

PATTON TOWNSHIP

YEAR ENDED DECEMBER 31, 2024



PATTON TOWNSHIP

YEAR ENDED DECEMBER 31, 2024

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Independent Auditor's Report

Board of Supervisors
Patton Township
State College, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Patton Township, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Patton Township as of December 31, 2024 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Patton 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.

Emphasis of Matters

As discussed in Note 16 to the financial statements, the Township's December 31, 2023 governmental activities net position, General Fund fund balance and Parks and Recreation Fund fund balance have been restated to recognize additional cash and grants receivable as of December 31, 2023. Our opinion is not modified with respect to these matters.

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 Patton 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 substantive doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is 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 Patton 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 Patton 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, budgetary comparison information and schedules of changes in net pension liability and related ratios, schedules of Township contributions and money-weighted rate of return and notes 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 inquires 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 nonmajor fund financial statements 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Brown Plus

Camp Hill, Pennsylvania
June 23, 2025

PATTON TOWNSHIP
STATE COLLEGE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(unaudited)
YEAR ENDED DECEMBER 31, 2024

As management of Patton Township, we offer readers of these financial statements this narrative overview and analysis of the financial performance of the Township for the fiscal year ended December 31, 2024. Please read this management's discussion and analysis in conjunction with the financial statements, which follow, in order to obtain a thorough understanding of the Township's financial condition at December 31, 2024. The intent of this MD&A is to summarize Patton Township's financial performance overall, by using comparative information from the current and prior years.

USING THESE FINANCIAL STATEMENTS

The financial statements are organized to provide an understanding of Patton Township as an entire operating entity, while also providing a detailed look at specific financial activities. The first two statements, the statement of net position and the statement of activities, are government-wide financial statements. They provide short-term and long-term information about the Township's overall financial status. The remaining statements provide information at the fund level and focus on individual aspects of the Township's operation. The governmental funds' statements describe how general Township services are financed in the short term, as well as what resources are available for future spending. The other kind of funds shown in the financial statements are the fiduciary funds. The fiduciary fund statements provide financial information regarding funds where the Township acts solely as a trustee for the benefit of others.

Financial highlights

- The Township has a net pension liability at December 31, 2024 of \$526,665. At December 31, 2024, the Township must also report \$858,175 deferred outflows of resources related to the pension plan, with \$411,558 representing the difference in projected and actual experience, \$286,556 representing a change in actuarial assumptions and \$160,061 representing the difference between the projected and actual earnings on pension plan investments. Lastly, the Township must also report a \$377,877 deferred inflow of resources related to the pension plan which represents the difference in projected and actual experience.
- In 2024, real estate tax millage was 9.9 mils. The millage rate will increase to 10.9 mils for 2025.
- The 2024 real estate tax collections, which represent the single largest source of revenue for the Township, came in at 76.9% of budget.
- Actual real estate transfer tax collections for 2024 were 231.7% of budget.
- To assist with financial planning and to guide longer-term capital projects, the Township utilized two multi-year analysis and planning tools. The Financial Trends Monitoring Report illustrates financial trends for the prior ten years. This tool helps identify shifts in financial conditions and provides alerts to management if trends are becoming unfavorable. The Board received the initial Capital Improvements Plan (CIP) in October and adopted the five-year CIP for the period 2025 through 2029 in December. The plan is a companion piece to the budget documents, forecasting trends in revenues and expenditures and providing a forum to consider and prioritize capital projects and staffing changes.

PATTON TOWNSHIP
STATE COLLEGE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
Required Supplementary Information (RSI)
(unaudited)
YEAR ENDED DECEMBER 31, 2024

Financial highlights (continued)

- A four-year police contract was signed in September 2022 and is in effect for the period 2023-2026. The main terms consist of a 6%, 5%, 4% and 4% wage increases in 2023, 2024, 2025 and 2026, respectively. The contract also calls for employee contributions to pension of 2% of wages and employee healthcare contributions of 9%.
- The Township has \$6,073,053 in outstanding debt as of December 31, 2024. This amount was comprised of three borrowings. Outstanding debt of \$4,501,820 was on the General Obligation Note, Series of 2017, which was secured to purchase open space land and to refund General Obligation Bond, Series of 2010 and General Obligation Note, Series of 2012. Outstanding debt of \$234,946 was on the loan from Pennsylvania Infrastructure Bank, which was secured to be used for traffic improvements at Valley Vista Drive. Outstanding debt of \$1,336,287 was on a loan from Pennsylvania Infrastructure Bank, which was secured to be used for improvements to the intersection of Fox Hill Road and Bernel Road.
- In addition to the Township's direct borrowing obligations, the Township is also guarantor on two intermunicipal loans for the Centre Region Recreation Authority. The total maximum obligation for these two loans at December 31, 2024 is \$1,364,507.
- The Township was awarded a number of state and federal grants for current and future construction projects.
 - The Township was notified that it would be the recipient of a Pennsylvania Commonwealth Financing Authority Multimodal Transportation Fund Grant of \$1,500,000 to improve the intersection of North Atherton and Woodycrest Streets and construct an access road into the Patton Crossing redevelopment. Construction began in 2023 and was completed in 2024.
 - The Township received a grant from the Department of Environmental Protection in the amount of \$350,000 to fund the purchase of a leaf collection unit and one-man leaf truck with an installed leaf collection unit. The equipment was purchased in 2024.
 - The Township received a Green Light Go Grant in the amount of \$684,138 to fund upgrades to the traffic signals along Atherton Street. Work began in 2023 and should be completed in 2025.
 - The Township received a Green Light Go Grant in the amount of \$70,838 to fund pedestrian upgrades to Colonnade Blvd. at multiple intersections. Work on this project will likely not be completed until 2026.
 - The Township received a grant from the Pennsylvania Local Share Account in the amount of \$102,500 to replace the roof on the municipal building. Work is expected to be completed in 2025.
 - The Township received \$7,500 from the Alternative Fuels Incentive Grant Program from the Department of Environmental Protection to purchase an electric vehicle for its fleet. That purchase was made in 2024.

PATTON TOWNSHIP
STATE COLLEGE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
Required Supplementary Information (RSI)
(unaudited)
YEAR ENDED DECEMBER 31, 2024

Financial highlights (continued)

- The fund balance for the Township's General Fund at December 31, 2024 decreased to \$(602,373) from \$204,956 in 2023. Of this amount, \$(904,717) is unassigned and represents -7.7% of General Fund expenditures. At December 31, 2024 there was \$302,344 of restricted fund balance that is unspent loan proceeds. Aside from an unassigned balance of \$(34,321) for the Hydrant Fund, the fund balances for all other funds are fully assigned, restricted, committed or reserved for future projects and obligations. The Township Manager and Director of Finance and Administration have created a program to monitor and adjust expenditures to address this deficit in General Fund and Hydrant Fund balance. Included in this program is to reevaluate projects previously planned to determine the necessity of the projects. During 2025, this program, in addition to increasing real estate tax rates, will bring the General Fund balance to within the Township's goal of 8% to 12% of General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section is intended to serve as an introduction to the Township's basic financial statements which are comprised of the following components: management's discussion and analysis, government-wide financial statements, fund financial statements and notes to the financial statements. The report also contains other required supplementary information.

Government-wide financial statements

The two government-wide financial statements are designed to provide the reader with a broad overview of the Township's financial position, in a manner that uses accounting methods similar to a private-sector company. These statements report the effects on the Township's net position over the fiscal period.

The statement of net position presents information pertaining to the Township's assets and deferred outflows and liabilities and deferred inflows. Changes in net position over time may be a useful indicator of the Township's financial position.

The statement of activities presents information regarding how the Township's net position changed during the fiscal year by reporting all of the current year's revenues and expenses. 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 (full accrual accounting). For example, revenues and expenses are recorded for some items yet the cash flow will occur in a future period (e.g., uncollected taxes and earned but unused vacation leave).

The Township's financial statements report on functions that are principally supported by taxes and intergovernmental revenue. There are no business-type (proprietary) activities operated by the Township.

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.

PATTON TOWNSHIP
STATE COLLEGE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
Required Supplementary Information (RSI)
(unaudited)
YEAR ENDED DECEMBER 31, 2024

Fund financial statements (continued)

The fund financial statements include:

- *Governmental funds* financial statements, which explain how services such as public safety and public works are financed and focus on near-term inflows and outflows of spendable resources. Such information may be useful in evaluating a government's near-term financing requirements.

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. Both 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 governmental funds and governmental activities.

The governmental funds include the General Fund, the Parks and Recreation Fund, the Open Space Bond Fund, the Debt Service Fund and nonmajor funds.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

- *Fiduciary funds* are used to account for resources held for the benefit of others outside of this government. Fiduciary funds are not reflected in the government-wide financial statements because these funds are not available to support Township programs. The Township's fiduciary funds are the pension trust funds for Township employees and the custodial fund used to account for taxes collected by the Township's tax office.

Notes to the financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in all the financial statements.

Other supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the Township's progress in funding its obligation to provide pension benefits to its uniformed employees. Required supplementary information can be found after the notes to the financial statements. Additional supplementary information concerning nonmajor funds combining statements can also be found after the RSI.

PATTON TOWNSHIP
STATE COLLEGE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
Required Supplementary Information (RSI)
(unaudited)
YEAR ENDED DECEMBER 31, 2024

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. In the case of the Township, assets and deferred outflows exceeded liabilities and deferred inflows by \$22,936,105 at the end of 2024 (\$22,554,293 for 2023, as restated).

A condensed summary of the Township's assets and deferred outflows and liabilities, deferred inflows and net position at December 31, 2024 and 2023 is shown below.

	2024	2023
	Governmental	as restated
	activities	Governmental
	<u>activities</u>	<u>activities</u>
Current assets	\$ 2,603,786	\$ 3,178,824
Capital assets, net of depreciation	28,384,761	28,414,847
Deferred outflows	<u>978,925</u>	<u>997,983</u>
Total assets and deferred outflows	<u>\$ 31,967,472</u>	<u>\$ 32,591,654</u>
Current liabilities	\$ 2,048,947	\$ 2,268,881
Noncurrent liabilities, other than pension	6,077,878	6,949,113
Net pension liability	526,665	354,532
Deferred inflows	<u>377,877</u>	<u>464,835</u>
Total liabilities and deferred inflows	<u>9,031,367</u>	<u>10,037,361</u>
Net position:		
Net investment in capital assets	22,734,802	22,093,022
Restricted for:		
State Liquid Fuels Tax projects	176,638	-
Haugh Tract and Gray's Woods Preserve	149,823	327,649
Streetlights	68,288	69,486
Unrestricted	<u>(193,446)</u>	<u>64,136</u>
Total net position	<u>22,936,105</u>	<u>22,554,293</u>
Total liabilities, deferred inflows and net position	<u>\$ 31,967,472</u>	<u>\$ 32,591,654</u>

PATTON TOWNSHIP
STATE COLLEGE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
Required Supplementary Information (RSI)
(unaudited)
YEAR ENDED DECEMBER 31, 2024

By far, the largest portion of the Township's net position pertains to its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related outstanding debt used to acquire said assets. The Township uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally would not be used to liquidate these liabilities.

The \$394,749 externally imposed restrictions on the balance of net position at December 31, 2024 are restricted for state liquid fuel projects, streetlights and forest management. At the end of the fiscal year, the Township reports a positive balance in net position for the government as a whole.

The Township's total assets and deferred outflows were \$31,967,472 of which 88.8% or \$28,384,761 is accounted for by its capital assets, which includes infrastructure deeded to the Township.

Governmental activities increased the Township's net position by \$381,812 during the year ended December 31, 2024. This is primarily due to the increased taxes and assessments revenue of \$801,127. This is the result of the Township increasing the real estate tax millage rate from 9.5 mills to 9.9 mills. The increase in revenue was offset by an increase in public safety expenses, which were \$660,243 higher in 2024 due to an increase in the number of police officers working for the Township during 2024 as there was a transition period where some police officers who were retiring during 2024 continued to work while the new officers hired as replacements were also working and training. There were also some general overall wage increases. The other significant change in 2024 was less capital grants and contributions in 2024 as the Pennsylvania Commonwealth Financing Authority Multimodal Transportation Fund Grant work was primarily completed in 2023, with less work being required to complete the project during 2024.

PATTON TOWNSHIP
STATE COLLEGE, PENNSYLVANIA

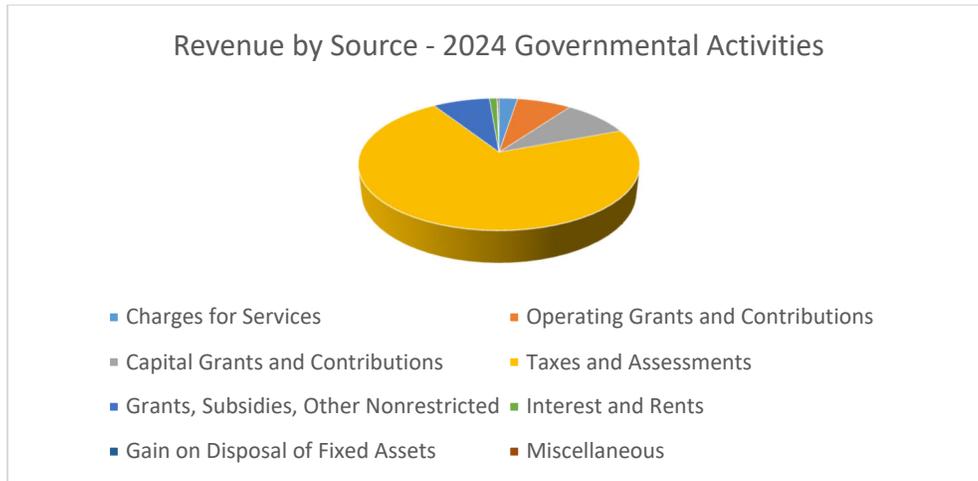
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
Required Supplementary Information (RSI)
(unaudited)
YEAR ENDED DECEMBER 31, 2024

A condensed summary of the Township's change in net position for the years ended December 31, 2024 and 2023 follows:

	2024	2023
	Governmental activities	as restated Governmental activities
	<u> </u>	<u> </u>
Revenues:		
Program revenues:		
Charges for services	\$ 336,397	\$ 355,990
Operating grants and contributions	991,376	655,042
Capital grants and contributions	1,089,725	1,882,773
General revenues:		
Taxes and assessments	9,515,676	8,714,549
Grants, subsidies, other nonrestricted	1,034,890	1,045,163
Interest and rents	134,815	121,470
Transfers out		(31,087)
Gain on disposal of fixed assets	14,861	37,746
Miscellaneous	25,462	12,020
	<u>13,143,202</u>	<u>12,793,666</u>
Total revenues	<u>13,143,202</u>	<u>12,793,666</u>
Expenses:		
General government	2,226,097	2,111,931
Public safety	5,154,537	4,494,294
Public works	3,338,719	4,360,371
Community services	1,770,671	1,533,762
Human services	125,956	215,085
Debt service	145,410	164,014
	<u>12,761,390</u>	<u>12,879,457</u>
Total expenses	<u>12,761,390</u>	<u>12,879,457</u>
Increase (decrease) in net position	<u>\$ 381,812</u>	<u>\$ (85,791)</u>

PATTON TOWNSHIP
STATE COLLEGE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
Required Supplementary Information (RSI)
(unaudited)
YEAR ENDED DECEMBER 31, 2024



FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Township's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2024, the Township's governmental funds reported combined ending fund balances of \$1,437,733 (\$1,834,779 in 2023, as restated). Approximately -65.3% of this total amount, or \$(939,038), constitutes *unassigned deficit fund balance*. In the 2025 budget the Township has increased real estate taxes and is monitoring expenses to eliminate the fund balance deficit. The remainder of the fund balance is assigned, committed or restricted for specific uses such as vehicle replacements, road resurfacing projects, park projects, state liquid fuel projects, streetlights and forest management; therefore, it is not available for new spending.

The General Fund is the principal operating fund of the Township. As a measure of the General Fund's liquidity, it may be useful to compare both the *unassigned fund balance* and the total fund balance to the total fund expenditures. The General Fund's *unassigned fund balance* represents -7.7% of total General Fund expenditures while the total General Fund's fund balance represents -5.1% of the same amount. Except for the unassigned fund balance in the Hydrant Fund, in all of the other funds, the fund balance is assigned or restricted for specific purposes such as park construction or open space preservation and maintenance. The philosophy of the Township is to prudently spend fund balance to balance expenditures rather than increase real estate tax rates beyond what is minimally necessary. Our longer term planning tools, such as the financial trend analysis and the capital improvement plan, allow us to look at tax rates into the future for better planning of the use of fund balance. In addition to evaluation of ongoing projects and capital improvements, the real estate tax millage rate will increase to 10.9 mils for 2025, to better balance Township expenditures.

PATTON TOWNSHIP
STATE COLLEGE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
Required Supplementary Information (RSI)
(unaudited)
YEAR ENDED DECEMBER 31, 2024

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues, as reported in these financial statements, were slightly less than budgetary estimates mainly because of grants of approximately \$2.3 million being budgeted for 2024 that were not awarded or have been deferred into future years.

There are a number of items that are reflected in the General Fund budget such as taxes that ultimately, for financial reporting purposes, get recorded as receipts in other funds. Examples are real estate taxes allocated to the Park Fund. In total, tax collections from all sources came in at 89.5% of budget. Total taxes collected for all funds were \$9,515,676.

Also budgeted this way, affecting intergovernmental revenues, is state pension aid which is shown in the Pension Trust Fund, and Liquid Fuels Tax revenue shown as revenue in a special revenue fund. These combined amounts account for \$855,488. These items are budgeted in the General Fund, yet for financial reporting purposes, they are shown in other funds.

As for expenditures in total, they were below budget. Again, based on budgeting versus financial reporting differences, certain actual expenditures are grouped somewhere other than where they were budgeted. For example, engineering expenditures are grouped with general government expenditures, but budgeted in Public Works. In addition to the differences noted above, Public Works expenditures are below budget because certain projects that were dependent on grant financing did not occur because the grants were not awarded or have been deferred. Pension expenditures are not included in the General Fund for financial reporting purposes, but they are included in the General Fund budget. Pension expenditures and related items are reported in the Fiduciary Funds.

Overall, staff is satisfied with the Township's financial position at the end of 2024. However, due to the low fund balance, staff is closely monitoring the expenditures for 2025.

PATTON TOWNSHIP
STATE COLLEGE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
Required Supplementary Information (RSI)
(unaudited)
YEAR ENDED DECEMBER 31, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

The Township's investment in capital assets for its governmental activities as of December 31, 2024 amounts to \$28,384,761, net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment and infrastructure. The \$316,947 increase in traffic signals in 2024 was primarily related to the completion of the project to improve the intersection of North Atherton and Woodycrest Streets, which was funded by the Pennsylvania Commonwealth Financing Authority Multimodal Transportation Fund Grant. This project was completed in 2024, resulting in a transfer from construction in progress to traffic signals. Vehicles increased by \$405,003 as there was a purchase of a leaf collection unit and one-man leaf truck with an installed leaf collection unit utilizing grant funds from the Department of Environmental Protection grant.

As of December 31, 2024, the Township is committed under construction contracts for the Green Light Go grant project for \$175,000 and a roof replacement project for \$102,500.

A condensed summary of the Township's capital assets at December 31, 2024 and 2023 follows:

	2024	2023
	Governmental activities	as reclassified Governmental activities
	<u> </u>	<u> </u>
Land	\$ 9,890,664	\$ 9,890,664
Land improvements	49,522	49,522
Buildings	5,946,032	5,946,032
Infrastructure	12,988,408	12,988,408
Park equipment	7,524,886	7,473,108
Tools and equipment	1,446,246	1,425,846
Traffic signals	2,279,309	1,962,362
Vehicles	3,069,460	2,664,457
Construction in progress	<u>1,694,572</u>	<u>1,554,314</u>
Total capital assets	<u>44,889,099</u>	<u>43,954,713</u>
Less accumulated depreciation for:		
Land improvements	45,638	44,229
Buildings	3,575,289	3,412,060
Infrastructure	2,982,509	2,715,680
Park equipment	5,846,220	5,592,204
Tools and equipment	921,365	839,031
Traffic signals	1,402,596	1,345,540
Vehicles	<u>1,730,721</u>	<u>1,591,122</u>
Total accumulated depreciation	<u>16,504,338</u>	<u>15,539,866</u>
Total capital assets, net	<u>\$ 28,384,761</u>	<u>\$ 28,414,847</u>

More detailed information can be found in Note 6 of the financial statements.

PATTON TOWNSHIP
STATE COLLEGE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
Required Supplementary Information (RSI)
(unaudited)
YEAR ENDED DECEMBER 31, 2024

Long-term debt

At the end of 2024, the Township had outstanding long-term debt obligations of \$6,073,053; plus \$858,506 in obligations for accrued compensated absences. More information about the Township's general long-term debt can be found in Note 7 of the financial statements.

A condensed summary of the Township's long-term debt obligations at December 31, 2024 and 2023 follows:

	2024	2023
Beginning balance	\$ 7,840,929	\$ 8,746,153
Decrease in compensated absences	(17,554)	(37,270)
Principal retirement	(891,816)	(867,954)
Ending balance	\$ 6,931,559	\$ 7,840,929

Economic factors and next year's budget and rates

The 2025 budget shows an increase in revenues, including a 10.1% increase in real estate taxes, with a modest increase in expenditures. The resulting increase in fund balance brings the total in line with the Township's goal of maintaining a fund balance for the General Fund of between 8% and 12% of General Fund expenditures. Having a healthy fund balance has been accepted by the Board of Supervisors as prudent.

The local economy continues to recover, as many businesses and the Pennsylvania State University continue reacting to labor and supply shortages.

Request for information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Director of Finance and Administration
Patton Township
100 Patton Plaza
State College, PA 16803-2304

PATTON TOWNSHIP

STATEMENT OF NET POSITION
DECEMBER 31, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>Governmental activities</u>
Current assets:	
Cash, cash equivalents and equity in pooled cash and investments:	
Unrestricted	\$ 442,787
Restricted	668,161
Taxes receivable	759,658
Other receivables	<u>733,180</u>
Total current assets	<u>2,603,786</u>
Noncurrent assets, capital assets, net:	
Land	9,890,664
Land improvements	3,884
Buildings and improvements	2,370,743
Park equipment	1,678,666
Vehicles	1,338,739
Infrastructure	10,005,899
Tools	524,881
Traffic signals	876,713
Construction in progress	<u>1,694,572</u>
Total noncurrent assets, capital assets, net	<u>28,384,761</u>
Total assets	30,988,547
Deferred outflows of resources:	
Deferred charge on refunding	120,750
Pensions	<u>858,175</u>
Total assets and deferred outflows of resources	<u><u>\$ 31,967,472</u></u>

See notes to financial statements.

PATTON TOWNSHIP

STATEMENT OF NET POSITION
DECEMBER 31, 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>Governmental activities</u>
Current liabilities:	
Accounts payable	\$ 973,564
Accrued wages and taxes	131,300
Developer escrow	45,541
Current portion of notes payable	853,681
Interest payable	<u>44,861</u>
Total current liabilities	<u>2,048,947</u>
Noncurrent liabilities:	
Notes payable	5,219,372
Compensated absences	858,506
Net pension liability	<u>526,665</u>
Total noncurrent liabilities	<u>6,604,543</u>
Total liabilities	<u>8,653,490</u>
Deferred inflows of resources, pensions	<u>377,877</u>
Net position:	
Net investment in capital assets	22,734,802
Restricted for:	
State Liquid Fuels Tax projects	176,638
Haugh Tract and Gray's Woods Preserve	149,823
Streetlights	68,288
Unrestricted deficit	<u>(193,446)</u>
Total net position	<u>22,936,105</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 31,967,472</u></u>

See notes to financial statements.

PATTON TOWNSHIP

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Program revenues				Governmental activities - (net expense), revenues and change in net position
Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions		
Governmental activities:					
General government	\$ 2,226,097	\$ 28,103	\$ 103,773	\$ 55,367	\$ (2,038,854)
Public safety	5,154,537	208,454	401,502	13,924	(4,530,657)
Public works	3,338,719	46,225	471,144	1,020,434	(1,800,916)
Community services	1,770,671	53,615	14,957	-	(1,702,099)
Human services	125,956	-	-	-	(125,956)
Interest	145,410	-	-	-	(145,410)
Total primary government	\$ 12,761,390	\$ 336,397	\$ 991,376	\$ 1,089,725	(10,343,892)
General revenues:					
Taxes:					
Property					6,416,693
Earned income					2,806,745
Other					292,238
Grants, subsidies, other nonrestricted					1,034,890
Interest and rents					134,815
Gain on sale of assets					14,861
Miscellaneous					25,462
Total general revenues					10,725,704
Change in net position					381,812
Net position:					
January 1, 2024 (restated)					22,554,293
December 31, 2024					\$ 22,936,105

See notes to financial statements.

PATTON TOWNSHIP

BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Major funds			Nonmajor funds	Total governmental funds
	General fund	Parks and recreation fund	Open space bond fund		
ASSETS					
Cash, cash equivalents and equity in pooled cash and investments:					
Unrestricted	\$ 256,742	\$ 10,653	\$ 140,317	\$ 35,075	\$ 442,787
Restricted	344,839	-	149,823	173,499	668,161
Receivables:					
Taxes	742,344	-	-	1,666	744,010
Other	696,649	35,841	690	-	733,180
Due from other funds	215,450	359,458	1,235,452	38,713	1,849,073
Total assets	\$ 2,256,024	\$ 405,952	\$ 1,526,282	\$ 248,953	\$ 4,437,211
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 945,912	\$ 987	\$ -	\$ 26,665	\$ 973,564
Accrued wages and taxes	131,300	-	-	-	131,300
Developer escrow	45,541	-	-	-	45,541
Due to other funds	1,735,644	39,115	62,631	11,683	1,849,073
Total liabilities	2,858,397	40,102	62,631	38,348	2,999,478
Fund balance (deficit):					
Restricted	302,344	-	149,823	244,926	697,093
Assigned	-	365,850	1,313,828	-	1,679,678
Unassigned deficit	(904,717)	-	-	(34,321)	(939,038)
Total fund balance (deficit)	(602,373)	365,850	1,463,651	210,605	1,437,733
Total liabilities and fund balance (deficit)	\$ 2,256,024	\$ 405,952	\$ 1,526,282	\$ 248,953	\$ 4,437,211

See notes to financial statements.

PATTON TOWNSHIP

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
DECEMBER 31, 2024

Total fund balances, governmental funds		\$ 1,437,733
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources; therefore, they are not reported as assets in governmental funds. The cost of assets is \$44,889,099 and the accumulated depreciation is \$16,504,338.		28,384,761
Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures; therefore, they are not recorded in the funds.		15,648
Certain government-wide amounts are not included in government funds because government funds use current financial resources:		
Notes payable	\$ (6,073,053)	
Accrued interest on the debt	(44,861)	
Compensated absences	(858,506)	
Net pension liability	<u>(526,665)</u>	(7,503,085)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources:		
Refunding	120,750	
Pensions	858,175	
Deferred inflows of resources, pensions	<u>(377,877)</u>	601,048
Total net position, governmental activities		<u><u>\$ 22,936,105</u></u>

See notes to financial statements.

PATTON TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	Major funds				Nonmajor funds	Total governmental funds
	General fund	Parks and recreation fund	Open space bond fund	Debt service fund		
Revenues:						
Taxes and assessments	\$ 8,086,146	\$ 359,352	\$ 308,368	\$ 618,581	\$ 145,430	\$ 9,517,877
Licenses and permits	285,373	-	-	-	-	285,373
Fines	42,327	-	-	-	-	42,327
Intergovernmental	2,330,808	-	-	-	471,144	2,801,952
Interest and rents	61,617	1,881	56,828	-	14,489	134,815
Charges for services	52,715	-	-	-	-	52,715
Contributions	70,115	-	14,957	-	-	85,072
Miscellaneous	19,402	-	-	-	-	19,402
Total revenues	10,948,503	361,233	380,153	618,581	631,063	12,939,533
Expenditures:						
General government	1,821,873	-	-	-	-	1,821,873
Public safety	4,975,871	-	-	-	94,860	5,070,731
Public works	3,548,436	-	-	-	339,761	3,888,197
Community services	1,330,538	175,549	106,563	-	-	1,612,650
Human services	125,956	-	-	-	-	125,956
Debt service:						
Principal retirement	-	-	-	891,816	-	891,816
Interest	-	-	-	142,130	-	142,130
Total expenditures	11,802,674	175,549	106,563	1,033,946	434,621	13,553,353
Excess of revenues over (under) expenditures	(854,171)	185,684	273,590	(415,365)	196,442	(613,820)
Other financing sources (uses):						
Proceeds from sale of assets	25,765	-	-	-	-	25,765
Refunds of prior year expenditures	191,009	-	-	-	-	191,009
Interfund operating transfer	(169,932)	-	(245,433)	415,365	-	-
Total other financing sources (uses)	46,842	-	(245,433)	415,365	-	216,774
Net change in fund balances	(807,329)	185,684	28,157	-	196,442	(397,046)
Fund balances (deficit):						
January 1, 2024 (restated)	204,956	180,166	1,435,494	-	14,163	1,834,779
December 31, 2024	\$ (602,373)	\$ 365,850	\$ 1,463,651	\$ -	\$ 210,605	\$ 1,437,733

See notes to financial statements.

PATTON TOWNSHIP

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Total net change in fund balances, governmental funds		\$ (397,046)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which net capital outlays exceeded depreciation expense for the year.		
Capital outlays, net	\$ 1,010,783	
Depreciation expense	<u>(1,040,869)</u>	(30,086)
Because some property taxes will not be collected for several months after the Township's year end, they are not considered to be available revenues in the governmental funds. Unavailable tax revenues increased by this amount this year.		
		(2,201)
Changes in compensated absences are not recorded as expenditures in the governmental funds, but are included in the statement of activities. Compensated absences decreased by this amount.		
		17,554
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, these transactions have no effect on net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these transactions in the statement of activities is shown below:		
Repayment of debt, notes payable	891,816	
Amortization of deferred charge on refunding	<u>(9,288)</u>	882,528
Change in accrued interest		6,008
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense:		
Net pension contributions	287,965	
Cost of benefits earned	<u>(382,910)</u>	(94,945)
Change in net position of governmental activities		<u><u>\$ 381,812</u></u>

See notes to financial statements.

PATTON TOWNSHIP

STATEMENT OF FIDUCIARY NET POSITION – ALL FIDUCIARY FUNDS
DECEMBER 31, 2024

ASSETS

	Pension trust funds		Custodial fund
	Police pension	Nonuniform pension	Tax office
Cash, cash equivalents and equity in pooled cash and investments	\$ -	\$ -	\$ 721,800
Investments	9,067,587	5,062,277	-
Taxes receivable			44,252
Investment in transit	348	-	-
Total assets	\$ 9,067,935	\$ 5,062,277	\$ 766,052

LIABILITIES AND NET POSITION HELD IN TRUST FOR PENSION BENEFITS

Taxes collected due to:			
Patton Township general fund	\$ -	\$ -	\$ 109,498
Other governments	-	-	656,554
Net position, restricted for pension benefits	9,067,935	5,062,277	-
Total liabilities and net position	\$ 9,067,935	\$ 5,062,277	\$ 766,052

See notes to financial statements.

PATTON TOWNSHIP

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – ALL FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Pension trust funds		Custodial fund
	Police pension trust fund	Nonuniform pension trust fund	Tax office
Additions:			
Investment income	\$ 222,880	\$ 644,619	\$ -
Realized gains on investments	341,371	-	-
Unrealized gains on investments	272,963	-	-
Taxes and assessments	-	-	35,388,050
Contributions:			
State	262,726	121,618	-
Employer	25,239	-	-
Employee	39,698	65,487	-
Total additions	1,164,877	831,724	35,388,050
Deductions:			
Taxes remitted	-	-	35,388,050
Administrative expense	56,154	-	-
Distributions	597,138	172,130	-
Total deductions	653,292	172,130	35,388,050
Net increase	511,585	659,594	-
Net position held in trust for pension benefits:			
January 1, 2024	8,556,350	4,402,683	-
December 31, 2024	\$ 9,067,935	\$ 5,062,277	\$ -

See notes to financial statements.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

1. Organization and significant accounting policies:

Patton Township (the Township) was incorporated in 1794. It is a second class township under the provisions of the Commonwealth of Pennsylvania's Second Class Township Code, P.L. 103, No. 69 as amended by P.L. 1481, No. 567. The Township is governed by a board of supervisors and provides or secures the following services as authorized by the Township Code: public safety, public works, culture, recreation and community development.

The financial statements of the Township have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting entity:

The Township defines its reporting entity based upon the criteria established by the Governmental Accounting Standards Board. The Township includes in its reporting entity organizations for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Township are such that exclusions would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of reporting entity is based primarily on the notion of financial accountability. The Township is financially accountable to an organization if it appoints a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Township. The Township would also include any organization fiscally dependent on it. Based upon the criteria above, the Township has no agencies or entities which should be presented with the Township.

Basis of presentation, fund accounting and measurement focus:

Basis of presentation:

Government-wide statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the expenses of a given function are offset by program revenues. Program revenues include charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net costs (by function or program) are normally covered by general revenue (property and income taxes, intergovernmental revenues, interest income, etc.). The Township does not allocate indirect costs.

Fund financial statements are also provided in the report for all of the governmental funds and the fiduciary funds of the Township. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

1. Organization and significant accounting policies (continued):

Basis of presentation, fund accounting and measurement focus:

Fund accounting:

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprising each fund's assets, liabilities, fund equity, revenues and expenditures or expenses. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

Governmental funds:

Governmental funds are used to account for the Township's expendable financial resources and related liabilities. The measurement focus is based upon determination of changes in financial position. The following are the Township's governmental fund types:

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

Special revenue funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to specified purposes. These funds include the liquid fuels fund, the streetlight fund and the hydrant fund. These three funds are recorded as nonmajor funds.

Capital project funds - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. These funds include the parks and recreation fund and the open space bond fund, both included as major funds.

Debt service fund – The debt service fund accounts for the general obligation debt of the Township. Financing is provided through transfers from other funds. The debt service fund is also included as a major fund.

Fiduciary funds:

These are the funds that account for the assets held by the Township as a trustee or custodian for a governmental unit or for pension benefits and are, therefore, not available to support the Township's own programs. The funds included in this category are:

Pension trust funds - These funds include the police and nonuniform pension trusts.

Custodial fund - This fund includes the tax office.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

1. Organization and significant accounting policies (continued):

Basis of presentation, fund accounting and measurement focus:

Measurement focus and basis of accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the 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. Net position (total assets and deferred outflows less total liabilities and deferred inflows) is used as a practical measure of economic resources and the statement of activities includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations, and accumulated depreciation is reported on the statement of net position.

The 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 tax revenue to be available if collected within 60 days of the end of the fiscal period. Amounts received from federal, state and other grants designated for payment of specific Township expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interfund transactions:

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services. On fund financial statements, interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position.

Cash and cash equivalents:

Cash and cash equivalents include amounts in demand and interest-bearing bank deposits. They are carried at cost, which approximates fair value. The Township considers certificates of deposit purchased with an original maturity of 90 days or less to be cash equivalents.

Investments:

External investment pool is reported at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value.

The Township pension trust funds investments are recorded at fair value and managed by two separate administrators.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

1. Organization and significant accounting policies (continued):

Deferred outflows of resources:

The statement of net position reports a separate section for deferred outflows of resources, which represents a consumption of net position or fund balance that applies to future periods, and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has two items that qualify for this reporting:

A deferred charge on refunding resulting from the difference between the reacquisition price and the net carrying amount of the refunded debt which is amortized on the straight-line basis over the life of the issue.

Deferred outflows of resources related to the police pension plan represent a change of assumptions, amortized over a closed period using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through the plan, including the current year, the difference in projected and actual experience, amortized over a closed period using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through the plan, including the current year and the net difference between the projected and actual earnings on police pension plan investments amortized over a five-year period, including the current year.

Deferred inflows of resources:

The statement of net position reports a separate section for deferred inflows of resources, which represents the acquisition of net position or fund balance that applies to future periods, and thus, will not be recognized as an inflow of resources until then. The Township has one item that qualifies for this reporting:

Deferred inflows of resources related to the police pension represents the difference in projected and actual experience, amortized over a closed period using the average of the expected remaining service lives of all active and inactive employees that are provided pensions through the plan, including the current year.

Capital assets:

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Only infrastructure assets acquired after December 31, 2003 are capitalized. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

PATTON TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

1. Organization and significant accounting policies (continued):

Capital assets:

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	50
Buildings	40
Land improvements	15 to 20
Vehicles	10 to 20
Tools and equipment	5 to 20
Park equipment	10
Traffic signals	25

Accrued compensated absences:

The Township allows employees to accumulate an unlimited amount of sick leave. Upon retirement or termination, the employee would be paid a certain amount, according to their contract, for these accumulated sick days. Earned vacation time is generally required to be used within one year of accrual. The aggregate liability to the Township for accumulated vacation on December 31, 2024 was \$205,314; and the liability for accumulated sick leave on December 31, 2024 was \$653,192. The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The salary-related payments representing the Township's share of Social Security and Medicare taxes have been accrued. In the fund financial statements, governmental funds report only the compensated absences liability as it matures and becomes due.

Pension plans:

The Township provides separate pension plans for nonuniformed employees and uniformed police personnel. The nonuniformed employees participate in a defined contribution plan in which both the employee and employer contribute annually. The uniformed police plan is a defined benefit plan. It is the policy of the Township to fund, after employee and state contributions, the amounts intended to cover normal cost and amortization of the unfunded actuarial accrued liability of the uniformed police plan as determined by the Township's actuary.

The financial information on the Township's plans is presented on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the individual plans.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

1. Organization and significant accounting policies (continued):

Use of estimates:

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

The most sensitive accounting estimates affecting the financial statements are:

- Pension obligations based on life expectancy tables and asset rate of return discount rates, along with rates of benefit increases.
- Estimated useful lives over which to depreciate capital assets.

Net position and fund balance classifications:

The Township follows GASB Statement No. 54, which defines how fund balances of the governmental funds are presented in the financial statements.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: Includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. None of the Township's fund balances were classified as nonspendable at December 31, 2024.

Restricted: Includes amounts that can be spent only for specific purposes because of the Township Ordinance, the city code, state or federal laws or externally imposed conditions by grantors, contributors or creditors.

Committed: Includes amounts that can be used only for specific purposes determined by a formal action by the Township's board (highest level of decision-making authority) resolution. These amounts cannot be used for any other purpose unless the Township's board removes or changes the specified use by taking the same action (resolution) that was employed when the funds were initially committed. None of the Township's fund balances were classified as committed at December 31, 2024.

Assigned: Includes amounts that are designated by the Township's board for a specific purpose, but are not spendable until a formal action by the Township's board or an ordinance is passed. This classification includes amounts that are constrained by the Township's intent to be used for a specific purpose, but are neither restricted nor committed. This intent can be expressed by the Township's board or through the Township's board delegating this responsibility to the Township's manager through the budgetary process.

Unassigned: All amounts not included in other spendable classifications are considered to be available for general use by the Township.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

1. Organization and significant accounting policies (continued):

Use of fund balance:

The restricted fund balance would typically be reduced to the extent that the underlying reason for the restriction has been eliminated. Assigned funds are reduced to the extent that expenditure authority has been budgeted or the assignment has been changed. Decreases to fund balance first reduce committed fund balance. In the event that committed fund balance becomes zero, then assigned and unassigned fund balances are used in that order.

Net position classifications:

Government-wide statements – Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. This amount is increased by any such unspent borrowings.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Pending Government Accounting Standards Board (GASB) statements:

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The provisions of this Statement are effective for the Township's 2025 financial statements.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model used in decision making and assessing a government’s accountability. The provisions of this Statement are effective for the Township’s 2026 financial statements.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The provisions of this Statement are effective for the Township’s 2026 financial statements.

The effects of implementation of these statements on future periods have not yet been determined.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

2. Adoption of new accounting pronouncements:

During the current year, the Township adopted GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No.62* and GASB Statement No. 101, *Compensated Absences*. The implementation of these Statements enhanced the Township’s financial statement disclosures, with no effect on the Township’s beginning balances and current year results.

3. Cash and cash equivalents and external investment pool:

The cash and investment policies of the Township are governed by Section 3204 of the Second Class Township Code. Cash must be held in insured depositories approved by the board of supervisors and must be fully collateralized. Permissible investments include United States treasury bills and short-term obligations of the United States government or its agencies or instrumentalities, bank common trust funds, government pools and fully insured or collateralized certificates of deposit issued by banks or savings and loan associations. For pension trust funds, any investment authorized by 20 PA C.S. Chapter 73 (relating to fiduciary investments) is a permissible investment, including corporate bonds and mutual funds.

The deposits held as of December 31, 2024 were as follows:

Type	Rating/Interest rate (unaudited)	Maturities (unaudited)	Carrying value
Cash, cash equivalents and equity in pooled cash and investments per financial statements:			
Demand deposits	N/A	N/A	\$ 1,183,579
Cash on hand	N/A	N/A	77
External investment pool, PLGIT:			
Class	AAAm/4.32%	Under 30 days	550,515
Prime	AAAm/4.63%	Under 30 days	<u>98,577</u>
Total cash, cash equivalents and equity in pooled cash and investments per financial statements			<u><u>\$ 1,832,748</u></u>
Reconciliation of cash, cash equivalents and equity in pooled cash and investments to the financial statements:			
Governmental funds:			
Unrestricted			\$ 442,787
Restricted			668,161
Fiduciary funds, unrestricted			721,800
Total cash, cash equivalents and equity in pooled cash and investments per financial statements			<u><u>\$ 1,832,748</u></u>

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

3. Cash and cash equivalents and external investment pool (continued):

The restricted cash, cash equivalents and equity in pooled cash and investments consisted of the following at December 31, 2024:

	<u>General fund</u>	<u>Open space bond fund</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
Current assets, cash, cash equivalents and equity in pooled cash and investments per financial statements:				
Pennsylvania Infrastructure Bank loan deposits	\$ 302,344	\$ -	\$ -	\$ 302,344
Developer escrow deposits	42,495	-	-	42,495
Liquid fuels taxes deposits	-	-	173,499	173,499
Open space bond restricted reserves	-	149,823	-	149,823
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total current assets, cash, cash equivalents and equity in pooled cash and investments per financial statements	<u>\$ 344,839</u>	<u>\$ 149,823</u>	<u>\$ 173,499</u>	<u>\$ 668,161</u>

Deposits, custodial credit risk:

For deposits, custodial credit risk is the risk that, in the event of bank failure, the Township's deposits may not be returned to it. The Township does not currently have a policy for custodial credit risk for its deposits. As of December 31, 2024, \$839,944 of the Township's bank balance of \$1,339,944 was not covered by the Federal Deposit Insurance Corporation but was collateralized in accordance with Act 72. Act 72 requires the institution to pool collateral for all its government deposits and to have the collateral held by an approved custodian in the institution's name.

External investment pool:

The Township uses external investment pools to ensure safety and maximize efficiency, liquidity and yield for Township funds. The external investment pools are valued at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. The fair value of the securities, held by the external investment pool, are evaluated on at least a weekly basis using prices supplied from an independent pricing service. These values are compared to the amortized cost of the securities. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price.

Pennsylvania Local Government Investment Trust (PLGIT) separately issues audited financial statements that are available to the public via their website. The Township has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. Alternatively, the Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pools. The pool is audited annually by Ernst & Young, LLP, an independent accounting firm. At December 31, 2024, PLGIT investments carry AAAm ratings and have average maturities of less than one year.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

3. Cash and cash equivalents and external investment pool (continued):

External investment pool:

The Township has funds totaling \$649,092 invested in PLGIT. PLGIT funds operate similarly to mutual funds and consist of short-term money market instruments and seek to maintain constant net assets value of \$1 per share. The Township is invested in the following PLGIT investment options:

- PLGIT Class Shares - A flexible option which requires no minimum balance, no minimum initial investment and a one-day minimum investment period. Dividends are paid monthly.
- PLGIT Prime - A variable rate investment portfolio rated AAAm by Standard & Poor's. This option requires no minimum balance and no minimum initial investment. This option limits redemptions or exchanges to two per calendar month.

4. Investments:

Investments are measured at fair value based on the hierarchy. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. The Township does not have any investments that are measured using Level 2 or Level 3 inputs.

PATTON TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

4. Investments (continued):

As of December 31, 2024, the Township had the following Level 1 investments:

	<u>Fair value</u>
Pension trust funds' investments:	
Wilmington Trust:	
Money market	\$ 93,783
Mutual funds:	
Fixed income funds	3,007,951
Domestic equity funds	2,709,775
International funds	1,631,578
Closed-end equity funds	1,510,160
Closed-end international funds	<u>114,340</u>
Total Wilmington Trust	<u>9,067,587</u>
ICMA-RC, mutual funds:	
Stable value funds	68,851
Bond funds	387,147
Balanced funds	2,584,037
U.S. stock funds	1,828,076
International stock funds	184,603
Specialty funds	<u>9,563</u>
Total ICMA-RC mutual funds	<u>5,062,277</u>
Total investments	<u><u>\$ 14,129,864</u></u>

Interest rate risk:

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's fixed income funds of \$3,007,951 and bond funds of \$387,147 are subject to interest rate risk.

Credit risk:

The Township does not have a formal investment policy that would limit its investment choices to certain credit ratings. The Township's investment policy does prescribe diversification and sets the primary investment objective as balanced to maximize the rate of return over the long term, subject to preservation of capital.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

4. Investments (continued):

Concentration of credit risk:

The Township does not have a formal investment policy that sets standards to ensure diversification to avoid concentrations of credit risk. Concentrations are defined as investments held by the Township, other than those issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools and other pooled investments, in any one organization that represent 5% or more of the total investments of the pension trust funds. At December 31, 2024, there were no concentrations for the Township's total investments.

Foreign currency risk:

The Township pension trust funds have investments in international mutual funds, which contain foreign currency risk. The Township's balance at December 31, 2024 in international mutual funds was \$1,930,521.

Custodial credit risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Township does not have a formal investment policy regarding custodial credit risk. As of December 31, 2024, \$14,129,864 is held by the investment's counterparties, but not in the name of the Township.

5. Property taxes:

The Township's property tax is levied each March 1 on the assessed value as of the prior January 1 for all real property located in the Township. The assessed value at January 1, 2024, upon which the 2024 levy was based, was \$522,009,260 with an estimated current market value of \$2,821,671,676.

The Township levies taxes by authority of the Township Code of Pennsylvania, Section 3210 at \$9.90 per \$1,000 of assessed valuation. The combined tax rate to finance governmental services other than the payment of principal and interest on long-term debt for the year ended December 31, 2024 was \$8.70 per \$1,000 with an additional \$1.20 per \$1,000 for debt service.

Taxes are collected at a discount until April 30, at their face amount from May 1 until June 30 and include a penalty thereafter. Current tax collections, net of exonerations and exemptions, for the year ended December 31, 2024 were 98.1% of the tax levy.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

6. Capital assets:

	January 1, 2024 as reclassified	Additions	Deletions	Transfers	December 31, 2024
Governmental activities, capital assets:					
Non-depreciable assets:					
Land	\$ 9,890,664	\$ -	\$ -	\$ -	\$ 9,890,664
Construction in progress	1,554,314	529,151	-	(388,893)	1,694,572
Total non-depreciable assets	11,444,978	529,151	-	(388,893)	11,585,236
Depreciable assets:					
Land improvements	49,522	-	-	-	49,522
Buildings	5,946,032	-	-	-	5,946,032
Infrastructure	12,988,408	-	-	-	12,988,408
Park equipment	7,473,108	51,778	-	-	7,524,886
Tools and equipment	1,425,846	20,400	-	-	1,446,246
Traffic signals	1,962,362	-	-	316,947	2,279,309
Vehicles	2,664,457	420,358	\$(87,301)	71,946	3,069,460
Total depreciable assets	32,509,735	492,536	(87,301)	388,893	33,303,863
Total governmental activities, capital assets	43,954,713	1,021,687	(87,301)	-	44,889,099
Less accumulated depreciation for:					
Land improvements	44,229	1,409	-	-	45,638
Buildings	3,412,060	163,229	-	-	3,575,289
Infrastructure	2,715,680	266,829	-	-	2,982,509
Park equipment	5,592,204	254,016	-	-	5,846,220
Tools and equipment	839,031	82,334	-	-	921,365
Traffic signals	1,345,540	57,056	-	-	1,402,596
Vehicles	1,591,122	215,996	(76,397)	-	1,730,721
Total accumulated depreciation	15,539,866	1,040,869	(76,397)	-	16,504,338
Governmental activities, capital assets, net	\$ 28,414,847	\$ (19,182)	\$ (10,904)	\$ -	\$ 28,384,761

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

6. Capital assets (continued):

Depreciation expense was charged to the following functions of the government as follows:

Governmental activities:	
General government	\$ 479,943
Public safety	65,392
Community services	255,425
Public works	<u>240,109</u>
 Total governmental activities	 <u><u>\$ 1,040,869</u></u>

7. Long-term liabilities:

The following is a summary of changes in long-term liabilities for the Township for the year ended December 31, 2024:

Type of long-term liability	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Due within one year
Governmental activities:					
Notes payable:					
General Obligation Note, Series 2017	\$ 5,131,470	\$ -	\$(629,650)	\$ 4,501,820	\$ 585,210
Pennsylvania Infrastructure Bank loan	326,097	-	(91,151)	234,946	92,753
Pennsylvania Infrastructure Bank loan	<u>1,507,302</u>	<u>-</u>	<u>(171,015)</u>	<u>1,336,287</u>	<u>175,718</u>
Total notes payable	6,964,869	-	(891,816)	6,073,053	853,681
Accrued compensated absences	876,060	-	(17,554)	858,506	-
Net pension liability	<u>354,532</u>	<u>172,133</u>	<u>-</u>	<u>526,665</u>	<u>-</u>
Total governmental activities	<u><u>\$ 8,195,461</u></u>	<u><u>\$ 172,133</u></u>	<u><u>\$(909,370)</u></u>	<u><u>\$ 7,458,224</u></u>	<u><u>\$ 853,681</u></u>

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

7. Long-term liabilities (continued):

On December 5, 2017, General Obligation Note, Series of 2017 was issued in the amount of \$9,126,000. The proceeds of the note were used to pay the costs of issuing the note, refund General Obligation Bond, Series of 2010 and General Obligation Note, Series of 2012 and provide funding for the purchase of open space land. Annual principal payments on the note range from \$239,629 to \$629,650 with final payment due June 2, 2037. Interest rates on the note range from 1.98% to 4.85%.

In May 2017, the Township entered into a loan agreement with Pennsylvania Infrastructure Bank for \$800,000 to be used for traffic improvements at Valley Vista Drive. The loan requires that interest only payments of \$7,000 were paid on November 1, 2017 and May 1, 2018, followed by semi-annual payments beginning November 1, 2018 of \$48,230, including interest at 1.75% per annum through May 2027. The loan contains a provision that in the event of default, outstanding amounts become immediately due.

On January 1, 2021, the Township entered into a loan agreement with Pennsylvania Infrastructure Bank for \$1,837,500 to be used for infrastructure improvements intended to improve access and safety to University Park Airport and to Penn State University sporting and community complexes by realigning SR3005, Fox Hill Road, and SR3003, Bernel Road. The loan requires ten annual principal and interest payments through January 2031 with an interest rate of 2.75% per annum. The loan contains a provision that in the event of default, outstanding amounts become immediately due.

The total debt service requirements as of December 31, 2024 are listed below:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 853,681	\$ 180,002	\$ 1,033,683
2026	822,114	210,679	1,032,793
2027	765,808	177,873	943,681
2028	426,457	153,722	580,179
2029	443,419	136,758	580,177
2030-2034	1,843,086	420,388	2,263,474
2035-2037	918,488	62,379	980,867
	<u>\$ 6,073,053</u>	<u>\$ 1,341,801</u>	<u>\$ 7,414,854</u>

The Township is subject to the Commonwealth of Pennsylvania's Local Government Unit Debt Act (Act of 1978-52), which limits the amount of non-electoral debt the Township may have outstanding. At December 31, 2024, there was no electoral debt outstanding. Non-electoral debt of \$6,073,053 is outstanding at December 31, 2024.

Regional pools loan:

The Township, as one of the participating municipalities in the Centre Region Council of Governments, has agreed to guarantee its proportionate share of a \$2,977,800 Series 2021 Revenue Bond, for the revitalization of two community pools. The maximum extent of the Township's obligation was limited to 22.32% or \$664,645. Interest is fixed at 1.23% until maturity at December 1, 2028. On December 31, 2024, the Township's portion of the loan is \$370,081 and \$8,611 of interest. The Township's annual share of principal and interest payments is approximately \$97,000. The Centre Region Council of Governments used the Centre Region Recreation Authority to issue this debt.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

7. Long-term liabilities (continued):

Regional pools loan:

The Regional pools loan referenced above is not presented on the statement of net position.

Regional parks loan:

The Township, as one of the participating municipalities in the Centre Region Recreation Authority, has agreed to guarantee its proportionate share of a \$6,022,200 Series 2021 Revenue Bond, for regional parks projects. The maximum extent of the Township's obligation was limited to 21.08% or \$1,269,480. Interest is fixed at 1.33% until September 1, 2031, followed by a variable rate capped at 2.50% until maturity. On December 31, 2024, the Township's portion of the loan is \$994,426 and \$63,439 of interest. The Township's annual share of principal and interest payments is approximately \$96,300.

The Regional parks loan referenced above is not presented on the statement of net position.

8. Pension plans:

The Township has two pension plans, one covering uniformed police and the other covering nonuniformed employees. The uniformed police plan was established by Township ordinance and the nonuniformed plan by resolution of the board of supervisors. The plans are reported as the pension trust funds on the statement of fiduciary net position - all fiduciary funds.

Defined contribution plan:

Plan description and funding policy:

The Patton Township Employees Pension Plan (nonuniformed) is a single employer defined contribution plan administered by the Township manager. All full-time employees of the Township, except for police officers, enter the plan on their date of employment. Current Township employer and employee contribution requirements are equal to 6.5% and 3.5% of base covered salary, respectively. For 2024, the employer and employee contributions amounted to \$121,618 or 6.5%, and \$65,487 or 3.5%, of the covered payroll, respectively. The plan provisions have been established and may be amended through a resolution of the board of supervisors.

The Township contributes with general fund cash and foreign casualty insurance premium taxes submitted by the Commonwealth of Pennsylvania, as available. Employees are 100% vested in their own contributions and gradually vest in the Township's contributions over seven years at which time they are 100% vested. Retirement benefits are the vested benefits at retirement, payable in lump sum or installments. A member who becomes disabled and is unable to continue working will be 100% vested in their account.

The member's account is payable in full upon attainment of age 59½. A member who continues to be employed after their normal retirement date will continue to receive contributions under the plan. The member's account will become payable upon actual retirement.

PATTON TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

8. Pension plans (continued):

Defined contribution plan:

Plan membership:

As of January 1, 2023, the most recent actuarial valuation available, the Employees Pension Plan membership consisted of the following:

Active members	28
New members	8
Terminated with full vesting	(6)
Terminated without vesting	<u>(4)</u>
Total	<u>26</u>

Contributory defined benefit plan:

Plan description and funding policy:

The Patton Township Police Pension Plan is a contributory single employer defined benefit plan that covers all full-time uniformed police officers of the Township and is administered by the Township manager. The plan provides retirement, termination, disability and death benefits to plan members and their beneficiaries, pursuant to Act 600 of 1956, as amended. The plan can be amended by the municipality through its Ordinances and union contracts. Township police employees are required to contribute 2% of annual base pay compensation. The Township is required to contribute the remaining amount necessary to fund the plan using the entry age normal cost method. The Township funds its contributions with general fund cash and foreign casualty insurance premium taxes obtained from the Commonwealth of Pennsylvania. The Township complied in full with the Commonwealth of Pennsylvania's Minimum Municipal Obligation (MMO) funding and reporting requirements for 2024.

Retirement benefits are 50% of the employees' average monthly pay (not including overtime) over the last 36 months of employment. Employees are eligible for retirement at age 55 with 25 years of service. Employees are 100% vested in their own contributions and are vested in the Township's contributions upon completion of 12 years of service. The plan provisions have been established by an ordinance of the board of supervisors and may be amended by same.

A member is eligible to enter the Deferred Retirement Option Program (DROP) on or after normal retirement date. Upon entering the DROP program, the member's retirement benefit is frozen and retirement benefit payments will be deposited into an account that will be credited with interest and paid to the participant in a lump sum at actual retirement in addition to monthly pension payments. The maximum period of participation in the DROP program is 36 months (12 months for members entering the DROP in 2017), and elections to enter the DROP program are irrevocable.

Disability benefits are 50% of the employees' salary at the time of disablement reduced by any Social Security disability benefits payable due to the same illness or injury.

PATTON TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

8. Pension plans (continued):

Contributory defined benefit plan:

Plan description and funding policy:

Death benefits for a surviving spouse or eligible dependent of employees killed in the line of duty are 100% of member's salary at the time of death; however, effective October 9, 2009, this benefit will be paid from the general fund of the Commonwealth of Pennsylvania. If an employee dies, but is not killed in the line of duty, the surviving spouse or eligible dependent benefits are 50% of the pension the member would have received had they retired at the time of death.

The Township makes actuarially determined contributions to the pension plan equal to the amount required by state statutes. For 2024, the annual required contribution was equal to 14.30% of covered payroll of \$2,013,388.

Funding of the plan was provided as follows for 2024:

<u>Description</u>	
Annual covered payroll	\$2,013,388
Employee contribution rate	2.0% of annual base pay compensation
Employee contributions paid in 2024	\$39,698
Employer and state aid contributions paid in 2024	\$287,965
Total contributions made as a percentage of payroll	16.27%

There is no stand-alone financial report issued for this plan.

Plan membership:

As of December 31, 2024, the Police Pension Plan membership consisted of the following:

Active members	20
Retirees and beneficiaries currently receiving benefits (including DROP members)	<u>10</u>
Total	<u><u>30</u></u>

PATTON TOWNSHIP

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024**

8. Pension plans (continued):

Contributory defined benefit plan:

Net pension liability:

The Township's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 and by rolling forward the liabilities from the valuation date through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The components of the net pension liability of the Township measured as of December 31, 2024, were as follows:

Total pension liability	\$ 9,594,600
Plan fiduciary net position	9,067,935
Net pension liability	526,665
Plan fiduciary net position as a percentage of the total pension liability	94.51%

Actuarial assumptions:

The total pension liability as of December 31, 2024 was determined using the following economic assumptions, applied to all periods included in the measurement.

- Inflation – 2.0%
- Salary increases – 5.0%
- Investment rate of return – 6.75% (including inflation)

Mortality rates were based on the Pub-2010 Mortality table for Safety Employees, projected using Scale MP-2021.

The annual money-weighted rate of return for 2024 was 9.40%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of 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.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

8. Pension plans (continued):

Contributory defined benefit plan:

Actuarial assumptions:

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected rate of return</u>
Cash	1%	1.56%
U.S. Inv. Grade - Taxable	29%	2.29%
High Yield Corporate Bonds	1%	4.53%
U.S. Large - Cap Stocks	37%	6.28%
U.S. Small - Cap Stocks	8%	6.86%
Developed International Stocks	15%	6.86%
Emerging Markets Stocks	3%	7.65%
Domestic Inflation - Linked Bonds	2%	2.91%
Domestic Real Estate Investment Trusts	2%	4.22%
Global Real Estate Investment Trusts	2%	6.08%
	<u>100%</u>	

Discount rate:

The discount rate used to measure the total net pension liability was 6.75%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Township's funding policy requires the full funding of the entry age normal cost plus plan expenses, as well as an amortization of the unfunded liability.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

8. Pension plans (continued):

Contributory defined benefit plan:

Changes in the net pension liability (asset):

	Increase (decrease)		
	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) - (b)
Balances at January 1, 2024	\$ 8,910,882	\$ 8,556,350	\$ 354,532
Service cost	251,300	-	251,300
Interest cost	598,294	-	598,294
Difference between expected and actual experience	431,262	-	431,262
Employer contributions		287,965	(287,965)
Employee contributions	-	39,698	(39,698)
Net investment income	-	837,214	(837,214)
Benefit payments, including contribution refunds	(597,138)	(597,138)	-
Administrative expense	-	(56,154)	56,154
Net changes	683,718	511,585	172,133
Balance at December 31, 2024	<u>\$ 9,594,600</u>	<u>\$ 9,067,935</u>	<u>\$ 526,665</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate:

The schedule below shows the impact on the net pension liability (asset) if it were calculated using a discount rate 1% higher and lower than the current discount rate:

	1% decrease in discount rate 5.75%	Current discount rate 6.75%	1% increase in discount rate 7.75%
Plan's net pension liability (asset)	<u>\$ 1,837,471</u>	<u>\$ 526,665</u>	<u>\$ (559,048)</u>

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

8. Pension plans (continued):

Contributory defined benefit plan:

Pension expense and deferred outflows and inflows of resources related to pensions:

For the year ended December 31, 2024, pension expense was comprised of the following:

Service cost	\$ 251,300
Interest cost	598,294
Differences between expected and actual experience	(22,650)
Changes in assumptions	65,308
Employee contributions	(39,698)
Projected earnings on pension plan investments	(566,564)
Difference between projected and actual earnings on investments	40,766
Administrative expense	<u>56,154</u>
 Total pension expense	 <u><u>\$ 382,910</u></u>

At December 31, 2024, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 411,558	\$ 377,877
Change in assumptions	286,556	-
Net difference between projected and actual earnings on pension plan investments	<u>160,061</u>	<u>-</u>
Totals	<u><u>\$ 858,175</u></u>	<u><u>\$ 377,877</u></u>

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

8. Pension plans (continued):

Contributory defined benefit plan:

Pension expense and deferred outflows and inflows of resources related to pensions:

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2024 will be recognized in pension expense as follows:

<u>Year ended</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
2025	\$ 297,399	\$ 81,184
2026	367,375	73,509
2027	(83,742)	69,377
2028	32,714	69,361
2029	86,844	69,217
thereafter	<u>157,585</u>	<u>15,229</u>
	<u>\$ 858,175</u>	<u>\$ 377,877</u>

9. Interfund activity:

Individual fund receivable and payable balances at December 31, 2024 were as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General fund	\$ 215,450	\$ 1,735,644
Parks and recreation fund	359,458	39,115
Open space bond fund	1,235,452	62,631
Liquid fuels fund	3,249	-
Streetlight fund	35,464	-
Hydrant fund	<u>-</u>	<u>11,683</u>
	<u>\$ 1,849,073</u>	<u>\$ 1,849,073</u>

The general fund's due from the parks and recreation fund and open space fund relate to debt service payments, salaries, wages, benefits and minor miscellaneous expenditures. The general fund's due to the parks and recreation fund and open space fund relate to dedicated real estate tax revenues collected for the respective fund. The hydrant fund's due to general fund relate to the State College Borough Water Authority increasing its rates causing expenses in the hydrant fund to exceed hydrant assessment revenue.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

10. Deferred compensation plan:

In September 1992, the Township entered into an agreement with ICMA Retirement Corporation to provide a deferred compensation plan in accordance with Internal Revenue Code, Section 457 on a voluntary basis to full-time employees. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is only available to participants at employment termination, retirement, death or unforeseeable emergencies. In 2016, an employee loan provision was added to the plan. The Township does not make any employer contributions to the plan. In accordance with federal law, a trust fund was established for the deposit of Section 457 assets. The trust fund is for the exclusive benefit of plan participants and beneficiaries. Because the assets are not owned by the Township, but are held in a trust, the deferred compensation assets and related liabilities are not recorded in the Township's financial statements. The Township's responsibilities are to submit participant payroll deductions and enrollment change forms to the plan administrator (ICMA Retirement Corporation) and review the quarterly statements for accuracy. Investments are managed by the plan's trustee, with various investment options available. The choice of the investment options is made by the employee.

11. Fund balances (deficit):

As of December 31, 2024, fund balances were composed of the following:

	<u>General fund</u>	<u>Parks and recreation fund</u>	<u>Open space bond fund</u>	<u>Nonmajor funds</u>	<u>Total governmental funds</u>
Restricted:					
Liquid fuels	\$ -	\$ -	\$ -	\$ 176,638	\$ 176,638
Pennsylvania Infrastructure Bank loan deposits	302,344	-	-	-	302,344
Haugh Tract and Gray's Woods Preserve	-	-	149,823	-	149,823
Streetlights	-	-	-	68,288	68,288
Total restricted fund balances	302,344	-	149,823	244,926	697,093
Assigned:					
Reserve funds:					
Revenue assigned to open space	-	-	1,313,828	-	1,313,828
Parks and recreation	-	365,850	-	-	365,850
Total assigned fund balances	-	365,850	1,313,828	-	1,679,678
Unassigned fund deficit	(904,717)	-	-	(34,321)	(939,038)
Total fund balances (deficit)	\$ (602,373)	\$ 365,850	\$ 1,463,651	\$ 210,605	\$ 1,437,733

The Township has an unassigned fund deficit in the general fund and hydrant fund of \$904,717 and \$34,321, respectively, as of December 31, 2024. The Township will increase its real estate tax and assessments revenue in 2025 to cover these deficits.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2024

12. Jointly governed organizations:

The Township, in conjunction with College, Ferguson, Halfmoon and Harris Townships and State College Borough, has created the Centre Region Council of Governments (COG) to provide regionwide services such as parks and recreation, library facilities and fire protection. COG's general forum is composed of the board members from each of these municipalities. The Township's expenditures for COG's regional programs were \$2,037,270 for the year ended December 31, 2024.

The Township, in conjunction with College, Ferguson and Harris Townships and State College Borough, created the Centre Area Transportation Authority (CATA). CATA's board consists of five members, one appointed by each of the five participating municipalities. The Township's contributions toward CATA's capital and operating expenses were \$14,034 and \$112,991, respectively, for the year ended December 31, 2024.

In addition to CATA, the above-mentioned townships and borough also operate the Schlow Centre Region Library to serve the educational, recreational, cultural and informational needs of the region. During 2024, the Township contributed \$376,543 for the operations of the library.

13. Participation in risk-sharing pool:

The Township participates in a self-funded health insurance cooperative to provide medical benefits to its employees. Under this program, the Township pays monthly premiums to the cooperative to cover medical claims to Capital Blue Cross, as well as to cover reinsurance and administrative management fees. For the year ended December 31, 2024, the Township was limited in liability for claims to \$50,000 per enrollee per claim and a maximum claims liability of \$1,002,058. Actual claims paid by the cooperative on behalf of the Township for the year ended December 31, 2024 were \$1,401,394, with \$332,622 of this amount being reimbursed through reinsurance. In the event that claims exceed the Township's maximum liability, the excess is paid through the cooperative's cross-sharing pool. If claims are less than the maximum claim liability, the Township will receive a refund of the excess contributions less the Township's cross-sharing obligation.

14. Commitments and contingencies:

As of December 31, 2024, the Township is committed under construction contracts for the Green Light Go grant project for \$175,000 and a roof replacement project for \$102,500.

15. American Rescue Plan:

On March 11, 2021, the American Rescue Plan Act of 2021 (American Rescue Plan), a \$1.9 trillion COVID-19 relief package was signed into law. The American Rescue Plan provides additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals and businesses. The American Rescue Plan provides \$130 billion in emergency funding for local governments to enable them to continue to support the public health response and lay the foundation for a strong and equitable economic recovery. The Township was allocated \$1,656,912 in funding from the American Rescue Plan, which was disbursed to the Township in two tranches. The Township had until December 31, 2024 to spend these funds. Any funds not spent by December 31, 2024 were to be turned back over to the federal treasury.

The Township received the first tranche of \$827,148 during 2021 and the second tranche of \$829,764 during 2022. The Township used \$500,000 of these funds during 2022, \$600,000 of these funds during 2023 and \$559,527 during 2024 to cover police payroll. As of December 31, 2024, all of the American Rescue Plan funds were spent.

PATTON TOWNSHIP

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

16. Prior period adjustments:

During 2023, a restatement was needed to adjust the governmental activities net position, general fund fund balance and parks and recreation fund fund balance to recognize additional cash and grants receivable as of December 31, 2023. Adjustments to and restatements of beginning net position and fund balance to reporting units are recorded as follows:

	Government- wide	Governmental funds	
	Governmental activities	General Fund	Parks and Recreation Fund
Beginning net position and fund balances as previously reported, December 31, 2023	\$ 22,091,039	\$ (118,298)	\$ 40,166
Prior period adjustments:			
Water authority cash contributed to Township	181,070	181,070	-
Grants receivable	282,184	142,184	140,000
Net position and fund balances as restated, December 31, 2023	\$ 22,554,293	\$ 204,956	\$ 180,166

17. Subsequent events:

The Township has evaluated subsequent events through June 23, 2025, which is the date the financial statements were available to be issued.

PATTON TOWNSHIP

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET COMPARED TO ACTUAL – GENERAL FUND
 (Required supplementary information)
 (unaudited)
 YEAR ENDED DECEMBER 31, 2024
 (See independent auditor’s report)

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Taxes and assessments	\$ 9,890,897	\$ 9,890,897	\$ 8,086,146	\$ (1,804,751)
Licenses and permits	313,116	313,116	285,373	(27,743)
Fines	50,000	50,000	42,327	(7,673)
Intergovernmental	4,826,498	4,826,498	2,330,808	(2,495,690)
Interest and rents	52,683	52,683	61,617	8,934
Charges for services	162,344	162,344	52,715	(109,629)
Contributions	114,643	114,643	70,115	(44,528)
Miscellaneous	89,106	89,106	19,402	(69,704)
Total revenues	15,499,287	15,499,287	10,948,503	(4,550,784)
Expenditures:				
General government	1,784,484	1,784,484	1,821,873	(37,389)
Public safety	5,281,192	5,281,192	4,975,871	305,321
Public works	6,295,108	6,295,108	3,548,436	2,746,672
Community service	1,785,414	1,785,414	1,330,538	454,876
Human services	216,335	216,335	125,956	90,379
Debt service	1,033,947	1,033,947	-	1,033,947
Total expenditures	16,396,480	16,396,480	11,802,674	4,593,806
Excess of expenditures over revenues	\$ (897,193)	\$ (897,193)	(854,171)	\$ 43,022
Other financing sources			216,774	
Other financing uses			(169,932)	
Net change in fund balances			\$ (807,329)	

See notes to required supplementary information.

**PATTON TOWNSHIP
UNIFORMED POLICE PENSION PLAN**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
(Required supplementary information)
(unaudited)
YEAR ENDED DECEMBER 31, 2024
(See independent auditor's report)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 251,300	\$ 244,340	\$ 197,243	\$ 205,908	\$ 177,421	\$ 194,005	\$ 177,273	\$ 182,128	\$ 176,535	\$ 168,129
Interest	598,294	572,112	578,397	545,963	506,412	477,200	436,142	408,238	390,759	363,450
Differences between expected and actual experience	431,262	-	(568,965)	(1,264)	90,948	-	(98,588)	-	(170,678)	-
Changes of assumptions	-	281,509	-	-	-	260,407	-	-	-	-
Benefit payments, including refunds of member contributions	(597,138)	(273,940)	(370,779)	(193,285)	(280,697)	(189,575)	(221,258)	(152,513)	(152,513)	(147,181)
Net change in total pension liability	683,718	824,021	(164,104)	557,322	494,084	742,037	293,569	437,853	244,103	384,398
Total pension liability:										
Beginning of year	8,910,882	8,086,861	8,250,965	7,693,643	7,199,559	6,457,522	6,163,953	5,726,100	5,481,997	5,097,599
End of year (a)	\$ 9,594,600	\$ 8,910,882	\$ 8,086,861	\$ 8,250,965	\$ 7,693,643	\$ 7,199,559	\$ 6,457,522	\$ 6,163,953	\$ 5,726,100	\$ 5,481,997
Plan fiduciary net position:										
Contributions:										
Employer	\$ 287,965	\$ 259,056	\$ 270,321	\$ 266,684	\$ 235,096	\$ 176,554	\$ 175,934	\$ 181,039	\$ 144,040	\$ 171,124
Member	39,698	35,873	30,147	29,422	30,518	41,293	39,822	39,354	68,024	65,424
Net investment income	837,214	1,184,708	(1,516,969)	916,838	1,124,087	1,133,431	(331,907)	846,103	241,360	(16,923)
Benefit payments, including refunds of member contributions	(597,138)	(273,940)	(370,779)	(193,285)	(280,697)	(189,575)	(221,258)	(152,513)	(152,513)	(147,181)
Administrative expense	(56,154)	(51,130)	(52,623)	(57,307)	(50,758)	(49,149)	(48,849)	(44,767)	(39,987)	(38,827)
Net change in plan fiduciary net position	511,585	1,154,567	(1,639,903)	962,352	1,058,246	1,112,554	(386,258)	869,216	260,924	33,617
Total fiduciary net position:										
Beginning of year	8,556,350	7,401,783	9,041,686	8,079,334	7,021,088	5,908,534	6,294,792	5,425,576	5,164,652	5,131,035
End of year (b)	\$ 9,067,935	\$ 8,556,350	\$ 7,401,783	\$ 9,041,686	\$ 8,079,334	\$ 7,021,088	\$ 5,908,534	\$ 6,294,792	\$ 5,425,576	\$ 5,164,652
Net pension (asset) liability, end of year (a) - (b)	\$ 526,665	\$ 354,532	\$ 685,078	\$ (790,721)	\$ (385,691)	\$ 178,471	\$ 548,988	\$ (130,839)	\$ 300,524	\$ 317,345
Plan fiduciary net position as a percentage of the total pension liability	94.51%	96.02%	91.53%	109.58%	105.01%	97.52%	91.50%	102.12%	94.75%	94.21%
Covered payroll	\$ 2,013,388	\$ 1,750,897	\$ 1,662,450	\$ 1,527,742	\$ 1,589,389	\$ 1,469,901	\$ 1,375,199	\$ 1,178,251	\$ 1,390,904	\$ 1,432,794
Net pension liability as a percentage of covered employee payroll	26.16%	20.25%	41.21%	-51.76%	-24.27%	12.14%	39.92%	-11.10%	21.61%	22.15%

See notes to required supplementary information.

**PATTON TOWNSHIP
UNIFORMED POLICE PENSION PLAN**

SCHEDULES OF TOWNSHIP CONTRIBUTIONS AND MONEY-WEIGHTED RATE OF RETURN
(Required supplementary information)
(unaudited)
YEAR ENDED DECEMBER 31, 2024
(See independent auditor's report)

Description	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined employer contribution	\$ 287,965	\$ 259,056	\$ 270,321	\$ 266,684	\$ 234,969	\$ 176,554	\$ 175,934	\$ 177,223	\$ 144,040	\$ 167,443
Contributions in relation to the actuarially determined contribution	<u>287,965</u>	<u>259,056</u>	<u>270,321</u>	<u>266,684</u>	<u>235,096</u>	<u>176,554</u>	<u>175,934</u>	<u>177,223</u>	<u>144,040</u>	<u>167,443</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (127)</u>	<u>\$ -</u>				
Covered payroll	\$ 2,013,388	\$ 1,750,897	\$ 1,662,450	\$ 1,527,742	\$ 1,589,389	\$ 1,469,901	\$ 1,375,199	\$ 1,178,251	\$ 1,390,904	\$ 1,432,794
Total contributions made as a percentage of payroll	14.30%	14.80%	16.26%	17.46%	14.79%	12.01%	12.79%	15.04%	10.36%	11.69%
Money-weighted rate of return	9.40%	15.45%	-17.62%	10.67%	14.97%	18.51%	-6.11%	14.85%	4.68%	-0.33%

See notes to required supplementary information.

PATTON TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED DECEMBER 31, 2024 (See independent auditor's report)

1. Budgetary data:

The Township follows these procedures in establishing the budget:

At least 30 days prior to January 1, the Township manager submits to the board of supervisors a proposed operating budget for the general fund for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted to obtain citizen comments on the proposed budget. Prior to December 31, the budget is adopted through passage of a resolution by the board of supervisors.

The board of supervisors is authorized to transfer unencumbered monies from one Township account to another, but no monies shall be transferred from the fund allocated for the payment of debts or from any fund raised by a special tax levy for a particular purpose. Transfers of unencumbered monies shall not be made during the first three months of the fiscal year. The board of supervisors may at any time by resolution make supplemental appropriations. Actual expenditures and operating transfers out may not legally exceed "budget" appropriations at the individual fund level.

Appropriations lapse at the close of the fiscal year to the extent that they have not been expended. Encumbrances are not reported; however, fund balances are designated in amounts equal to the subsequent year's anticipated budget deficit, if any. The Township prepares its budget on a modified accrual basis of accounting.

The budgetary comparison schedule, included in the required supplementary information, presents a comparison of budgetary data to actual results of operations for the general fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results. During 2024, the board of supervisors did not approve any additional budgetary expenditure amendments for the general fund.

Debt service activity budgeted in the general fund was paid out of the debt service fund.

PATTON TOWNSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024
(See independent auditor's report)

2. Uniformed Police Pension Plan:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of December 31, 2024. Methods and assumptions used to determine contribution rates are as follows:

Actuarial cost method:	Entry Age
Amortization method:	Level Dollar, Closed
Remaining amortization period:	13 years
Asset valuation method:	The actuarial value of assets is equal to the market value adjusted to recognize investment gains and losses over a five-year period, limited to 20% above or below the market value
Inflation:	2.00%
Salary increases:	5.00%
Investment rate of return:	7.00%
Retirement age:	Members are assumed retire or join the DROP plan on their normal retirement date, or on the valuation date, if later
Mortality:	RP-2014 Mortality tables for males and females, projected using Scale MP-2018
Change in benefit terms:	None since January 1, 2023

PATTON TOWNSHIP

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2024
 (See independent auditor's report)

	Liquid fuels fund	Streetlight fund	Hydrant fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Assets:				
Cash, cash equivalents and equity in pooled cash and investments:				
Unrestricted	\$ -	\$ 35,075	\$ -	\$ 35,075
Restricted	173,499	-	-	173,499
Assessment receivable	-	232	1,434	1,666
Due from other funds	3,249	35,464	-	38,713
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 176,748</u>	<u>\$ 70,771</u>	<u>\$ 1,434</u>	<u>\$ 248,953</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 110	\$ 2,483	\$ 24,072	\$ 26,665
Due to other funds	-	-	11,683	11,683
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>110</u>	<u>2,483</u>	<u>35,755</u>	<u>38,348</u>
Fund balances (deficit):				
Restricted	176,638	68,288	-	244,926
Unrestricted	-	-	(34,321)	(34,321)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>176,638</u>	<u>68,288</u>	<u>(34,321)</u>	<u>210,605</u>
Total liabilities and fund balances (deficit)	<u>\$ 176,748</u>	<u>\$ 70,771</u>	<u>\$ 1,434</u>	<u>\$ 248,953</u>

PATTON TOWNSHIP

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024
(See independent auditor's report)

	Liquid fuels fund	Streetlight fund	Hydrant fund	Total
Revenues:				
Intergovernmental	\$ 471,144	\$ -	\$ -	\$ 471,144
Interest income	14,489	-	-	14,489
Assessments	-	29,568	115,862	145,430
Total revenues	<u>485,633</u>	<u>29,568</u>	<u>115,862</u>	<u>631,063</u>
Expenditures:				
Hydrant service	-	-	94,860	94,860
Highways and streets	308,995	-	-	308,995
Electricity	-	30,766	-	30,766
Total expenditures	<u>308,995</u>	<u>30,766</u>	<u>94,860</u>	<u>434,621</u>
Excess of expenditures over revenues	<u>176,638</u>	<u>(1,198)</u>	<u>21,002</u>	<u>196,442</u>
Fund balances (deficit):				
January 1, 2024	<u>-</u>	<u>69,486</u>	<u>(55,323)</u>	<u>14,163</u>
December 31, 2024	<u><u>\$ 176,638</u></u>	<u><u>\$ 68,288</u></u>	<u><u>\$ (34,321)</u></u>	<u><u>\$ 210,605</u></u>