,408</u>	<u>1,487,642</u>	<u>1,181,512</u>	<u>2,324,835</u>	<u>10,063,397</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,773,151</u>	<u>\$ 1,500,970</u>	<u>\$ 1,181,512</u>	<u>\$ 2,407,816</u>	<u>\$ 10,863,449</u>

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



LOWER MORELAND TOWNSHIP

RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION

For the Year Ended December 31, 2023

Amounts reported for governmental activities in the statement of net position  
are different because:

Total fund balances - total governmental funds	\$ 10,063,397
--	---------------

Capital assets used in governmental activities are not financial resources  
and, therefore, are reported in the funds.

Cost of capital assets	\$ 26,771,172	
Accumulated depreciation	<u>(12,991,289)</u>	13,779,883

Because the focus of governmental funds is on short-term financing,  
some assets will not be available to pay for current-period expenditures.  
Those assets (for example, receivables) are offset by deferred revenues  
in the governmental funds and thus are not included in fund balance.

Net pension asset	1,176,081	
Real estate tax receivable	92,636	
Earned income tax receivable	<u>416,505</u>	1,685,222

Deferred inflows and outflows or resources related to pensions are applicable  
to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources - pension plan	2,267,205	
Deferred outflows of resources - OPEB	618,561	
Deferred inflows of resources - pension plan	(600,614)	
Deferred inflows of resources - OPEB	<u>(703,586)</u>	1,581,566

Long term liabilities, including bonds payable, are not due and payable  
in the current period and therefore are not reported in the funds.

Bonds and notes payable	(4,134,069)	
Compensated absences	(529,367)	
Leases payable	(30,886)	
Unamortized bond discount and premium	(161,870)	
Unamortized deferred loss on refunding	91,733	
Interest payable	(14,673)	
Other post employment benefits obligation	<u>(2,414,855)</u>	<u>(7,193,987)</u>

Total net position of governmental activities	\$ <u>19,916,081</u>
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The notes to the financial statements are an integral part of this statement.

LOWER MORELAND TOWNSHIP

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

For the Year Ended December 31, 2023

	General	Fire Tax	Capital Improvement/ Traffic	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Property	\$ 3,580,213	\$ 540,687	\$ -	\$ 1,790,260	\$ 5,911,160
Transfer	638,605	-	-	-	638,605
Earned income	2,857,979	-	-	-	2,857,979
Local service	285,934	-	-	-	285,934
Other	1,031,246	-	-	-	1,031,246
Fees, licenses and permits	272,682	-	-	-	272,682
Investment income and rent	230,131	9,304	11,789	122,287	373,511
Intergovernmental revenues	345,230	-	467,191	436,539	1,248,960
Fines and forfeitures	169,346	-	-	-	169,346
Program revenues	241,103	-	-	55,875	296,978
Other	220,114	773,031	1,000,000	878,045	2,871,190
Total Revenues	<u>9,872,583</u>	<u>1,323,022</u>	<u>1,478,980</u>	<u>3,283,006</u>	<u>15,957,591</u>
Expenditures					
Current:					
General government	1,071,846	-	53,106	99,166	1,224,118
Public safety	5,874,912	481,926	-	236,848	6,593,686
Highways and roads	1,436,906	-	443,002	1,000,809	2,880,717
Library	-	-	-	525,600	525,600
Culture and recreation	3,140	-	-	431,521	434,661
Miscellaneous	839,308	-	-	1,500	840,808
Debt service:					
Principal	13,506	-	-	790,184	803,690
Interest	4,013	-	-	89,800	93,813
Total Expenditures	<u>9,243,631</u>	<u>481,926</u>	<u>496,108</u>	<u>3,175,428</u>	<u>13,397,093</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>628,952</u>	<u>841,096</u>	<u>982,872</u>	<u>107,578</u>	<u>2,560,498</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	6,349	6,349
Transfers in	-	-	89,646	651,831	741,477
Transfers out	(439,646)	-	(43,095)	(280,236)	(762,977)
Total Other Financing Sources (Uses)	<u>(439,646)</u>	<u>-</u>	<u>46,551</u>	<u>377,944</u>	<u>(15,151)</u>
Net Change in Fund Balances	189,306	841,096	1,029,423	485,522	2,545,347
Fund Balance - Beginning	<u>4,880,102</u>	<u>646,546</u>	<u>152,089</u>	<u>1,839,313</u>	<u>7,518,050</u>
Fund Balance - Ending	<u>\$ 5,069,408</u>	<u>\$ 1,487,642</u>	<u>\$ 1,181,512</u>	<u>\$ 2,324,835</u>	<u>\$ 10,063,397</u>

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

LOWER MORELAND TOWNSHIP

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

Amounts reported for governmental activities in the statement of activities (pages 18-19)  
are different because:

Net change in fund balances-total governmental funds (page 22)	\$ 2,545,347
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Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 907,227	
Depreciation expense	<u>(1,030,558)</u>	
		(123,331)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(208,615)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial  
resources to governmental funds, while the repayment of the principal of  
long-term debt consumes the current financial resources of governmental  
funds. Neither transaction, however, has any effect on net position. Also,  
governmental funds report the effect of premiums, discounts, and  
similar items when debt is first issued, whereas these amounts are  
deferred and amortized in the statement of activities. This amount is the  
net effect of these differences in the treatment of long-term debt and  
related items.

Repayment of debt	803,690	
Amortization of losses, discount, and premiums	<u>5,899</u>	
		809,589

Some expenses reported in the statement of activities do not require the use  
of current financial resources and, therefore, are not reported as expenditures  
in governmental funds.

Compensated absences	1,491	
Interest expense	(8,945)	
Net pension asset and deferred items	(612,150)	
Other post employment benefits obligation	<u>(193,592)</u>	
		<u>(813,196)</u>

Change in net position of governmental activities (page 17)	<u>\$ 2,209,794</u>
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The notes to the financial statements are an integral part of this statement.

LOWER MORELAND TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND (CASH BASIS)

For the Year Ended December 31, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual on	Variance with
	Original	Final	Cash Basis	Final Budget
Revenues				
Taxes				
Property	\$ 3,528,633	\$ 3,528,633	\$ 3,598,440	\$ 69,807
Transfer	350,000	350,000	631,074	281,074
Earned income	2,650,000	2,650,000	2,745,936	95,936
Local service	280,000	280,000	309,265	29,265
Other	825,000	825,000	1,112,752	287,752
Fees, licenses and permits	261,500	261,500	274,095	12,595
Investment income and rent	100,291	100,291	271,336	171,045
Intergovernmental revenues	252,010	252,010	353,902	101,892
Fines and forfeitures	175,000	175,000	196,049	21,049
Program revenues	203,917	203,917	241,103	37,186
Other	10,809	10,809	222,914	212,105
Total Revenues	<u>8,637,160</u>	<u>8,637,160</u>	<u>9,956,866</u>	<u>1,319,706</u>
Expenditures				
Current				
General government	1,057,218	1,057,218	1,073,118	(15,900)
Public safety	5,566,484	5,566,484	5,803,240	(236,756)
Highways and roads	1,648,408	1,648,408	1,474,613	173,795
Culture and recreation	-	-	3,140	(3,140)
Miscellaneous	846,124	846,124	839,308	6,816
Debt service				
Principal	-	-	13,506	(13,506)
Interest	-	-	4,013	(4,013)
Total Expenditures	<u>9,118,234</u>	<u>9,118,234</u>	<u>9,210,938</u>	<u>(92,704)</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(481,074)</u>	<u>(481,074)</u>	<u>745,928</u>	<u>1,227,002</u>
Other Financing Sources (Uses)				
Transfers out	<u>(439,646)</u>	<u>(439,646)</u>	<u>(439,646)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(439,646)</u>	<u>(439,646)</u>	<u>(439,646)</u>	<u>-</u>
Net Change in Fund Balances	(920,720)	(920,720)	306,282	1,227,002
Fund Balance - Beginning	<u>920,720</u>	<u>920,720</u>	<u>4,880,102</u>	
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,186,384</u>	

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

LOWER MORELAND TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - FIRE TAX FUND (CASH BASIS)

For the Year Ended December 31, 2023

	Fire Tax Fund			Variance with Final Budget Over (under)
	Budgeted Amounts		ACTUAL on	
	Original	Final	Budgetary Basis	
Revenues				
Taxes				
Property	\$ 532,476	\$ 532,476	\$ 541,177	\$ (8,701)
Interest and rent	750	750	9,304	(8,554)
Other	819,834	819,834	773,031	46,803
Total Revenues	<u>1,353,060</u>	<u>1,353,060</u>	<u>1,323,512</u>	<u>29,548</u>
Expenditures				
Current:				
Public safety	<u>563,046</u>	<u>563,046</u>	<u>488,376</u>	<u>74,670</u>
Total Expenditures	<u>563,046</u>	<u>563,046</u>	<u>488,376</u>	<u>74,670</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>790,014</u>	<u>790,014</u>	<u>835,136</u>	<u>(45,122)</u>
Other Financing Sources (Uses)				
Operating transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources (Uses)	770,014	770,014	835,136	(25,122)
Fund Balance - Beginning	<u>646,546</u>	<u>646,546</u>	<u>646,546</u>	
Fund Balance - Ending	<u>\$ 1,416,560</u>	<u>\$ 1,416,560</u>	<u>\$ 1,481,682</u>	

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

LOWER MORELAND TOWNSHIP

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

December 31, 2023

<u>ASSETS</u>	<u>Sewer</u>	<u>Trash</u>	<u>Stormwater</u>	<u>Total</u>
Current Assets				
Cash	\$ 4,659,387	\$ 699,716	\$ 974,293	\$ 6,333,396
Investments	2,056,165	-	-	2,056,165
Receivables				
Trash fees	-	58,131	-	58,131
Sewer rents	434,725	-	-	434,725
Tapping fees	12,000	-	-	12,000
Stormwater fees	-	-	123,380	123,380
Prepaid expenses	-	-	7,000	7,000
Due from other funds	<u>76,522</u>	<u>-</u>	<u>-</u>	<u>76,522</u>
Total Current Assets	<u>7,238,799</u>	<u>757,847</u>	<u>1,104,673</u>	<u>9,101,319</u>
Noncurrent Assets				
Capital Assets (net of accumulated depreciation)	<u>3,396,403</u>	<u>314,786</u>	<u>84,760</u>	<u>3,795,949</u>
Total Assets	<u>\$ 10,635,202</u>	<u>\$ 1,072,633</u>	<u>\$ 1,189,433</u>	<u>\$ 12,897,268</u>
 <u>LIABILITIES</u>				
Current Liabilities				
Accounts payable and accrued wages	\$ 245,501	\$ 162,431	\$ 4,183	\$ 412,115
Accrued interest payable	3,409	-	-	3,409
Unearned revenue	<u>850,446</u>	<u>-</u>	<u>-</u>	<u>850,446</u>
Total Current Liabilities	<u>1,099,356</u>	<u>162,431</u>	<u>4,183</u>	<u>1,265,970</u>
Total Liabilities	<u>1,099,356</u>	<u>162,431</u>	<u>4,183</u>	<u>1,265,970</u>
 <u>NET POSITION</u>				
Net investment in capital assets	3,396,403	314,786	84,760	3,795,949
Unrestricted	<u>6,139,443</u>	<u>595,416</u>	<u>1,100,490</u>	<u>7,835,349</u>
Total Net Position	<u>\$ 9,535,846</u>	<u>\$ 910,202</u>	<u>\$ 1,185,250</u>	<u>\$ 11,631,298</u>

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

LOWER MORELAND TOWNSHIP

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	<u>Business - Type Activities</u>			
	<u>Sewer</u>	<u>Trash</u>	<u>Stormwater</u>	<u>Total</u>
Operating Revenues				
Sewer service charges	\$ 2,799,887	\$ -	\$ -	\$ 2,799,887
Trash fees	-	1,498,067	-	1,498,067
Stormwater charges	-	-	1,418,963	1,418,963
Other revenues	11,298	2,951	-	14,249
Total Operating Revenues	<u>2,811,185</u>	<u>1,501,018</u>	<u>1,418,963</u>	<u>5,731,166</u>
Operating Expenditures				
Trash operations	-	1,625,484	-	1,625,484
Sewer operations	2,134,544	-	-	2,134,544
Stormwater operations	-	-	241,581	241,581
Total Operating Expenditures	<u>2,134,544</u>	<u>1,625,484</u>	<u>241,581</u>	<u>4,001,609</u>
Operating Income Before Depreciation	676,641	(124,466)	1,177,382	1,729,557
Depreciation expenses	<u>(156,296)</u>	<u>(79,707)</u>	<u>(13,632)</u>	<u>(249,635)</u>
Operating Income (Loss)	<u>520,345</u>	<u>(204,173)</u>	<u>1,163,750</u>	<u>1,479,922</u>
Nonoperating Revenues (Expense)				
Net earnings on investments	248,853	26,372	-	275,225
Other	12,994	-	-	12,994
Intergovernmental revenues	272,399	42,923	-	315,322
Interest expense	<u>(8,200)</u>	<u>-</u>	<u>-</u>	<u>(8,200)</u>
Total Nonoperating Revenues (Expense)	<u>526,046</u>	<u>69,295</u>	<u>-</u>	<u>595,341</u>
Income (Loss) Before Operating Transfers	<u>1,046,391</u>	<u>(134,878)</u>	<u>1,163,750</u>	<u>2,075,263</u>
Transfers in	<u>-</u>	<u>-</u>	<u>21,500</u>	<u>21,500</u>
	-	-	21,500	21,500
Change in Net Position	1,046,391	(134,878)	1,185,250	2,096,763
Net Position, Beginning	<u>8,489,455</u>	<u>1,045,080</u>	<u>-</u>	<u>9,534,535</u>
Net Position, Ending	<u>\$ 9,535,846</u>	<u>\$ 910,202</u>	<u>\$ 1,185,250</u>	<u>\$ 11,631,298</u>

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

# LOWER MORELAND TOWNSHIP

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	Business -Type Activities			
	Sewer	Trash	Stormwater	Total
Cash flows from operating activities				
Cash received from customers	\$ 2,814,976	\$ 1,505,915	\$ 1,295,583	\$ 5,616,474
Cash paid to employees for services	(306,460)	(147,023)	(134,906)	(588,389)
Cash paid to suppliers for goods and services	(1,812,944)	(1,455,632)	(109,492)	(3,378,068)
Net cash provided by operating activities	695,572	(96,740)	1,051,185	1,650,017
Cash flows from non-capital financing activities				
Intergovernmental revenues	-	42,923	-	42,923
Interfund revenues (expenses)	-	-	21,500	21,500
Net cash provided by (used in) non-capital financing activities	-	42,923	21,500	64,423
Cash flows from capital and related financing activities				
Principal paid on long-term debt	(410,000)	-	-	(410,000)
Capital assets purchased	(435,391)	-	(98,392)	(533,783)
Interest paid on long-term debt	(8,200)	-	-	(8,200)
Tap and connection fees	12,994	-	-	12,994
Net cash (used in) capital and related financing activities	(840,597)	-	(98,392)	(938,989)
Cash flows from investing activities				
Purchase of investments, net	-	-	-	-
Interest and dividends on investments	149,550	26,372	-	175,922
Net cash provided by investing activities	149,550	26,372	-	175,922
Net increase (decrease) in cash and cash equivalents	4,525	(27,445)	974,293	951,373
Beginning cash and cash equivalents	4,654,862	727,161	-	5,382,023
Ending cash and cash equivalents	\$ 4,659,387	\$ 699,716	\$ 974,293	\$ 6,333,396

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

Operating income (loss)	\$ 520,345	\$ (204,173)	\$ 1,163,750	\$ 1,479,922
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	156,296	79,707	13,632	249,635
Changes in assets and liabilities				
Decrease (increase) in receivables	3,791	4,897	(123,380)	(114,692)
Decrease (increase) in prepaid expenses	-	-	(7,000)	(7,000)
Increase (decrease) in accounts/taxes payable	14,629	22,829	4,183	41,641
Increase (decrease) in due to other funds	511	-	-	511
Net adjustments	175,227	107,433	(112,565)	170,095
Net cash provided by (used in) operating activities	\$ 695,572	\$ (96,740)	\$ 1,051,185	\$ 1,650,017

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



LOWER MORELAND TOWNSHIP

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

December 31, 2023

	Pension Trust and Other Employee Benefit Trust Funds	Custodial Escrow Fund	Total Fiduciary Funds
<u>ASSETS</u>			
Current Assets			
Cash	\$ 129,859	\$ 1,251,608	\$ 1,381,467
Investments, at fair value			
Mutual funds-equity	21,142,411	-	21,142,411
Mutual funds-bond	6,940,865	-	6,940,865
Total Current Assets	<u>28,213,135</u>	<u>1,251,608</u>	<u>29,464,743</u>
 TOTAL ASSETS	 <u>\$ 28,213,135</u>	 <u>\$ 1,251,608</u>	 <u>\$ 29,464,743</u>
 <u>LIABILITIES</u>			
Liabilities			
Payables	\$ -	\$ 518,554	\$ 518,554
Total Liabilities	<u>-</u>	<u>518,554</u>	<u>518,554</u>
 <u>NET POSITION</u>			
Net Position Restricted for			
Pension and Other Employee Benefits	28,213,135	-	28,213,135
Individuals, organizations, and developers	-	733,054	733,054
	<u>\$ 28,213,135</u>	<u>\$ 733,054</u>	<u>\$ 28,946,189</u>

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

LOWER MORELAND TOWNSHIP

STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS

For the Year Ended December 31, 2023

	Pension Trust and Other Employee Benefit Trust Funds	Custodial Escrow Fund	Total Fiduciary Funds
Additions			
Contributions			
Municipal contributions	\$ 10,488	\$ -	\$ 10,488
State contributions	193,740	-	193,740
Escrow contributions	-	773,117	773,117
Total Contributions	<u>204,228</u>	<u>773,117</u>	<u>977,345</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	3,883,577	-	3,883,577
Interest and dividends	<u>3,232</u>	<u>-</u>	<u>3,232</u>
Total Investment Income	3,886,809	-	3,886,809
Less: investment expense	<u>(102,125)</u>	<u>-</u>	<u>(102,125)</u>
Net Investment Income	<u>3,784,684</u>	<u>-</u>	<u>3,784,684</u>
Total Additions	<u>3,988,912</u>	<u>773,117</u>	<u>4,762,029</u>
Deductions			
Administrative expense	7,360	-	7,360
Benefits	953,391	-	953,391
Escrow deductions	-	792,956	792,956
Total Deductions	<u>960,751</u>	<u>792,956</u>	<u>1,753,707</u>
Change in Net Position	3,028,161	(19,839)	3,008,322
Net Position Restricted			
Beginning of Year	<u>25,184,974</u>	<u>752,893</u>	<u>25,937,867</u>
End of Year	<u>\$ 28,213,135</u>	<u>\$ 733,054</u>	<u>\$ 28,946,189</u>

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

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**I. Summary of Significant Accounting Policies**

**A. *Reporting entity***

Lower Moreland Township is a municipal corporation existing and operating under the First Class Township code of the Commonwealth of Pennsylvania. The accompanying financial statements present the primary government only. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit's governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township. There are three component units, described as entities for which the government is considered to be financially accountable.

**Blended component unit:** The following component unit is included in the financial statements, as the debt of the Municipal Authority is expected to be paid almost entirely with the resources of the Township.

*Lower Moreland Township Authority*

**Discretely presented component unit:** The following component unit is included in the financial statements, as they are fiscally dependent on the Township.

*Huntingdon Valley Fire Company*  
*Huntingdon Valley Library*

Complete financial statements for the individual component unit may be obtained at the entity's administrative offices as follows: Huntingdon Valley Fire Company, 636 Red Lion Road, Huntingdon Valley, PA 19006; Huntingdon Valley Library, 625 Red Lion Road, Huntingdon Valley, PA 19006; and Lower Moreland Township Authority, 640 Red Lion Road, Huntingdon Valley, PA 19006.

**B. *Government-wide and fund financial statements***

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

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**I. Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**I. Summary of Significant Accounting Policies (Continued)**

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

The government reports the following major governmental funds:

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

The *fire tax fund* which is used to account for financial resources, which are used to fund local fire protection needs. The revenue is primarily derived from tax millage and contributions from developers.

The *capital improvements-traffic fund* accounts for funds assigned or restricted for capital improvements.

The government reports the following major proprietary fund:

The *sewer fund* accounts for the collection of amounts due from the activities of the Township's sewer treatment system.

The *trash fund* accounts for the collection of amounts due from the Township's trash collection services.

The *stormwater fund* accounts for the collection of amounts due from the activities of the Township's stormwater system.

Additionally, the government reports the following fiduciary fund types:

The *pension trust fund* accounts for the activities of the Police and Non-Uniformed Pension plans, which accumulate resources for pension benefit payments to qualified employee.

The *other employee benefits trust fund* which accumulates resources for retirement health benefits for its full time and collectively bargained office employees and dispatchers.

The *custodial fund* accounts for monies held by the Township on a purely custodial basis - primarily from developers.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**I. Summary of Significant Accounting Policies (Continued)**

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include payroll, inter-governmental payments, and treatment costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

*Discretely Presented Component Units* - The financial statements are prepared on the accrual basis of accounting. The accounting policies are based upon accounting principles generally accepted for self-supporting governmental funds. Their revenues are recognized when they are earned and expenses when they are incurred.

***D. Assets, liabilities, and net position or equity***

***1. Deposits and investments***

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

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**I. Summary of Significant Accounting Policies (Continued)**

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

***1. Deposits and investments (continued)***

With the exception of Pension Trust Funds, state law allows the government to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Government to invest in certificates of deposit of banks, savings and loans, and savings banks both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance, and that deposits in excess of such insurance are collateralized by the depository. The state also imposes limitations with respect to the amount of investment in certificates of deposit to the extent that such deposits may not exceed 20% of a bank's total capital surplus or 20% of a saving and loan's or savings bank's assets, net of its liabilities. The government may also invest in shares of registered investment companies, provided that investments of the Company are authorized investments, as noted above.

The government invests in obligations and agencies of the United States of America. These investments are comprised of U.S. Treasury obligations. The government recognizes interest rate risk and extension risk with some of these obligations. The government has stratified their portfolio so that the investments with extension risk are comprised of monies needed on a long-term basis. Investments with interest rate risk are selected so that the risk of interest decline below area savings accounts rates is minimal.

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

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

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**I. Summary of Significant Accounting Policies (Continued)**

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

***2. Receivables and payables***

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

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

All trade and property tax receivables are shown net of an allowance for uncollectable accounts. At December 31, 2023, all trade receivables were deemed to be fully collectible.

Property taxes are levied as of January 1 on property values assessed as of the same date. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; face amount May 1 through June 30; and a 10% penalty after July 1. Any unpaid bills at December 31 are subject to lien, and penalties and interest are assessed.

*Leases*

The Township is a lessor for various long-term noncancellable lease agreements. The Township recognizes leases receivable and deferred inflows of resources in the government-wide and fund financial statements.

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



LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**I. Summary of Significant Accounting Policies (Continued)**

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

***2. Receivables and payables (continued)***

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

- The Township uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus any options to extend. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Any variable payments received are based on direct monthly usage and are recognized as revenue when received.

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

***3. Use of estimates***

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

***4. Restricted assets***

Certain proceeds from the issuance of bonds are restricted by terms of the Trust Indentures securing the bonded debt; certain monies of the Authority are accounted for by various trusts, segregated for specific uses.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**I. Summary of Significant Accounting Policies (Continued)**

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

***5. Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their acquisition values at time of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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 of business-type activities is included as part of the capitalized value of the assets constructed. Prior to January 1, 2004, governmental funds' infrastructure assets were not capitalized as the standard was applied prospectively.

Discretely Presented Component Units - defines assets with initial, individual cost of more than \$5,000 and an estimated useful life exceeding one year.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	45
Roads	45
Storm sewers	45
Machinery, vehicles, and equipment	4-15
Traffic signals	15
Sewer lines	75

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**I. Summary of Significant Accounting Policies (Continued)**

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

***6. Compensated absences***

It is the Township's policy to permit employees to accumulate earned but unused vacation and sick benefits. The accumulation is subject to terms discussed in the collective bargaining agreements. Vacation and sick pay are accrued when earned.

***7. Long-term obligations***

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Bond issuance costs are expensed as incurred.

***8. Net position***

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

**Net investment in capital assets** - this category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.

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

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

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**I. Summary of Significant Accounting Policies (Continued)**

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

***9. Fund balance***

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

**Nonspendable Fund Balance** - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable. Leases- portion of the fund balance that is not available resources because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources.

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

**Committed Fund Balance** - includes amounts that can only be used for the specific purposes determined by a formal action of the Township’s highest level of decision-making authority, the Board of Commissioners. Commitments may be changed or lifted only by the Township taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

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

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

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**I. Summary of Significant Accounting Policies (Continued)**

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

***9. Fund balance (continued)***

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In all cases, encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

***10. Prepaid items***

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

***11. Deferred outflows/inflows of resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Township has the following items that qualify for reporting in these categories:

1. *Unamortized deferred loss on refunding* is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
2. *OPEB contributions made after the measurement date* is reported in the government-wide statement of net position. The measurement date is January 1, 2021. These amounts are deferred and recognized in the next period.
3. *Change in assumptions* - is reported in the government-wide statement of net position. A net difference results from an actuarial change in assumptions. This amount is deferred and amortized over a ten-year period.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**I. Summary of Significant Accounting Policies (Continued)**

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

***11. Deferred outflows/inflows of resources (continued)***

4. *Differences between expected and actual experience* - is reported in the government-wide statement. A difference results when actual economic or demographic factors differ from expected results. These amounts are deferred and recognized in the period that the amounts become available.
5. *Net difference between projected and actual earnings on investments* is reported in the government-wide statement of net position. A net difference results from the actual earnings in the plan either exceeding or falling short of projected earnings. This amount is deferred and amortized over a five-year period.
6. *Leases* - A deferred balance for leases results at the initiation of the lease in an amount equal to the initial recording of the lease receivable. A deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

***12. New Accounting Pronouncements***

**Pending Accounting Pronouncements**

GASB has issued statements that will become effective in future years. Management has not yet determined the impact of these statements on the financial statements.

***13. Subsequent events***

The Township has evaluated events and transactions for potential recognition or disclosure in the financial statements through the date of this report, which is the date the statements were available for release.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**II. Stewardship, Compliance, and Accountability**

***A. Budgetary information***

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

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

All budget revisions require the approval of the Township Board of Commissioners. There were budget revisions made during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders) outstanding at year end lapse.

Adjustments necessary to convert the results of operations and fund balances at the end of the year from the GAAP basis of accounting to the cash basis of accounting are as follows:

	<u>General Fund</u>	<u>Fire Tax</u>
GAAP Basis	\$ 5,069,408	\$ 1,487,642
Accrued Revenues at December 31, 2023	(864,746)	(3,877)
Accrued Revenues at December 31, 2022	949,029	4,367
Accrued Liabilities at December 31, 2023	399,591	8,713
Accrued Liabilities at December 31, 2022	<u>(366,898)</u>	<u>(15,163)</u>
Cash Basis	<u>\$ 5,186,384</u>	<u>\$ 1,481,682</u>

***B. Excess of expenditures over appropriations***

For the year ended December 31, 2023, expenditures exceeded appropriations in general government, public safety category, culture and recreation, and debt service category of the general fund by \$15,900, \$236,756, \$3,140 and \$17,519 respectively. These over expenditures were funded by greater than anticipated revenues. For the year ended December 31, 2023, expenditures did not exceeded appropriations in any category of the fire tax fund.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**III. Detailed Notes on All Funds**

***A. Deposits and investments***

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

		Investment Maturities (In Years)
	<u>Amount</u>	<u>Less than 1</u>
Governmental Funds:		
External Investment Pool	\$ 2,376,693	\$ 2,376,693
Total Governmental Funds	<u>\$ 2,376,693</u>	<u>\$ 2,376,693</u>
Proprietary Funds:		
External Investment Pool	\$ 2,121,217	\$ 2,121,217
Total Proprietary Funds	<u>\$ 2,121,217</u>	<u>\$ 2,121,217</u>
Fiduciary Funds:		
Mutual funds-equity	\$ 21,142,411	n/a
Mutual funds-bond	<u>6,940,865</u>	n/a
Total Fiduciary Funds	<u>\$ 28,083,276</u>	
Discretely Presented Component Units:		
Short-term bond funds	\$ 142,893	n/a
Bond Mutual Funds	104,123	n/a
Equity Mutual Funds	<u>390,587</u>	n/a
	<u>\$ 637,603</u>	

*Interest Rate Risk:* This is the risk that changes in interest rates will adversely affect the fair market value of an investment. The government does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk:* This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits the investment of governmental funds as described in Note I, D, 1. The government's investment in the external and state investment pools were rated AAAM by Standard & Poor's.



LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**III. Detailed Notes on All Funds (Continued)**

**A. *Deposits and investments (continued)***

*Concentration of Credit Risk:* This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As the government invests solely in mutual funds and external investment pools, there is not a concentration of credit risk required to be disclosed.

*Custodial Credit Risk - Deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2023, the government's carrying bank balance was \$14,767,884. Of the bank balance, \$259,131 was covered by depository insurance and \$2,423,961 was invested in externally pooled investments not subject to credit risk. The remainder is collateralized with securities held by the banking institution. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name. The investment in externally pooled investments is considered cash equivalents due to the short maturities of those investments and are included above.

The carrying amount of deposits for the discretely presented component units was \$361,367, and all of the bank balance, all was covered by federal depository insurance. Any balances exceeding depository insurance are exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the government's name.

*Custodial Credit Risk - Investments:* For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All investments are "held in the name of the government" and thus not exposed to credit risk.

*Investment Pool:* The Township has carrying deposits in external investment pools, held with PLGIT Bank and PA Treasury Invest. These deposits are considered cash equivalents because of their short maturity dates and are included in the carrying amount of deposits disclosed above. These deposits are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The investment in the pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. Pool amounts are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania.

**LOWER MORELAND TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2023

**III. Detailed Notes on All Funds (Continued)**

**A. Deposits and investments (continued)**

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

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Governmental Funds:				
External Investment Pool	\$ 2,376,693	\$ -	\$ 2,376,693	\$ -
Total Governmental Funds	<u>\$ 2,376,693</u>	<u>\$ -</u>	<u>\$ 2,376,693</u>	<u>\$ -</u>
Proprietary Funds:				
External Investment Pool	\$ 2,121,217	\$ -	\$ 2,121,217	\$ -
Total Proprietary Funds	<u>\$ 2,121,217</u>	<u>\$ -</u>	<u>\$ 2,121,217</u>	<u>\$ -</u>
Fiduciary Funds:				
Mutual funds-domestic equity	\$ 21,142,411	\$ 21,142,411	\$ -	\$ -
Mutual funds-bond	6,940,865	6,940,865	-	-
Total Fiduciary Funds	<u>\$ 28,083,276</u>	<u>\$ 28,083,276</u>	<u>\$ -</u>	<u>\$ -</u>
Discretely Presented Component Units:				
Short-Term Bond Funds	\$ 142,893	\$ 136,263	\$ -	\$ -
Bond Mutual Funds	104,123	105,741	-	-
Equity Mutual Funds	390,587	344,108	-	-
Total Discretely Presented Component Units	<u>\$ 637,603</u>	<u>\$ 586,112</u>	<u>\$ -</u>	<u>\$ -</u>

**B. Receivables**

Receivables as of the year end for the government's individual major funds and non-major, proprietary, and fiduciary funds in the aggregate:

	<u>General</u>	<u>Fire Tax</u>	<u>Capital Improvements Traffic</u>	<u>Sewer</u>	<u>Trash</u>	<u>Stormwater</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Taxes	\$ 1,420,477	\$ 3,877	\$ -	\$ -	\$ -	\$ -	\$ 13,054	\$ 1,437,408
Accounts	71,118	16,751	-	434,725	58,131	123,380	788	704,893
Lease	75,763	-	-	-	-	-	-	75,763
Tapping fees	-	-	-	12,000	-	-	-	12,000
Grant	-	-	467,191	-	-	-	-	467,191
Contributions receivable	-	-	-	-	-	-	-	160,450
Total Receivables	<u>\$ 1,567,358</u>	<u>\$ 20,628</u>	<u>\$ 467,191</u>	<u>\$ 446,725</u>	<u>\$ 58,131</u>	<u>\$ 123,380</u>	<u>\$ 13,842</u>	<u>\$ 2,857,705</u>

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**III. Detailed Notes on All Funds (Continued)**

***B. Receivables (continued)***

The Township has entered in to various lease agreements for cell tower property rentals. Under these agreements, the Township receives minimum monthly payments. Only one of the lease agreements is noncancellable, which includes annual payments of \$23,042 for a period of five years. The lease receivable is measured at the present value of the future minimum rent payments expected to be received under the term of the lease at a discount rate of 5%. There were no variable payments due or received.

Future payments under the lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 19,799	\$ 3,243	\$ 23,042
2025	20,812	2,230	23,042
2026	21,877	1,165	23,042
2027	<u>13,275</u>	<u>166</u>	<u>13,441</u>
	<u>\$ 75,763</u>	<u>\$ 6,804</u>	<u>\$ 82,567</u>

***C. Capital assets***

Capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,685,276	\$ -	\$ -	\$ 3,685,276
Construction in Progress	<u>102,099</u>	<u>-</u>	<u>(102,099)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>3,787,375</u>	<u>-</u>	<u>(102,099)</u>	<u>3,685,276</u>
Capital assets, being depreciated:				
Buildings and improvements	11,392,821	110,895	-	11,503,716
Machinery, vehicles and equipment	4,628,906	362,409	(378,160)	4,613,155
Infrastructure	<u>6,433,003</u>	<u>536,022</u>	<u>-</u>	<u>6,969,025</u>
Total capital assets being depreciated	<u>22,454,730</u>	<u>1,009,326</u>	<u>(378,160)</u>	<u>23,085,896</u>
Less accumulated depreciation for:				
Buildings and improvements	6,453,440	350,406	-	6,803,846
Machinery, vehicles and equipment	3,368,076	391,420	(378,160)	3,381,336
Infrastructure	<u>2,517,375</u>	<u>288,732</u>	<u>-</u>	<u>2,806,107</u>
Total accumulated depreciation	<u>12,338,891</u>	<u>1,030,558</u>	<u>(378,160)</u>	<u>12,991,289</u>
Total capital assets, being depreciated, net	<u>10,115,839</u>	<u>(21,232)</u>	<u>-</u>	<u>10,094,607</u>
Governmental-type activities capital assets, net	<u>\$ 13,903,214</u>	<u>\$ (21,232)</u>	<u>\$ (102,099)</u>	<u>\$ 13,779,883</u>

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**III. Detailed Notes on All Funds (Continued)**

***C. Capital assets (continued)***

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Infrastructure - sewer lines	\$ 1,795,913	\$ 320,400	\$ -	\$ 2,116,313
Pump station	2,029,150	-	-	2,029,150
Equipment	914,697	213,383	-	1,128,080
Total capital assets being depreciated	<u>4,739,760</u>	<u>533,783</u>	<u>-</u>	<u>5,273,543</u>
Less accumulated depreciation for:				
Infrastructure - sewer lines	458,060	57,007	-	515,067
Pump station	253,284	81,166	-	334,450
Equipment	516,615	111,462	-	628,077
Total accumulated depreciation	<u>1,227,959</u>	<u>249,635</u>	<u>-</u>	<u>1,477,594</u>
Total capital assets, being depreciated, net	<u>3,511,801</u>	<u>284,148</u>	<u>-</u>	<u>3,795,949</u>
Business-type activities capital assets, net	<u>\$ 3,511,801</u>	<u>\$ 284,148</u>	<u>\$ -</u>	<u>\$ 3,795,949</u>

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

Governmental activities:

Administrative	\$ 31,387
Police and emergency services	232,484
Public works, including depreciation of general infrastructure except park systems	576,617
Park & recreation, including depreciation related to park systems	190,070
Total depreciation expense - governmental activities	<u>\$ 1,030,558</u>

Business-type activities:

Sewer	\$ 156,296
Trash	79,707
Stormwater	13,632
Total depreciation expense - business-type activities	<u>\$ 249,635</u>

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**III. Detailed Notes on All Funds (Continued)**

***C. Capital assets (continued)***

Discretely Presented Component Units - capital asset activity for the year ended December 31, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Discretely presented component units</b>				
<b><u>Huntingdon Valley Fire Company</u></b>				
Capital assets, being depreciated:				
Equipment	\$ 49,191	\$ -	\$ -	\$ 49,191
Total capital assets being depreciated	<u>49,191</u>	<u>-</u>	<u>-</u>	<u>49,191</u>
Less accumulated depreciation	<u>32,712</u>	<u>4,684</u>	<u>-</u>	<u>37,396</u>
Total capital assets, being depreciated, net	<u>16,479</u>	<u>(4,684)</u>	<u>-</u>	<u>11,795</u>
Fire company capital assets, net	<u>\$ 16,479</u>	<u>\$ (4,684)</u>	<u>\$ -</u>	<u>\$ 11,795</u>
<b><u>Huntingdon Valley Library</u></b>				
Capital assets, being depreciated:				
Equipment and leasehold improvements	\$ 201,102	\$ -	\$ -	\$ 201,102
Collection	<u>1,834,729</u>	<u>60,382</u>	<u>-</u>	<u>1,895,111</u>
Total capital assets being depreciated	<u>2,035,831</u>	<u>60,382</u>	<u>-</u>	<u>2,096,213</u>
Less accumulated depreciation	<u>1,860,725</u>	<u>78,113</u>	<u>-</u>	<u>1,938,838</u>
Total capital assets, being depreciated, net	<u>175,106</u>	<u>(17,731)</u>	<u>-</u>	<u>157,375</u>
Library capital assets, net	<u>\$ 175,106</u>	<u>\$ (17,731)</u>	<u>\$ -</u>	<u>\$ 157,375</u>

***D. Interfund receivables, payables, and transfers***

Interfund transfers and balances:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 439,646
Capital Improvements-Traffic	89,646	43,095
Non-Major Governmental	651,831	280,236
Stormwater	<u>21,500</u>	<u>-</u>
Total	<u>\$ 762,977</u>	<u>\$ 762,977</u>
	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 76,522	\$ -
Sewer	<u>-</u>	<u>76,522</u>
Total	<u>\$ 76,522</u>	<u>\$ 76,522</u>

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**III. Detailed Notes on All Funds (Continued)**

***D. Interfund receivables, payables, and transfers (continued)***

Interfund transfers and balances Interfund balances are primarily the result of various program expenses accounted for in another fund. The interfund transfers are a result of financing capital projects and reimbursement of expenses paid through one fund but budgeted in another.

***E. Leases***

Financed Purchase

The Township leases 4 vehicles under a master lease purchase agreement bearing interest at 2.33% through 2024 as follows:

Year Ending December 31	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 30,886	\$ 1,423	\$ 32,309

Net book value of assets at year-end:

Vehicles	\$ 92,677
Accumulated Depreciation	(37,072)
	<u>\$ 55,605</u>

***F. Long-term debt***

General Obligation Bonds and Notes

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. The original amount of general obligation bonds and notes issued in prior years was \$9,501,023.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 15-20 year serial bonds with varying amounts of principal maturing each year.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**III. Detailed Notes on All Funds (Continued)**

***F. Long-term debt (continued)***

General obligation bonds and notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	0% to 4.5%	\$ <u>4,134,069</u>
Business-Type Activities	1% to 3%	\$ <u>-</u>

**Changes in long-term liabilities**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 4,770,000	\$ -	\$ 760,000	\$ 4,010,000	\$ 775,000
Deferred amounts for issuance for discounts and premiums	<u>174,322</u>	<u>-</u>	<u>12,452</u>	<u>161,870</u>	<u>12,453</u>
Total Bonds Payable	4,944,322	-	772,452	4,171,870	787,453
Note payable	137,575	-	13,506	124,069	13,924
Financed purchase lease liability	61,070	-	30,184	30,886	30,886
Net OPEB liability	2,793,319	239,283	617,747	2,414,855	-
Compensated absences	<u>530,858</u>	<u>-</u>	<u>1,491</u>	<u>529,367</u>	<u>-</u>
Governmental activity Long-Term Liabilities	<u>\$ 8,467,144</u>	<u>\$ 239,283</u>	<u>\$ 1,435,380</u>	<u>\$ 7,271,047</u>	<u>\$ 832,263</u>
<b>Business type activities:</b>					
Bonds payable	\$ 410,000	\$ -	\$ 410,000	\$ -	\$ -
Plus deferred amounts for discounts and premiums on issuance	<u>3,337</u>	<u>-</u>	<u>3,337</u>	<u>-</u>	<u>-</u>
	<u>\$ 413,337</u>	<u>\$ -</u>	<u>\$ 413,337</u>	<u>\$ -</u>	<u>\$ -</u>

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**III. Detailed Notes on All Funds (Continued)**

***F. Long-term debt (continued)***

Debt service for general obligation bonds is funded primarily from real estate taxes for governmental activities and charges for service in the business type activities. Any liabilities for compensated absences, leases, pension, and OPEB liabilities are generally liquidated by the general fund. Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

Year Ending December 31	<u>Governmental Activities</u>			
	<u>Bonds</u>		<u>Notes</u>	
	Principal	Interest	Principal	Interest
2024	\$ 775,000	\$ 76,513	\$ 13,924	\$ 3,595
2025	795,000	60,687	14,354	3,165
2026	820,000	44,533	14,798	2,721
2027	435,000	33,533	15,256	2,262
2028	170,000	30,233	15,727	1,791
2029-2033	620,000	97,002	50,010	2,394
2034-2037	395,000	31,503	-	-
	<u>\$ 4,010,000</u>	<u>\$ 374,004</u>	<u>\$ 124,069</u>	<u>\$ 15,928</u>

**IV. Other Information**

***A. Risk management***

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Township participates in the Delaware Valley Property and Liability Trust pool. The insurance expense for the year ended December 31, 2023 was \$252,177. The pooling agreement permits the pool to make additional assessments to its members. At December 31, 2023, there were no additional assessments due or anticipated. Instead, the pool declared a dividend of which Lower Moreland's share was \$8,320.

The Township is also a member of the Delaware Valley Workers' Compensation Trust (DVWCT), a risk retention pool. The insurance expense for the year ended December 31, 2023 was \$170,100. The Trust declared a dividend in 2023. Lower Moreland Township's share of the dividend distribution was \$12,321. At December 31, 2023, there were no additional assessments due or anticipated. Instead, an audit of the reported 2023 payroll will be performed during the first quarter of 2024.



LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**IV. Other Information (Continued)**

**A. *Risk management (Continued)***

The Township is also a member of the Delaware Valley Health Trust, a risk retention pool. Trust underwriting and rate setting policies are established after consultation with independent consultants. Any member may withdraw from the Trust by giving 150 days written notice to the Executive Committees. The insurance expense for the year ended December 31, 2023 was \$1,345,233. There were no additional assessments due or anticipated. The Trust did not declare a dividend in 2023.

The Township has adopted a self-insurance plan for unemployment compensation. Benefits are repaid to the Commonwealth of Pennsylvania as claims are made. The plan is funded by the General Fund. Estimated losses on claims are charged to expense in the period the loss is determinable. For the year ended December 31, 2023, \$4,033 was expensed for unemployment benefits. There are no outstanding claims. The amount of settlements did not exceed insurance coverage for the past three years.

**B. *Contingent liabilities***

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

**C. *Employee retirement systems and pension plans***

**Pension Plans**

The Township sponsors two single employer pension plans, the Employees' Pension Plan (a defined contribution plan) and the Police Pension Plan (a defined benefit plan). These plans are reported as Pension Trust Funds in the accompanying financial statements and do not issue stand-alone financial statements. The Plans are administered by the Township's Board of Commissioners to provide benefits for police and non-uniformed employees. The most recent valuation was as of January 1, 2023 whose details are discussed below.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**IV. Other Information (Continued)**

***C. Employee retirement systems and pension plans (continued)***

Description of the Police Pension Plan

The Plan is a single employer defined benefit plan that covers all full-time uniformed police officers of the Township. An employee enters the plan upon employment.

Per its Collective Bargaining Agreement with the Lower Moreland Township Police Benevolent Association, the Board of Commissioners agreed to establish a Pension Advisory Committee consisting of a Township appointee and Police Department appointees. The Township Manager serves as the Township appointee, while the PBA appoints six members on an annual basis. The committee meets twice per year for the purpose of reviewing the investment performance with the investment manager.

Plan Membership: At December 31, 2023, Lower Moreland Township defined benefit plan consisted of the following:

	<u>Police</u>
Inactive employees (or their beneficiaries)	
currently receiving benefits (1)	24
Inactive employees entitled to benefits	
but not yet receiving them	1
Active employees	<u>24</u>
Total Members	<u><u>49</u></u>

(1) includes 2 members in the DROP

Benefits Provided

*Police Pension Defined Benefit Pension Plan:* The pension plan provides retirement benefits as well as death and disability benefits. All benefits vest after 12 years of credited service. Normal retirement is for officers attaining age 50 with 25 years of service. Officers are entitled to a monthly retirement benefit in an amount equal to 50% of their final-average monthly compensation, plus an increment of \$100 per month for at least 26 years of service. Final average monthly compensation is the employee's average compensation over the last thirty-six months of employment. Married officers will receive Joint and 50% Survivor Annuity. Disability benefits are equal to 50% of the officer's salary at the time of disability, reduced by Social Security disability benefits payable due to the same illness or injury. Benefits and Contribution provisions are established and amended by Pennsylvania law. Administrative costs of the Plan are financed through investment earnings. An annual cost of living adjustment is made to retirees with a maximum cost-of-living adjustment of 30%, and a maximum pension benefit of 75% of the average pay used to compute benefits.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**IV. Other Information (Continued)**

***C. Employee retirement systems and pension plans (continued)***

Measurement Focus and Basis of Accounting

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

Method Used to Value Investments: The Police Pension Plan investments are reported at fair value. Fair value is based on quoted market values. Securities that are traded on a national or international exchange are valued at the last reported sales price at current exchange rates in the Police Pension Plan, equity securities are reported at market value. Fixed income securities are reported at market value. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date. Market related value of assets is used to determine the indicated contribution.

Contributions

Member contributions are determined on an annual basis. For the year ended December 31, 2023, the Police member contributions were not required to contribute to the plan. Contributions are determined on an annual basis. Administrative costs and investment costs of the plan are financed through an addition to the Actuarially Determined Employer Contribution.

The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

The Pension Plans funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**IV. Other Information (Continued)**

***C. Employee retirement systems and pension plans (continued)***

The Township's annual required contribution is equal to its minimum municipal obligation ("MMO") as calculated in accordance with Pennsylvania law (Act 205 of 1984) less state aid and employee contributions deposited in the pension fund during the year. State law requires that state aid be used first to fund the plan, then employee contributions and finally general Township funds. The Township received state aid, which is recognized as revenue and expenses, in the amount of \$193,740 for the pensions for the year ended December 31, 2023.

Investments

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

Rate of Return: For the year ended December 31, 2023, the annual money-weighted rate of return on Plan investments, net of investment expense was 15.75 percent for Police. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

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

	<u>Police</u>
Total pension liability	\$ 22,240,702
Plan fiduciary net position	<u>(23,416,783)</u>
Net Pension Liability (Asset)	<u>\$ (1,176,081)</u>
Plan fiduciary net position as a percentage of the total pension liability	105%

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**IV. Other Information (Continued)**

***C. Employee retirement systems and pension plans (continued)***

Net Pension Liability (continued)

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

	<u>Police</u>	
Inflation	3.0%	
Salary Increases	4.5%	(average, including inflation)
Investment Rate of Return	7.5%	(including inflation)
Postretirement Cost of Living Increase	3.0%	

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	73%	5.5%-7.5%
International Equity	10%	4.5%-6.5%
Fixed Income	17%	1.0%-3.0%

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**IV. Other Information (Continued)**

***C. Employee retirement systems and pension plans (continued)***

Net Pension Liability (continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent for Police. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of active and inactive Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost-plus plan expenses, as well as amortization of the unfunded liability.

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability (Asset)</u>
<b><u>Police Pension Plan</u></b>			
Balance at December 31, 2022	\$ 20,467,954	\$ 21,206,088	\$ (738,134)
Changes for the year:			
Service cost	538,936	-	538,936
Interest	1,728,224	-	1,728,224
Change of benefit terms	-	-	-
Differences between expected and actual experience	433,441	-	433,441
Change of assumptions	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	3,146,123	(3,146,123)
Benefit payments, including refunds of employee contributions	(927,853)	(927,853)	-
Administrative expense	-	(7,575)	7,575
Other changes	-	-	-
Net Changes	<u>1,772,748</u>	<u>2,210,695</u>	<u>(437,947)</u>
Balance at December 31, 2023	<u>\$ 22,240,702</u>	<u>\$ 23,416,783</u>	<u>\$ (1,176,081)</u>

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**IV. Other Information (Continued)**

***C. Employee retirement systems and pension plans (continued)***

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of participating entities calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1%	Current	1%
	Decrease	Discount	Increase
	(6.5%)	Rate (7.5%)	(8.5%)
Net pension liability (asset)			
Police	\$ 1,754,064	\$ (1,176,081)	\$ (3,586,117)

*Deferred Outflows and Inflows of Resources:* For the year ended December 31, 2023, the Township recognized pension expense of \$612,150 for Police Pension. At December 31, 2023, the Township reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Police Pension</u>		
Differences between expected and actual experience	\$ 379,260	\$ 551,893
Changes in assumptions	260,935	48,721
Net difference between projected and actual earnings on pension plan investments	1,627,010	-
Total	<u>\$ 2,267,205</u>	<u>\$ 600,614</u>

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

Year Ended	
<u>December 31:</u>	Police
2024	\$ 377,362
2025	575,805
2026	924,412
2027	(318,747)
2028	(601)
Thereafter	108,360
Total	<u>\$ 1,666,591</u>

*Payable to the Pension Plan:* For the year ended December 31, 2023, no amount was owed to the police pension plan.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**IV. Other Information (Continued)**

***C. Employee retirement systems and pension plans (continued)***

Deferred Retirement Option Program

An active member who has met the eligibility requirements for the program, which are age 50 and 25 years of service, may elect to participate in the deferred retirement option program for a period of at least one year, but not more than four years. Monthly pension shall be calculated as of the date of participation in the program and shall be accumulated in a self-directed account and distributed in a lump sum at retirement. As of December 31, 2023, the DROP account balances of \$256,331 are held by the plan pursuant to the DROP and are included in the total pension liability.

Description of Non-Uniform Pension Plan

The Pension Plan is a money purchase plan which covers all full-time non-uniform employees who have been employed by the Township for six months or more. During 2023, there were 27 active participants in the plan. Participants are 40% vested after four years of service, and the vesting increases 20% for each additional year. After seven years of service, the person is fully vested. The 2023 contribution to the plan was 9% of each participant's base salary and was funded by the Township through Act 205 Pension Funds from the Commonwealth. The Plan is managed by an outside trustee appointed by the Township. For 2023, the Township contributed \$204,228 to the plan.

The Authority under which obligations to contribute to the Non-Uniform Pension Plan by the plan members, employer and other contributing entities and benefits paid are established or may be amended includes Act 205 of the Commonwealth of Pennsylvania and Township Ordinances.

The Non-Uniform Pension Plan's funding policy is based on a set rate and benefits are a function of accumulated assets. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the Pension Fund.



LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**IV. Other Information (Continued)**

***D. Escrow cash deposits and investments***

The Township acts in a custodial capacity with respect to monies deposited with it by developers and others. These monies are held by the Township and used to pay legal, engineering, and other fees incurred on behalf of a specific project. Any unused deposits are returned to the developer upon completion of the project, except for an administrative handling fee. None of the monies received from or expended on behalf of the developers are recorded in the revenues or expenses of the Township. At December 31, 2023, \$1,251,608 represents the balance of these monies held in escrow.

***E. Health retirement savings plan***

In 2006, the Township established a health retirement savings plan for its full time and collectively bargained office employees and dispatchers. One year of service is required for participation in the plan and participants become fully vested at death, disability, or retirement and are eligible to receive benefits at retirement only. Benefits eligible for payment are all medical expenses under IRC Section 213 other than long-term care expenses. Employees currently do not contribute to the Plan. As of December 31, 2023, there were 18 employees eligible for the plan and the Township made a no contribution for the year ended December 31, 2023.

***F. Post-employment health benefits***

**Description of the Plan**

Established through police contract, the Township administers a single-employer defined benefit plan to provide for certain postemployment healthcare benefits. The Township will provide and continue in effect the then current medical and prescription drug coverage in the Township's HMO plan, given that an officer is not eligible for comparable medical insurance through other employment or through his or her spouse. Coverage for both the retired officer and his or her spouse ceases upon Medicare eligibility. In the event of the death of a Police Employee while they are an employee, their spouse will be covered for one year given that the spouse pays the full premium.

The plan is funded on a pay-as-you-go basis and there is no irrevocable trust established for the plan. The most recent valuation was as of January 1, 2022.

The plan does not issue a stand-alone financial report.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**IV. Other Information (Continued)**

***F. Post-employment health benefits (continued)***

At December 31, 2023, Lower Moreland Township the plan consisted of the following:

	<u>OPEB</u>
Inactive employees (or their beneficiaries)	
currently receiving benefits	5
Inactive employees entitled to benefits	
but not yet receiving them	0
Active employees	<u>26</u>
	<u>31</u>

Eligibility

The Plan covers all officers who have retired after January 1, 2006 at age 50 or greater with at least 25 years of service.

Benefits provided

The Township will provide a retired officer and his or her spouse with continued medical and prescription drug coverage in the Township's HMO plan, given that the officer is not eligible for comparable coverage. Coverage for both the retired officer and his or her spouse ceases upon Medicare eligibility. For officers retired after January 1, 2006 but before January 1, 2008, the Township shall contribute 50% of the premium cost for the officer and spouse. For officers retiring after January 1, 2008, the Township shall contribute 65% of the premium cost for the officer and the spouse.

Funding Policy

Retirees are not required to make contributions to this plan. There are no required contributions of the employer. The contribution requirements of the Township and plan members have been established and may be amended through Board Resolution and Police Labor Contracts. The Township is accounting for these expenditures on a "pay-as-you-go" basis.

Net OPEB Liability

The Township's net OPEB liability was measured as of January 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**IV. Other Information (Continued)**

***F. Post-employment health benefits (continued)***

*Actuarial Assumptions:* The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

	<u>OPEB</u>	
Inflation	2.50%	
Salary Increases	4.50%	(including inflation)
Discount Rate	4.31%	(net of OPEB plan investment expense, including inflation)
Healthcare Cost Trend Rates	7.0% in 2023 with .5% decrease oer year until 5.5% in 2026. Trends gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on Society of Actuaries Long-Run Medical cost trend.	

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

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study from the period January 1, 2020 to December 31, 2021.

The net OPEB liability was measured as of January 1, 2022 and the total OPEB liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2022.

Assumption changes for 2023 - the discount rate increased from 2.25% to 4.31%.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.31 percent and is based on the S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2022. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the pay-as-you-go amount. Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**IV. Other Information (Continued)**

***F. Post-employment health benefits (continued)***

Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b><u>OPEB Plan</u></b>			
Balance at January 1, 2022	\$ 2,793,319	\$ -	\$ 2,793,319
Changes for the year:			
Service cost	173,081	-	173,081
Interest	66,202	-	66,202
Change of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Change of assumptions	(573,245)	-	(573,245)
Contributions - employer	-	44,502	(44,502)
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(44,502)	(44,502)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net Changes	(378,464)	-	(378,464)
Balance at January 1, 2023	<u>\$ 2,414,855</u>	<u>\$ -</u>	<u>\$ 2,414,855</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability calculated using the discount rate of 4.31 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.31 percent) or one percentage point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
Net OPEB liability	\$ 2,691,605	\$ 2,414,855	\$ 2,171,353

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

**IV. Other Information (Continued)**

***F. Post-employment health benefits (continued)***

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates (7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model) that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare	1% Increase
	Valuation	Cost Trend	Valuation
	<u>Rates</u>	<u>Valuation Rates</u>	<u>Rates</u>
Net OPEB liability	\$ 2,107,086	\$ 2,414,855	\$ 2,780,701

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

For the year ended December 31, 2023, the Township recognized OPEB expense of \$236,889. At December 31, 2023, the Township reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflow: Deferred Inflows	
	<u>of Resources</u>	<u>of Resources</u>
<b><u>OPEB Plan</u></b>		
Differences between expected and actual experience	\$ 126,168	\$ -
Changes in assumptions	449,096	703,586
Net difference between projected and actual earnings on OPEB plan investments	-	-
Benefit Payments subsequent to the measurement date 1/1/23	43,297	-
Total	<u>\$ 618,561</u>	<u>\$ 703,586</u>

LOWER MORELAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS

December 31, 2023

**IV. Other Information (Continued)**

***F. Post-employment health benefits (continued)***

The deferred amounts related to OPEB will be recognized in expense as follows:

Year Ended December 31:	Governmental- Activities OPEB
2024	\$ (2,394)
2025	(2,394)
2026	(2,394)
2027	(2,394)
2028	(2,390)
Thereafter	(116,356)
Total	\$ <u>(128,322)</u>

Payable to the OPEB Plan: For the year ended December 31, 2023, there was no amount payable for contributions to the OPEB plan.

***G. Lower Moreland Township Authority-Blended Component Unit***

**Sanitary Sewer Lease**

Under agreements with the Township of Lower Moreland, the sanitary sewers financed and constructed by the Authority are being leased to the Township on a long-term basis. The Township has agreed to operate the sewage collection system and pay annual rentals to the Authority. There is currently no bonded debt.

**REQUIRED  
SUPPLEMENTAL INFORMATION**

# LOWER MORELAND TOWNSHIP

## Required Supplemental Information - Police Pension Plan

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

December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Total pension liability</b>			
Service cost	\$ 538,936	\$ 501,205	\$ 479,622
Interest	1,728,224	1,504,320	1,427,533
Changes of benefit terms	-	-	-
Differences between expected and actual experience	433,441	-	(855,723)
Changes of assumptions	-	-	417,496
Benefit payments, including refunds of employee contributions	(927,853)	(886,406)	(1,069,740)
Net change in total pension liability	1,772,748	1,119,119	399,188
Total pension liability - beginning	20,467,954	19,348,835	18,949,647
Total pension liability - ending (a)	<u>\$ 22,240,702</u>	<u>\$ 20,467,954</u>	<u>\$ 19,348,835</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ -	\$ -	\$ 363,136
Contributions - employee	-	-	157,951
Net investment income	3,146,123	(4,271,466)	3,327,778
Benefit payments, including refunds of employee contributions	(927,853)	(886,406)	(1,069,740)
Administrative expense	(7,575)	(7,360)	(9,900)
Net change in plan fiduciary net position	2,210,695	(5,165,232)	2,769,225
<b>Plan fiduciary net position - beginning</b>	21,206,088	26,371,320	23,602,095
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 23,416,783</u>	<u>\$ 21,206,088</u>	<u>\$ 26,371,320</u>
<b>Township's net pension liability - ending (a)-(b)</b>	<u>\$ (1,176,081)</u>	<u>\$ (738,134)</u>	<u>\$ (7,022,485)</u>
Plan fiduciary net position as a percentage of the total pension liability	105.3%	103.6%	136.3%
Covered payroll	\$ 3,295,654	\$ 3,249,019	\$ 3,184,664
Township's net pension liability as a percentage of covered payroll	-35.7%	-22.7%	-220.5%
Annual money-weighted rate of return, net of investment expense	15.75%	-15.97%	14.77%

**Notes to Schedule:**

Changes in benefit terms: None since 1/1/2023

Changes in assumptions: None since 1/1/2023

This schedule is presented to illustrate the requirement to show information for 10 years.



<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 400,350	\$ 383,110	\$ 353,827	\$ 336,978	\$ 353,423	\$ 336,593	\$ 337,877
1,357,141	1,339,202	1,365,721	1,231,618	1,145,377	1,098,250	1,212,656
-	-	-	-	-	-	-
-	(59,730)	-	(163,408)	-	(682,132)	-
-	(170,521)	-	(125,041)	-	-	-
(813,182)	(1,236,053)	(865,318)	(574,393)	(550,648)	(647,086)	(477,589)
944,309	256,008	854,230	705,754	948,152	105,625	1,072,944
18,005,338	17,749,330	16,895,100	16,189,346	15,241,194	15,135,569	14,062,625
<u>\$ 18,949,647</u>	<u>\$ 18,005,338</u>	<u>\$ 17,749,330</u>	<u>\$ 16,895,100</u>	<u>\$ 16,189,346</u>	<u>\$ 15,241,194</u>	<u>\$ 15,135,569</u>
\$ 250,345	\$ 312,707	\$ -	\$ -	\$ -	\$ 151,297	\$ 196,604
3,763	29,265	-	-	-	-	-
2,589,402	3,790,971	(1,158,223)	2,712,283	1,273,419	(125,064)	1,383,640
(813,182)	(1,236,053)	(865,318)	(574,393)	(550,648)	(647,086)	(477,589)
(7,140)	(13,000)	(6,750)	(8,650)	(9,100)	(10,225)	(6,450)
2,023,188	2,883,890	(2,030,291)	2,129,240	713,671	(631,078)	1,096,205
21,578,907	18,695,017	20,725,308	18,596,068	17,882,397	18,513,475	17,417,270
<u>\$ 23,602,095</u>	<u>\$ 21,578,907</u>	<u>\$ 18,695,017</u>	<u>\$ 20,725,308</u>	<u>\$ 18,596,068</u>	<u>\$ 17,882,397</u>	<u>\$ 18,513,475</u>
<u>\$ (4,652,448)</u>	<u>\$ (3,573,569)</u>	<u>\$ (945,687)</u>	<u>\$ (3,830,208)</u>	<u>\$ (2,406,722)</u>	<u>\$ (2,641,203)</u>	<u>\$ (3,377,906)</u>
124.6%	119.8%	105.3%	122.7%	114.9%	117.3%	122.3%
\$ 2,836,749	\$ 2,587,171	\$ 2,237,578	\$ 2,251,845	\$ 1,993,262	\$ 1,912,270	\$ 2,131,396
-164.0%	-138.1%	-42.3%	-170.1%	-120.7%	-138.1%	-158.5%
12.88%	21.22%	-5.38%	15.71%	8.30%	-0.75%	6.99%

LOWER MORELAND TOWNSHIP

Required Supplemental Information - Police Pension Plan

SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN

December 31, 2023

Fiscal year ended December 31,	Actuarially determined contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	\$ 161,776	\$ 196,604	\$ (34,828)	\$ 2,131,396	9.2%
2015	151,297	151,297	-	1,912,270	7.9%
2016	-	-	-	1,993,262	0.0%
2017	-	-	-	2,251,845	0.0%
2018	-	-	-	2,237,578	0.0%
2019	196,283	312,707	(116,424)	2,587,171	12.1%
2020	230,141	250,345	(20,204)	2,836,749	8.8%
2021	363,136	363,136	-	3,184,664	11.4%
2022	-	-	-	3,249,019	0.0%
2023	-	-	-	3,295,654	0.0%

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

Valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Remaining amortization period	N/A years
Asset valuation method	Market value of assets as determined by the trustee
Inflation	3%
Salary increases	4.5%
Investment rate of return	7.5%
Retirement age	Normal Retirement Age
Mortality	PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP-2020 to reflect mortality improvement.

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

Changes in assumptions: None since 1/1/2021

# LOWER MORELAND TOWNSHIP

## Required Supplemental Information - OPEB Plan

### SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS - OPEB PLAN

December 31, 2023

	January 1, <u>2023</u>	January 1, <u>2022</u>	January 1, <u>2021</u>
<b>Total OPEB liability</b>			
Service cost	\$ 173,081	\$ 178,642	\$ 134,307
Interest	66,202	54,045	73,574
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	101,611	-
Changes of assumptions	(573,245)	(133,121)	375,922
Benefit payments, including refunds of employee contributions	(44,502)	(64,332)	(108,849)
Net change in total OPEB liability	(378,464)	136,845	474,954
Total OPEB liability - beginning	2,793,319	2,656,474	2,181,520
Total OPEB liability - ending (a)	<u>\$ 2,414,855</u>	<u>\$ 2,793,319</u>	<u>\$ 2,656,474</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 44,502	\$ 64,332	\$ 108,849
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(44,502)	(64,332)	(108,849)
Administrative expense	-	-	-
Other	-	-	-
Net change in plan fiduciary net position	-	-	-
<b>Plan fiduciary net position - beginning</b>	-	-	-
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Township's net OPEB liability - ending (a)-(b)</b>	<u>\$ 2,414,855</u>	<u>\$ 2,793,319</u>	<u>\$ 2,656,474</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 3,144,713	\$ 3,144,713	\$ 2,551,590
Net OPEB liability as a percentage of covered payroll	76.8%	88.8%	104.1%
Annual money-weighted return, net of investment expenses	n/a	n/a	n/a

**Notes to Schedule:**

Change in benefit terms: None since 1/1/2022

Assumption changes: Discount rate increased from 2.25% to 4.31%. The trend assumption was updated.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

January 1, <u>2020</u>	January 1, <u>2019</u>	January 1, <u>2018</u>
\$ 79,138	\$ 84,269	\$ 74,718
70,906	63,754	66,699
-	-	78,895
54,701	-	-
156,395	(104,834)	92,437
<u>(105,737)</u>	<u>(109,805)</u>	<u>(94,056)</u>
255,403	(66,616)	218,693
<u>1,926,117</u>	<u>1,992,733</u>	<u>1,774,040</u>
<u>\$ 2,181,520</u>	<u>\$ 1,926,117</u>	<u>\$ 1,992,733</u>
\$ 105,737	\$ 109,805	\$ 94,056
-	-	-
-	-	-
(105,737)	(109,805)	(94,056)
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 2,181,520</u>	<u>\$ 1,926,117</u>	<u>\$ 1,992,733</u>
0.0%	0.0%	0.0%
\$ 2,551,590	\$ 2,554,099	\$ 2,554,099
85.5%	75.4%	78.0%
n/a	n/a	n/a

LOWER MORELAND TOWNSHIP

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2023

	<u>Special Revenue Funds</u>					
	<u>Fire Hydrant</u>	<u>EMS</u>	<u>Library</u>	<u>Highway Aid</u>	<u>Park &amp; Recreation</u>	<u>Totals</u>
<u>ASSETS</u>						
Current Assets						
Cash and cash equivalents	\$ 33,551	\$ 34,292	\$ 186,070	\$ 475,052	\$ 2,243	\$ 731,208
Receivables	788	734	4,019	-	2,402	7,943
Total Assets	<u>\$ 34,339</u>	<u>\$ 35,026</u>	<u>\$ 190,089</u>	<u>\$ 475,052</u>	<u>\$ 4,645</u>	<u>\$ 739,151</u>
<u>LIABILITIES</u>						
Current Liabilities						
Accounts payable and accrued wages	\$ -	\$ -	\$ 79,002	\$ -	\$ 3,979	\$ 82,981
Total Liabilities	<u>-</u>	<u>-</u>	<u>79,002</u>	<u>-</u>	<u>3,979</u>	<u>82,981</u>
<u>FUND BALANCES:</u>						
Restricted for:						
Park and recreation	-	-	-	-	666	666
Highway and streets	-	-	-	475,052	-	475,052
Emergency services	34,339	35,026	-	-	-	69,365
Library	-	-	111,087	-	-	111,087
Capital projects	-	-	-	-	-	-
Debt	-	-	-	-	-	-
Committed for:						
Fire	-	-	-	-	-	-
Libraries	-	-	-	-	-	-
Highways	-	-	-	-	-	-
Park and recreation	-	-	-	-	-	-
Assigned for:						
Capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>34,339</u>	<u>35,026</u>	<u>111,087</u>	<u>475,052</u>	<u>666</u>	<u>656,170</u>
Total Liabilities and Fund Balance	<u>\$ 34,339</u>	<u>\$ 35,026</u>	<u>\$ 190,089</u>	<u>\$ 475,052</u>	<u>\$ 4,645</u>	<u>\$ 739,151</u>

Capital Projects Funds				Debt Service	Total Nonmajor Governmental Funds
Capital Projects Bonds	Capital Improvements	Parks & Rec Capital Reserve	Total		
\$ 34,161	\$ 533,327	\$ 806,516	\$ 1,374,004	\$ 288,762	\$ 2,393,974
-	-	-	-	5,899	13,842
<u>\$ 34,161</u>	<u>\$ 533,327</u>	<u>\$ 806,516</u>	<u>\$ 1,374,004</u>	<u>\$ 294,661</u>	<u>\$ 2,407,816</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,981
-	-	-	-	-	82,981
-	-	-	-	-	666
-	-	-	-	-	475,052
-	-	-	-	-	69,365
-	-	-	-	-	111,087
34,161	-	-	34,161	-	34,161
-	-	-	-	294,661	294,661
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	533,327	806,516	1,339,843	-	1,339,843
-	-	-	-	-	-
<u>34,161</u>	<u>533,327</u>	<u>806,516</u>	<u>1,374,004</u>	<u>294,661</u>	<u>2,324,835</u>
<u>\$ 34,161</u>	<u>\$ 533,327</u>	<u>\$ 806,516</u>	<u>\$ 1,374,004</u>	<u>\$ 294,661</u>	<u>\$ 2,407,816</u>

LOWER MORELAND TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	Special Revenue Funds					
	Fire Hydrant	EMS	Library	Highway Aid	Park & Recreation	Totals
Revenues						
Property taxes	\$ 70,317	\$ 97,562	\$ 528,702	\$ -	\$ 317,780	\$ 1,014,361
Investment income and rent	3,103	-	4,964	29,164	2,559	39,790
Intergovernmental revenues	-	-	-	436,539	-	436,539
Program revenues	-	-	-	-	55,875	55,875
Other	-	-	-	483,384	35,127	518,511
Total Revenues	<u>73,420</u>	<u>97,562</u>	<u>533,666</u>	<u>949,087</u>	<u>411,341</u>	<u>2,065,076</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	67,476	90,000	-	-	-	157,476
Highways and roads	-	-	-	834,845	-	834,845
Library	-	-	525,600	-	-	525,600
Culture and recreation	-	-	-	-	309,949	309,949
Miscellaneous	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total Expenditures	<u>67,476</u>	<u>90,000</u>	<u>525,600</u>	<u>834,845</u>	<u>309,949</u>	<u>1,827,870</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,944</u>	<u>7,562</u>	<u>8,066</u>	<u>114,242</u>	<u>101,392</u>	<u>237,206</u>
Other Financing Sources (Uses)						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(84,350)	(84,350)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,350)</u>	<u>(84,350)</u>
Net Change in Fund Balances	5,944	7,562	8,066	114,242	17,042	152,856
Fund Balance - Beginning	<u>28,395</u>	<u>27,464</u>	<u>103,021</u>	<u>360,810</u>	<u>(16,376)</u>	<u>503,314</u>
Fund Balance - Ending	<u>\$ 34,339</u>	<u>\$ 35,026</u>	<u>\$ 111,087</u>	<u>\$ 475,052</u>	<u>\$ 666</u>	<u>\$ 656,170</u>

Capital Projects Funds					Total Nonmajor Governmental Funds
Capital Projects Bonds	Capital Improvements	Parks & Rec Capital Reserve	Total	Debt Service	
\$ -	\$ -	\$ -	\$ -	\$ 775,899	\$ 1,790,260
27,613	20,137	7,756	55,506	26,991	122,287
-	-	-	-	-	436,539
-	-	-	-	-	55,875
-	13,534	346,000	359,534	-	878,045
27,613	33,671	353,756	415,040	802,890	3,283,006
-	99,166	-	99,166	-	99,166
-	79,372	-	79,372	-	236,848
-	165,964	-	165,964	-	1,000,809
-	-	-	-	-	525,600
-	121,572	-	121,572	-	431,521
-	-	-	-	1,500	1,500
-	30,184	-	30,184	760,000	790,184
-	1,422	-	1,422	88,378	89,800
-	497,680	-	497,680	849,878	3,175,428
27,613	(464,009)	353,756	(82,640)	(46,988)	107,578
-	6,349	-	6,349	-	6,349
-	498,529	84,350	582,879	68,952	651,831
-	-	(195,886)	(195,886)	-	(280,236)
-	504,878	(111,536)	393,342	68,952	377,944
27,613	40,869	242,220	310,702	21,964	485,522
6,548	492,458	564,296	1,063,302	272,697	1,839,313
\$ 34,161	\$ 533,327	\$ 806,516	\$ 1,374,004	\$ 294,661	\$ 2,324,835



LOWER MORELAND TOWNSHIP

COMBINING STATEMENT OF NET POSITION  
SEWER FUNDS

December 31, 2023

<u>ASSETS</u>	<u>Sewer</u>	<u>Authority</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets				
Cash	\$ 4,594,335	\$ 65,052	\$ -	\$ 4,659,387
Investments	-	2,056,165	-	2,056,165
Receivables				
Sewer rents	434,725	-	-	434,725
Tapping fees	-	12,000	-	12,000
Due from other government funds	<u>76,522</u>	<u>-</u>	<u>-</u>	<u>76,522</u>
Total Current Assets	<u>5,105,582</u>	<u>2,133,217</u>	<u>-</u>	<u>7,238,799</u>
Noncurrent Assets				
Capital Assets (net of accumulated depreciation)	<u>3,396,403</u>	<u>-</u>	<u>-</u>	<u>3,396,403</u>
Financing Costs (net of accumulated amortization)				
Total Assets	<u>\$ 8,501,985</u>	<u>\$ 2,133,217</u>	<u>\$ -</u>	<u>\$ 10,635,202</u>
 <u>LIABILITIES</u>				
Current Liabilities				
Current maturities	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued wages	244,482	1,019	-	245,501
Accrued interest payable	3,409	-	-	3,409
Deferred revenue	<u>850,446</u>	<u>-</u>	<u>-</u>	<u>850,446</u>
Total Current Liabilities	<u>1,098,337</u>	<u>1,019</u>	<u>-</u>	<u>1,099,356</u>
Total Liabilities	<u>1,098,337</u>	<u>1,019</u>	<u>-</u>	<u>1,099,356</u>
 <u>NET POSITION</u>				
Net investment in capital assets	3,396,403	-	-	3,396,403
Unrestricted	<u>4,007,245</u>	<u>2,132,198</u>	<u>-</u>	<u>6,139,443</u>
Total Net Position	<u>\$ 7,403,648</u>	<u>\$ 2,132,198</u>	<u>\$ -</u>	<u>\$ 9,535,846</u>

LOWER MORELAND TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - SEWER FUNDS

December 31, 2023

	<u>Sewer</u>	<u>Authority</u>	<u>Eliminations</u>	<u>Total</u>
Operating Revenues				
Sewer service charges	\$ 2,799,887	\$ -	\$ -	\$ 2,799,887
Other revenues	<u>11,298</u>	<u>-</u>	<u>-</u>	<u>11,298</u>
Total Operating Revenues	2,811,185	-	-	2,811,185
Operating Expenditures				
Sewer operations	2,115,731	-	-	2,115,731
General and administrative	<u>-</u>	<u>18,813</u>	<u>-</u>	<u>18,813</u>
Total Operating Expenditures	2,115,731	18,813	-	2,134,544
Operating Income Before Depreciation	695,454	(18,813)	-	676,641
Depreciation Expenses	<u>(156,296)</u>	<u>-</u>	<u>-</u>	<u>(156,296)</u>
Operating Income (Loss)	539,158	(18,813)	-	520,345
Nonoperating Revenues (Expense)				
Net earnings on investments	146,236	102,617	-	248,853
Tapping fees	12,994	12,994	(12,994)	12,994
Intergovernmental revenues	272,399	-	-	272,399
Interest expense	(8,200)	-	-	(8,200)
Intergovernmental expenses	<u>(12,994)</u>	<u>-</u>	<u>12,994</u>	<u>-</u>
Total Nonoperating Revenues (Expense)	410,435	115,611	-	526,046
Change in Net Position	949,593	96,798	-	1,046,391
Net Position, Beginning	<u>6,454,055</u>	<u>2,035,400</u>	<u>-</u>	<u>8,489,455</u>
Net Position, Ending	<u>\$ 7,403,648</u>	<u>\$ 2,132,198</u>	<u>\$ -</u>	<u>\$ 9,535,846</u>

# LOWER MORELAND TOWNSHIP

## COMBINING STATEMENT OF CASH FLOWS - SEWER FUNDS

December 31, 2023

	<u>Sewer</u>	<u>Authority</u>	<u>Eliminations</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from customers	\$ 2,814,976	\$ -	\$ -	\$ 2,814,976
Cash paid to employees for services	(306,460)	-	-	(306,460)
Cash paid to suppliers for goods and services	<u>(1,806,784)</u>	<u>(19,154)</u>	<u>12,994</u>	<u>(1,812,944)</u>
Net cash provided by (used in) operating activities	<u>701,732</u>	<u>(19,154)</u>	<u>12,994</u>	<u>695,572</u>
Cash flows from capital and related financing activities				
Principal paid on long-term debt	(410,000)	-	-	(410,000)
Purchase of capital assets	(435,391)	-	-	(435,391)
Interest paid on long-term debt	(8,200)	-	-	(8,200)
Tap and connection fees	12,994	12,994	(12,994)	12,994
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(840,597)</u>	<u>12,994</u>	<u>(12,994)</u>	<u>(840,597)</u>
Cash flows from investing activities				
Purchase of investments, net	-	-	-	-
Interest and dividends on investments	<u>146,236</u>	<u>3,314</u>	<u>-</u>	<u>149,550</u>
Net cash provided by (used in) investing activities	<u>146,236</u>	<u>3,314</u>	<u>-</u>	<u>149,550</u>
Net increase (decrease) in cash and cash equivalents	7,371	(2,846)	-	4,525
Beginning cash and cash equivalents	<u>4,586,964</u>	<u>67,898</u>	<u>-</u>	<u>4,654,862</u>
Ending cash and cash equivalents	<u>\$ 4,594,335</u>	<u>\$ 65,052</u>	<u>\$ -</u>	<u>\$ 4,659,387</u>

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

Operating income (loss)	\$ 539,158	\$ (18,813)	\$ -	\$ 520,345
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	156,296	-	-	156,296
Changes in assets and liabilities				
Decrease in receivables	3,791	-	-	3,791
Increase (decrease) in accounts payable	1,976	(341)	12,994	14,629
Increase (decrease) in accrued wages	<u>511</u>	<u>-</u>	<u>-</u>	<u>511</u>
Net adjustments	<u>162,574</u>	<u>(341)</u>	<u>12,994</u>	<u>175,227</u>
Net cash provided by (used in) operating activities	<u>\$ 701,732</u>	<u>\$ (19,154)</u>	<u>\$ 12,994</u>	<u>\$ 695,572</u>

LOWER MORELAND TOWNSHIP

COMBINING STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

December 31, 2023

	Pension and Other Employee Benefit Trust Funds			
	Police Pension	Municipal Pension	Retirement Health Savings	Total
<u>ASSETS</u>				
Current Assets				
Cash	\$ 129,859	\$ -	\$ -	\$ 129,859
Investments, at fair value				
Mutual funds-equity	16,346,058	4,408,428	387,925	21,142,411
Mutual funds-bond	6,940,865	-	-	6,940,865
Total Current Assets	<u>23,416,782</u>	<u>4,408,428</u>	<u>387,925</u>	<u>28,213,135</u>
 TOTAL ASSETS	 <u>\$ 23,416,782</u>	 <u>\$ 4,408,428</u>	 <u>\$ 387,925</u>	 <u>\$ 28,213,135</u>
 <u>NET POSITION</u>				
Net Position Restricted for Pension				
and Other Employee Benefits	<u>\$ 23,416,782</u>	<u>\$ 4,408,428</u>	<u>\$ 387,925</u>	<u>\$ 28,213,135</u>

LOWER MORELAND TOWNSHIP

COMBINING STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS

For the Year Ended December 31, 2023

	Pension and Other Employee Benefit Trust Funds			
	<u>Police Pension</u>	<u>Municipal Pension</u>	<u>Retirement Health Savings</u>	<u>Total</u>
Additions				
Contributions				
Municipal contributions	\$ -	\$ 10,488	\$ -	\$ 10,488
State contributions	-	193,740	-	193,740
Total Contributions	-	204,228	-	204,228
Investment Income				
Net appreciation (depreciation) in fair value of investments	3,241,581	597,771	44,225	3,883,577
Interest and dividends	3,232	-	-	3,232
Total Investment Income	3,244,813	597,771	44,225	3,886,809
Less: investment expense	(98,906)	(2,744)	(475)	(102,125)
Net Investment Income	3,145,907	595,027	43,750	3,784,684
Total Additions	3,145,907	799,255	43,750	3,988,912
Deductions				
Administrative expense	7,360	-	-	7,360
Benefits	917,734	15,757	19,900	953,391
Total Deductions	925,094	15,757	19,900	960,751
Net Increase	2,220,813	783,498	23,850	3,028,161
Net Position Restricted for Pension and Other Employee Benefits:				
Beginning of Year	21,195,969	3,624,930	364,075	25,184,974
End of Year	\$ 23,416,782	\$ 4,408,428	\$ 387,925	\$ 28,213,135

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**APPENDIX D**  
**Form of Continuing Disclosure Certificate**

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§ \_\_\_\_\_  
**TOWNSHIP OF LOWER MORELAND  
MONTGOMERY COUNTY, PENNSYLVANIA  
GENERAL OBLIGATION BONDS, SERIES OF 2025**

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Certificate") is executed and delivered the \_\_\_\_ day of July, 2025, by Township of Lower Moreland (the "Issuer") in connection with the issuance of its \$ \_\_\_\_\_ General Obligation Bonds, Series of 2025 (the "Bonds"). The Bonds are being issued pursuant to an Ordinance adopted by the Board of Issuer on June 10, 2025 (the "Authorizing Ordinance"). The Issuer certifies covenants and agrees as follows:

1. Purpose of Continuing Disclosure Certificate.

This Certificate is being executed and delivered by the Issuer to provide for the disclosure of certain information concerning the Bonds on an on-going basis as set forth herein for the benefit of Bondholders (as hereinafter defined) in accordance with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as amended from time to time (the "Rule").

2. Definitions.

All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Authorizing Ordinance and the Bonds. The following capitalized terms shall have following meanings:

*"Annual Financial Information"* shall mean a copy of the annual audited financial information, the annual budget prepared for the Issuer and the Operating Data. All such financial information shall be prepared using generally accepted accounting principles for governmental units, provided, however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Issuer includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be set forth in other documents, including Offering Documents of debt issues of the Issuer or related public entities, which have been transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

*"Annual Filing"* shall mean the annual information filing provided by the Issuer pursuant to, and as described in, Section 3(A)(1) herein.

*"Beneficial Owner"* shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including personal holding Bonds through nominees, depositories or other intermediaries).

*"Bondholders"* shall mean any holder of the Bonds and any Beneficial Owner thereof.

"EMMA" means the Electronic Municipal Market Access System of the MSRB or any successor system or process of disclosure.

"Event" shall mean any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person  
*(Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);*
- (xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties.

The SEC requires the listing of (i) through (xvi) although some of such events may not be applicable to the Bonds.

*"Filing Date"* shall mean on or before September 1st of each year for the prior year.

*"Financial Obligation"* shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

*"MSRB"* shall mean the Municipal Securities Rulemaking Board.

*"Obligated Person"* shall mean any person, including the Issuer, who is generally committed by contract or other arrangement to support payment of all or part of the Bonds. The Issuer is the only Obligated Person for the Bonds.

*"Offering Document"* shall mean the final Official Statement, dated June \_\_\_\_, 2025.

*"Operating Data"* shall mean an update of the information in the Offering Document for the most recent fiscal year included in the tables under the following headings: (i) Table 5 – "Real Property Assessment Data" and (ii) Table 8 – "Real Property Tax Collection Data".

*"Participating Underwriter"* shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

*"Commonwealth"* shall mean the Commonwealth of Pennsylvania.

### 3. Disclosure of Information.

(A) Information to be Provided and Filing Date. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 4 hereof, the Issuer shall make through the MSRB (EMMA system), the information set forth in subsections (1), (2) and (3) below:

(1) Annual Financial Information. Annual Financial Information at least annually not later than the Filing Date following the end of each fiscal year beginning with the fiscal year ending December 31, 2024 and continuing with each fiscal year thereafter. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the Annual Financial

Information may be submitted separately if the audited financial statements of the Issuer are not available by the filing date set forth above, in which case those audited financial statements of the Issuer will be submitted when and if available.

(2) Events Notices. Notice of the occurrence of an Event, in a timely manner, not in excess of ten (10) business days after the occurrence of the Event.

(3) Failure to Provide Annual Financial Information. Notice of the failure of the Issuer to provide the Annual Financial Information by the Filing Date.

(B) Filing of Information.

Annual Financial Information and notice of all Event occurrences shall be filed with MSRB (EMMA), in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB.

To the extent the Issuer is obligated to file any Annual Financial Information with the MSRB pursuant to this Certificate, such Annual Financial Information may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents transmitted to the MSRB or SEC.

#### 4. Amendment or Modification.

The Issuer reserves the right to amend this Certificate, and noncompliance with any provision of this Certificate may be waived, as may be necessary or appropriate to (a) achieve its compliance with any applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission, and (c) address any change in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer or type of business conducted by the Issuer. Any such amendment or waiver shall not be effective unless the Certificate (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the Issuer shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the Issuer that the amendment or waiver would not materially impair the interests of Bondholders or Beneficial Owners, or (ii) the written consent to the amendment or waiver of the Bondholders of at least a majority of the principal amount of the Bonds then outstanding.

#### 5. Miscellaneous.

(A) Termination. The Issuer's obligations under this Certificate shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(B) Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Filing or notice of the occurrence of an Event, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Filing or notice of the occurrence of an Event in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in a future Annual Filing or notice of the occurrence of an Event.

(C) Defaults: Remedies. In the event of a failure of the Issuer to comply with any provision of this Certificate, any Bondholder may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Issuer to comply with its obligations under this Certificate. A default under this Certificate shall not constitute a default on the Bonds or any trust agreement pursuant to which they are issued, and the sole remedy available in any proceeding to enforce this Certificate shall be an action to compel specific performance.

(D) Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Disclosure Agent, the Participating Underwriter and Bondholders, or beneficial owners thereof, and shall create no rights in any other person or entity.

(E) Dissemination Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist in carrying out its obligations under this Certificate, and may discharge any such agent, with or without appointing a successor disseminator agent.

6. Notices.

Any notices or communications to the Issuer may be given as follows:

To the Issuer:

Township of Lower Moreland  
640 Red Lion Road  
Huntingdon Valley, PA 19006  
215-947-3100  
Attention: Township Manager/Secretary

[Signature page to Continuing Disclosure Certificate]

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Certificate as of the day and year first above written.

TOWNSHIP OF LOWER MORELAND (Issuer)

By: \_\_\_\_\_  
President