

Plymouth Township, Pennsylvania

For the Year Ended December 31, 2022

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Independent Auditor's Report

Council Members
Plymouth Township
Plymouth Meeting, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Plymouth Township, Pennsylvania, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Plymouth Township, Pennsylvania's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Plymouth Township, Pennsylvania as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Plymouth Township, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Plymouth Township, Pennsylvania'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 Plymouth Township, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the supplemental pension and OPEB schedules on pages 4 – 13 and 73 – 79 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with

management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Plymouth Township, Pennsylvania's basic financial statements. The other supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is 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 supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of Plymouth Township, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Plymouth Township, Pennsylvania's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plymouth Township, Pennsylvania's internal control over financial reporting and compliance.

Barz Gowie Amon & Fultz, LLC

Media, Pennsylvania
July 26, 2023

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis
For the Year Ended December 31, 2022

Our discussion and analysis of Plymouth Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the Township's financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- The Township continues to report adequate *budgetary fund balances* for all its governmental funds and business-type funds.
- The Township is reporting a General Fund *unassigned budgetary fund balance* of \$15.1 million.
- The Township is reporting a total Net Position of \$51.6 million.
- Total net position of governmental activities increased by \$2,930,505 during fiscal 2022. This is principally explained by: 1) depreciation expense recognized for accounting purposes was less than capital expenditures by \$8,839,006; 2) an increase in the liability for post-retirement health care and pensions in the amount of \$104,238; 3) an increase in Governmental fund balances of \$3,609,484 reflecting that revenues exceeded expenditures during 2022; and 4) an issuance of a General Obligations Bond for 2022 including bond premium of \$10,054,648.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 14 and 15) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Township as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the Township as a whole begins on page 7. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis
For the Year Ended December 31, 2022

report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's net position and changes in net position. You can think of the Township's net position – the difference between assets and deferred outflows and resources, and liabilities and deferred inflows of resources – as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's tax base and the condition of the Township's infrastructure, to assess the overall health of the Township.

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

- Governmental activities – Most of the Township's basic services are reported here, including general administration, public safety, public works, and parks and recreation. Property taxes, the earned income tax, and business taxes finance most of these activities.
- Business-type activities – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's sewer system and Community Center are reported here.
- Component units – The Township includes three separate legal entities in its report, Harmonville Fire Company, Plymouth Fire Company, and the Plymouth Township Parks Recreation and Facilities Fund (a 501(c)(3) nonprofit organization). Although legally separate, these component units are important because the Township is financially accountable for them. Complete financial statements of Plymouth Township Parks, Recreation and Facilities Fund can be obtained from the Township. Complete financial statements of the fire companies can be obtained from their administrative offices.

Reporting the Township's Most Significant Funds

Fund Financial Statements

Our analysis of the Township's major funds begins on page 10. The fund financial statements begin on page 16 and provide detailed information about the most significant funds – not the Township as a whole. Plymouth Township Council establishes funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities. The Township's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis
For the Year Ended December 31, 2022

and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation immediately following the fund financial statements.

- Proprietary funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

The Township as Trustee

Reporting the Township's Fiduciary Responsibilities

The Township is the trustee, or fiduciary, for its employees' pension funds, post-retirement healthcare fund, and the deferred compensation fund. Because of trust agreements and legal restrictions, these funds can only be used for the designated beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 27 and 28. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis
For the Year Ended December 31, 2022

THE TOWNSHIP AS A WHOLE

Tables 1 and 2 that follow present a summarization of Plymouth Township's Net Position and Changes in Net Position for fiscal year 2022.

Table 1
Net Position (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current Assets	\$37.6	\$31.8	\$5.8	\$5.0	\$43.4	\$36.8
Noncurrent Assets	30.3	32.6	13.2	13.2	43.5	45.8
Total Assets	<u>67.9</u>	<u>64.4</u>	<u>19.0</u>	<u>18.2</u>	<u>86.9</u>	<u>82.6</u>
Deferred Outflows of Resources	18.6	6.4	0.0	0.0	18.6	6.4
Total Assets and Deferred Outflows	<u>86.5</u>	<u>70.8</u>	<u>19.0</u>	<u>18.2</u>	<u>105.5</u>	<u>89.0</u>
Current Liabilities	2.7	0.9	1.0	0.2	3.7	1.1
Noncurrent Liabilities	36.5	10.4	0.0	0.0	36.5	10.4
Total Liabilities	<u>39.2</u>	<u>11.3</u>	<u>1.0</u>	<u>0.2</u>	<u>40.2</u>	<u>11.5</u>
Deferred Inflows of Resources	13.7	28.8	0.0	0.0	13.7	28.8
Net Position:						
Invested in Capital Assets, Net of Debt	30.3	21.4	13.2	13.2	43.5	34.6
Restricted	0.0	0.0	0.0	0.0	0.0	0.0
Unrestricted	3.3	9.3	4.8	4.8	8.1	14.1
Total Net Position	<u>33.6</u>	<u>30.7</u>	<u>18.0</u>	<u>18.0</u>	<u>51.6</u>	<u>48.7</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$86.5</u>	<u>\$70.8</u>	<u>\$19.0</u>	<u>\$18.2</u>	<u>\$105.5</u>	<u>\$89.0</u>

The Township has a significant investment in *capital assets* for both its governmental and business-type activities. Also, the Township reports the balance of *unrestricted net position* – the portion of resources that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. For its business-type activities, *unrestricted net position* amounts to \$4.80 million or 95.18% of the annual operating expenses for those activities. For governmental activities, the Township is reporting *unrestricted net position* of \$3.34 million or 12.14% of the annual operating expenses for those activities.

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis
For the Year Ended December 31, 2022

Table 2
Changes in Net Position
(actual dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 3,285,010	\$ 3,898,683	\$ 4,886,625	\$ 3,988,799	\$ 8,171,635	\$ 7,887,482
Operating grants	1,127,056	1,034,076	-	-	1,127,056	1,034,076
Capital grants	-	368,348	-	-	-	368,348
General revenues:						
Earned income tax	8,367,520	7,769,258	-	-	8,367,520	7,769,258
Real estate tax	4,319,274	4,428,987	-	-	4,319,274	4,428,987
Business taxes	7,548,625	6,518,082	-	-	7,548,625	6,518,082
Real estate transfer tax	1,585,853	1,050,819	-	-	1,585,853	1,050,819
Local services tax	1,155,357	1,065,832	-	-	1,155,357	1,065,832
Solid waste disposal tax	1,217,233	1,354,002	-	-	1,217,233	1,354,002
Other taxes	46,414	38,040	-	-	46,414	38,040
Unrestricted grants	986,232	976,319	-	-	986,232	976,319
Other general revenues	790,523	257,492	43,539	6,535	834,062	264,027
Total revenues	<u>30,428,097</u>	<u>28,759,938</u>	<u>4,930,164</u>	<u>3,995,334</u>	<u>35,358,261</u>	<u>32,755,272</u>
Program expenses						
General government	4,089,683	4,370,340	-	-	4,089,683	4,370,340
Public safety	11,107,077	10,533,516	-	-	11,107,077	10,533,516
Public works	3,471,930	3,543,844	-	-	3,471,930	3,543,844
Culture and recreation	1,363,066	1,193,393	-	-	1,363,066	1,193,393
Employee Benefits	6,975,313	307,191	-	-	6,975,313	307,191
Interest on debt	490,651	174,477	-	-	490,651	174,477
Sewer	-	-	2,736,632	2,606,738	2,736,632	2,606,738
Ply Community Center	-	-	2,302,407	2,054,987	2,302,407	2,054,987
Total expenses	<u>27,497,720</u>	<u>20,122,761</u>	<u>5,039,039</u>	<u>4,661,725</u>	<u>32,536,759</u>	<u>24,784,486</u>
Excess before transfers	2,930,377	8,637,177	(108,875)	(666,391)	2,821,502	7,970,786
Transfers	128	(400,977)	(128)	400,977	-	-
Increase (decrease) in net position	<u>2,930,505</u>	<u>8,236,200</u>	<u>(109,003)</u>	<u>(265,414)</u>	<u>2,821,502</u>	<u>7,970,786</u>

Governmental Activities

For governmental activities, there was a \$2,930,505 increase in net position during fiscal 2022. This is primarily attributable to \$10,191,708 in capital asset purchases for the year against \$1,352,702 in depreciation expense.

The cost of all governmental activities this year was \$27.5 million. However, as shown in the Statement of Activities on page 15, the amount our taxpayers ultimately financed for these activities with Township resources was \$23.1 million because some of the cost was paid by those who directly benefited from the programs (\$3.3 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$1.1 million).

Overall, the Township's governmental program revenues, including intergovernmental aid and fees for services, amounted to \$4.4 million in fiscal 2022. The Township paid for the remaining 'public benefit' portion of governmental activities through various taxes and other revenue, such as interest and miscellaneous fees.

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis
For the Year Ended December 31, 2022

Table 3 presents the cost of each of the Township's largest programs as well as each program's *net cost* (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Township's taxpayers by each of these functions.

Table 3
Governmental Activities
(actual dollars)

	Total Cost of Services		Net Cost of Services	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
General government	\$4,089,683	\$4,370,340	\$2,663,648	\$2,832,216
Public safety	11,107,077	10,533,516	9,857,881	9,197,623
Public works	3,471,930	3,543,844	2,824,388	2,163,971
Culture and recreation	1,363,066	1,193,393	1,102,645	904,147
Employee benefits	6,975,313	307,191	6,146,441	(450,780)
Bond Issuance Cost	490,651	174,477	490,651	174,477
Totals	<u>\$27,497,720</u>	<u>\$20,122,761</u>	<u>\$23,085,654</u>	<u>\$14,821,654</u>

Business Activities

For business-type activities, net position decreased during fiscal 2022 by \$109,003. The financial objective of the Township's business activities is that services are priced to cover costs. Overall, business-type activities generated revenue of approximately \$4.9 million and expenses of approximately \$5.0 million. The operating income of the sewer activities was \$511,180. The operating loss of the Community Center was \$663,594. Net operating transfers of \$268,338 were made to the Community Center to compensate for the operating loss. There was interest income earned that created additional revenue in the amount of \$43,539.

THE TOWNSHIP'S FUNDS

As the Township completed the fiscal year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$34.3 million which is an increase of \$3,609,484 from last year's total of \$30.7 million. As noted on page 18, the General Fund, Capital Reserve Fund, Highway Aid Fund, and Health and Welfare Fund reported increases in fund balance of \$3,143,910, \$454,268, \$121,709 and \$49,689, respectively. The Capital Projects Fund decreased \$160,092.

General Fund Budgetary Highlights

The 2022 budget, as adopted, did not require any subsequent changes by Township Council. The General Fund Budgetary Comparison Statement on page 20 reflects that the Township ended fiscal 2022 with a budgetary fund balance of approximately \$15.4 million of which \$13.4 million was in the form of cash or liquid investments (page 16). Taxes Receivable of \$2.9 million make up most of the remaining balance of General Fund assets.

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis
For the Year Ended December 31, 2022

There were some significant variations between budgeted and actual amounts for 2022. For the purpose of discussing budget variances, 'significant' variations will be considered those where the actual expenditure or revenue for a line item differs from the budget by \$100,000 or more.

Overall, revenue was better than projected in several areas resulting in an overall favorable variance of \$1,670,572. There were two negative variances in 'Earned Income Tax' and 'Mercantile Taxes'. Earned Income Taxes came in under budget not having a full recovery from the Pandemic as early as predicted. Business Privilege Taxes are lower due to a difference in allocation from the newly appointed tax collector. Several revenue accounts came in higher than expected. 'Mercantile Taxes' came in \$1,183,470 over budget. As mentioned before this is mainly due to a difference in allocation from the new tax collector. Overall business taxes came in higher than expected by \$463,625 due businesses recovering greater than expected from the Pandemic. 'Real Estate Transfer Taxes' were \$885,853 more than budgeted due to the \$97 million sale of 1103 Ridge Pike. 'Interest Income' was \$142,695 over budget due to interest rates increasing from historically low rates. 'Charges for Services' and 'Miscellaneous' were also higher than expected but this was due to mainly reimbursements of engineering, legal fees, and health insurance. There were some other positive and negative revenue variances, none of which exceeded \$100,000.

Overall, actual expenditures in 2022 for the General Fund were favorable by \$75,745 to the original budget. There were both positive and negative variances in individual budget categories. Under 'Tax Collection', expenditures were \$99,722 more than budgeted due to the uncertainty of how much newly appointed tax collectors would cost. Under 'Equipment Maintenance and Purchases', expenditures were \$116,101 more than budgeted since there was an increase in the prices of products due to high inflation. 'Employee Benefits' were under budget due to several retirements and positions remaining open throughout the year. Lastly, 'Transfers to other Funds' of \$884,662 was less than expected due to expected transfers to the Capital Reserve, Health & Welfare, and Community Center Funds not needing to be made. Projects in the Capital Reserve Fund were pushed back a year or more. There were some other positive and negative expenditure variances, none of which exceeded \$100,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the Township had \$43.5 million invested in a broad range of capital assets including police and public works equipment, municipal buildings and land, park facilities, roads, bridges, sanitary sewers, and storm sewers. This 2022 net asset amount represents a net increase of \$8,755,881 or 25.3% compared to the previous year. The increase resulted primarily from the continuance of the renovations to the Township Building.

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis
For the Year Ended December 31, 2022

Capital Assets at Year-end
(Net of depreciation, in millions)

	Governmental Activities		Business-type Activities		Totals	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Construction in progress	10.0	1.2	0.9	0.9	10.9	2.1
Land	5.4	5.0	0.8	0.3	6.2	5.3
Buildings	1.0	1.1	5.5	5.7	6.5	6.8
Improvements	4.2	4.3	2.7	2.9	6.9	7.2
Machinery and equipment	2.2	2.5	0.2	0.2	2.4	2.7
Infrastructure	7.5	7.3	3.1	3.2	10.6	10.5
Totals	<u>\$30.3</u>	<u>\$21.4</u>	<u>\$13.2</u>	<u>\$13.2</u>	<u>\$43.5</u>	<u>\$34.6</u>

The Township expended \$10,645,306 to acquire and construct capital assets during 2022. Capital expenditures were made to purchase public works equipment, police vehicles, new code enforcement software, to continue construction and improvements to the Township Campus, improve East Plymouth Valley Park's playground equipment, for street paving, and for replacement of sanitary sewer infrastructure.

The Township's fiscal 2023 capital budget calls for \$10.2 million in capital expenditures. The bulk of the expenditures will be for the renovations and improvements to the Township Building, Sewer Replacement and Infrastructure projects and Alan Wood Road and Ridge Pike improvements. Other projects include a sewer slip-lining project, street paving, and upgrades to the administration's telephone line and server systems.

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis
For the Year Ended December 31, 2022

Debt and Postemployment Benefit Obligations

At December 31, 2022, the Township had \$19,819,238 in outstanding debt.

The Township has a long-term liability for accrued employee leave time amounting to \$364,876.

The Township has recorded a liability in the Statement of Net Position for other postemployment benefits in the amount of \$4,671,615. This is an actuarially calculated number representing the difference between the Other Post Employment Benefit (OPEB) Liability and the assets dedicated to fund that liability. As of December 31, 2022, the total accrued liability for OPEB was \$33,312,270 and the market value of assets in the Post-Retirement Health Care Trust Fund was \$28,640,655. In 2022, the Township made a contribution of \$961,868 toward the cost of postemployment healthcare benefits for retirees.

The Township has also recorded a liability of \$11,935,564 in the Statement of Net Position for unfunded pension liabilities as calculated in the 2022 actuarial reports.

More detailed information about the Township's long-term liabilities is presented in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND THE 2023 BUDGETS AND RATES

The Township's elected and appointed officials considered many factors when setting the fiscal year 2023 budget. One of those factors was lingering effects that the COVID 19 pandemic and the war between Ukraine and Russia was having on the national and local economies. COVID 19 continued to impact several sources of Township tax revenue but not as heavily in recent years. Inflation was expected to be in the 5.0% to 5.5% range and interest rates were expected to continue to rise from already increased rates in 2023.

These indicators were taken into account when adopting the General Fund budget for 2023. Overall, General Fund revenue was estimated at \$27.1 million, which represents a \$364,916 decrease from the amount budgeted for 2021. Earned Income Tax collections are expected to increase by \$450,929 in 2023. This is due to an increase in the EIT rate in 2023 from 0.55 to 0.60 as well as increases in employee salaries. Together, Business Privilege and Mercantile taxes were expected to increase slightly in 2023 due to confidence that many businesses have returned to full operation. The Township expects to earn more interest income on its short-term and medium-term investments in 2023 due to interest rates continuing to rise. The Township also expects recreational revenues to increase with most residents and customers returning after the pandemic has ended. Revenue from all other revenue sources for 2023 is expected to be roughly the same as amounts budgeted in 2022.

Budgeted General Fund expenditures for 2023 increased by only \$1,349,024 from the amount budgeted in the prior year. The increase is the result of contractual salary increases for employees which were partially offset by expenditure cuts made elsewhere in the budget. The Township has added no major new programs or initiatives to the 2022 budget.

PLYMOUTH TOWNSHIP
Management's Discussion and Analysis
For the Year Ended December 31, 2022

As for the Township's business-type activities, we expect that the 2023 results will be consistent with the prior years. For the Sewer Fund, it is anticipated that there may be a moderate rate increase in 2023 to ensure the rate structure is sufficient to cover all operating and capital costs. For the Community Center Fund, the rate structure for member passes can be revised should revenue continue to fall short of expenditures. The Community Center also periodically revises its services and programs to generate additional revenue.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

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 show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director, Plymouth Township, 700 Belvoir Road, Plymouth Meeting, PA 19462 or by email, kjarrett@plymouthtownship.org.

Plymouth Township
Statement of Net Position
December 31, 2022

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 15,809,112	\$ 1,590,581	\$ 17,399,693	\$ 1,685,162
Equity in pooled cash and investments	18,221,027	3,229,892	21,450,919	22,550
Investments	-	-	-	1,558,728
Accrued interest	127,290	22,213	149,503	-
Taxes receivable	2,942,121	-	2,942,121	-
Other receivables	158,145	1,012,871	1,171,016	-
<u>Total Current Assets</u>	<u>37,583,110</u>	<u>5,855,557</u>	<u>43,438,667</u>	<u>3,266,440</u>
<u>Noncurrent Assets</u>				
<u>Capital Assets</u>				
Land and improvements (non-depreciable)	5,358,862	930,002	6,288,864	140,001
Construction in progress (non-depreciable)	8,571,522	768,779	9,340,301	-
Other capital assets, net of depreciation	16,340,739	11,458,559	27,799,298	3,374,457
<u>Total Capital Assets</u>	<u>30,271,123</u>	<u>13,157,340</u>	<u>43,428,463</u>	<u>3,514,458</u>
<u>Total Assets</u>	<u>67,854,233</u>	<u>19,012,897</u>	<u>86,867,130</u>	<u>6,780,898</u>
<u>Deferred Outflows of Resources</u>				
Pensions	13,902,939	-	13,902,939	-
Other post-employment benefits	4,702,288	-	4,702,288	-
<u>Total Deferred Outflows of Resources</u>	<u>18,605,227</u>	<u>-</u>	<u>18,605,227</u>	<u>-</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 86,459,460</u>	<u>\$ 19,012,897</u>	<u>\$ 105,472,357</u>	<u>\$ 6,780,898</u>
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Deficit in equity in pooled cash and investments	\$ -	\$ 762,842	\$ 762,842	\$ -
Accounts payable and accrued expenses	1,985,512	200,441	2,185,953	-
Payroll withholdings	82,664	-	82,664	9,343
Due to police pension fund	297,985	-	297,985	-
Unearned revenue	-	96,000	96,000	-
Promissory notes payable	-	-	-	17,232
Bonds payable	335,000	-	335,000	-
<u>Total Current Liabilities</u>	<u>2,701,161</u>	<u>1,059,283</u>	<u>3,760,444</u>	<u>26,575</u>
<u>Noncurrent Liabilities</u>				
Promissory notes payable	-	-	-	220,905
Bonds payable	19,484,238	-	19,484,238	-
Liability for compensated absences	364,876	-	364,876	-
Net other post-employment benefits liability	4,671,615	-	4,671,615	-
Net pension liability	11,935,564	-	11,935,564	-
<u>Total Noncurrent Liabilities</u>	<u>36,456,293</u>	<u>-</u>	<u>36,456,293</u>	<u>220,905</u>
<u>Total Liabilities</u>	<u>39,157,454</u>	<u>1,059,283</u>	<u>40,216,737</u>	<u>247,480</u>
<u>Deferred Inflows of Resources</u>				
Pensions	747,807	-	747,807	-
Other post-employment benefits	12,944,642	-	12,944,642	-
<u>Total Deferred Inflows of Resources</u>	<u>13,692,449</u>	<u>-</u>	<u>13,692,449</u>	<u>-</u>
<u>Net Position</u>				
Invested in capital assets, net of related debt	30,271,123	13,157,340	43,428,463	3,276,321
Unrestricted	3,338,434	4,796,274	8,134,708	3,257,097
<u>Total Net Position</u>	<u>33,609,557</u>	<u>17,953,614</u>	<u>51,563,171</u>	<u>6,533,418</u>
<u>Total Liabilities, Deferred Inflows of Resources, and Net Position</u>	<u>\$ 86,459,460</u>	<u>\$ 19,012,897</u>	<u>\$ 105,472,357</u>	<u>\$ 6,780,898</u>

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Statement of Activities
For the Year Ended December 31, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
<u>Primary Government</u>								
<u>Governmental Activities</u>								
General government	\$ 4,089,683	\$ 1,426,035	\$ -	\$ -	\$ (2,663,648)		\$ (2,663,648)	
Public safety	11,107,077	1,053,870	195,326	-	(9,857,881)		(9,857,881)	
Public works	3,471,930	544,684	102,858	-	(2,824,388)		(2,824,388)	
Culture and recreation	1,363,066	260,421	-	-	(1,102,645)		(1,102,645)	
Employee benefits	6,975,313	-	828,872	-	(6,146,441)		(6,146,441)	
Bond issuance costs	490,651	-	-	-	(490,651)		(490,651)	
Total Governmental Activities	27,497,720	3,285,010	1,127,056	-	(23,085,654)		(23,085,654)	
<u>Business-Type Activities</u>								
Sewer	2,736,632	3,247,812	-	-	-	\$ 511,180	511,180	
Greater Plymouth Community Center	2,302,407	1,638,813	-	-	-	(663,594)	(663,594)	
Total Business-Type Activities	5,039,039	4,886,625	-	-	-	(152,414)	(152,414)	
Total Primary Government	\$ 32,536,759	\$ 8,171,635	\$ 1,127,056	\$ -	(23,085,654)	(152,414)	(23,238,068)	
<u>Component Units</u>								
Fire companies	\$ 1,503,953	\$ 60,644	\$ 1,063,560	\$ -				\$ (379,749)
Non-profit entity	-	-	1,300	-				1,300
Total Component Units	\$ 1,503,953	\$ 60,644	\$ 1,064,860	\$ -				(378,449)
<u>General Revenues</u>								
Taxes								
Earned income tax					8,367,520	-	8,367,520	-
Real estate taxes					3,148,220	-	3,148,220	-
Fire services fee					1,171,054	-	1,171,054	-
Business privilege taxes					3,930,155	-	3,930,155	-
Mercantile taxes					3,618,470	-	3,618,470	-
Real estate transfer taxes					1,585,853	-	1,585,853	-
Local services tax					1,155,357	-	1,155,357	-
Solid waste disposal tax					1,217,233	-	1,217,233	-
Other taxes					46,414	-	46,414	-
Grants and contributions not restricted to specific programs					985,232	-	985,232	-
Unrestricted investment earnings					498,301	43,539	541,840	(175,218)
Miscellaneous					292,222	-	292,222	15,033
Transfers					128	(128)	-	-
Total General Revenues and Transfers					26,016,159	43,411	26,059,570	(159,515)
Change in Net Position					2,930,505	(109,003)	2,821,502	(537,964)
Net Position - Beginning of Year					30,679,052	18,062,617	48,741,669	7,071,382
Net Position - End of Year					\$ 33,609,557	\$ 17,953,614	\$ 51,563,171	\$ 6,533,418

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Balance Sheet
Governmental Funds
December 31, 2022

	<u>General</u>	<u>Capital Reserve</u>	<u>Capital Projects</u>	<u>Highway Aid</u>	<u>Health and Welfare</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Cash and cash equivalents	\$ 4,255,654	\$ 3,292	\$ 11,495,598	\$ 5,393	\$ 49,175	\$ 15,809,112
Equity in pooled cash and investments	9,220,522	7,925,776	-	326,030	748,699	18,221,027
Accrued interest	26,442	19,466	-	852	-	46,760
Interfund receivables	-	297,985	-	-	-	297,985
Taxes receivable	2,942,121	-	-	-	-	2,942,121
Other receivables	158,145	-	-	-	-	158,145
Other current assets	-	-	-	-	27,430	27,430
<u>Total Assets</u>	<u>\$ 16,602,884</u>	<u>\$ 8,246,519</u>	<u>\$ 11,495,598</u>	<u>\$ 332,275</u>	<u>\$ 825,304</u>	<u>\$ 37,502,580</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
<u>Liabilities</u>						
Accounts payable and accrued expenses	\$ 308,379	\$ 17,800	\$ 1,650,440	\$ 4,340	\$ 4,553	\$ 1,985,512
Payroll withholdings	82,664	-	-	-	-	82,664
Interfund payables	-	-	297,985	-	-	297,985
<u>Total Liabilities</u>	<u>391,043</u>	<u>17,800</u>	<u>1,948,425</u>	<u>4,340</u>	<u>4,553</u>	<u>2,366,161</u>
<u>Deferred Inflows of Resources</u>						
Deferred Tax Revenues	861,454	-	-	-	-	861,454
<u>Total Deferred Inflows of Resources</u>	<u>861,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>861,454</u>
<u>Fund Balances</u>						
Non-spendable	-	-	-	-	27,430	27,430
Restricted for:						
Capital projects	-	4,766,352	9,547,173	-	-	14,313,525
Highway construction and maintenance	-	-	-	327,935	-	327,935
Assigned for:						
Capital projects	-	3,462,367	-	-	-	3,462,367
Employees' health and welfare	-	-	-	-	793,321	793,321
Other	220,170	-	-	-	-	220,170
Unassigned	15,130,217	-	-	-	-	15,130,217
<u>Total Fund Balances</u>	<u>15,350,387</u>	<u>8,228,719</u>	<u>9,547,173</u>	<u>327,935</u>	<u>820,751</u>	<u>34,274,965</u>
<u>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</u>	<u>\$ 16,602,884</u>	<u>\$ 8,246,519</u>	<u>\$ 11,495,598</u>	<u>\$ 332,275</u>	<u>\$ 825,304</u>	<u>\$ 37,502,580</u>

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Balance Sheet
Governmental Funds (Continued)
December 31, 2022

Reconciliation of the fund balances of governmental funds to net position of governmental activities

Total Fund Balances - Total Governmental Funds	\$ 34,274,965
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$572,153,590	30,271,123
Accrued interest income that is not available to pay liabilities of the current period does not represent available spendable financial resources and is, therefore, not reported in the funds	80,530
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(19,819,238)
Compensated absences	(364,876)
Net other post-employment benefits liability, net of related deferred outflows and deferred inflows	(12,913,969)
The net pension asset, net of related deferred outflows and inflows, does not represent financial resources and, therefore, is not reported in the funds	1,219,568
Earned income tax revenue collected beyond 60 days of year-end are included in net position of governmental activities, but are not accrued as income in the funds	<u>861,454</u>
<u>Net Position of Governmental Activities</u>	<u><u>\$ 33,609,557</u></u>

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Capital Reserve	Capital Projects	Highway Aid	Health and Welfare	Total Governmental Funds
<u>Revenues</u>						
Earned income tax	\$ 7,995,163	\$ -	\$ -	\$ -	\$ -	\$ 7,995,163
Real estate taxes	3,049,892	-	-	-	-	3,049,892
Fire services fee	1,171,054	-	-	-	-	1,171,054
Business privilege taxes	3,930,155	-	-	-	-	3,930,155
Mercantile taxes	3,618,470	-	-	-	-	3,618,470
Real estate transfer taxes	1,585,853	-	-	-	-	1,585,853
Local services tax	1,149,100	-	-	-	-	1,149,100
Solid waste disposal tax	1,217,233	-	-	-	-	1,217,233
Other taxes	46,414	-	-	-	-	46,414
Licenses and permits	1,407,887	-	-	-	-	1,407,887
Fines and forfeits	119,304	-	-	-	-	119,304
Interest income and investment earnings	167,695	74,532	203,291	3,328	700	449,546
Intergovernmental	2,112,288	-	-	469,123	-	2,581,411
Charges for services	1,024,060	-	-	-	190,521	1,214,581
Assessments and fees	-	74,115	-	-	-	74,115
Miscellaneous	290,871	-	-	-	-	290,871
<u>Total Revenues</u>	<u>28,885,439</u>	<u>148,647</u>	<u>203,291</u>	<u>472,451</u>	<u>191,221</u>	<u>29,901,049</u>
<u>Expenditures</u>						
General government	3,388,198	364,128	8,777,647	-	-	12,529,973
Public safety	11,094,926	-	-	-	-	11,094,926
Public works	2,532,076	155,059	-	352,093	-	3,039,228
Culture and recreation	1,275,589	931,250	-	-	-	2,206,839
Employee benefits	2,741,643	-	-	-	4,129,432	6,871,075
Debt service	474,325	-	169,529	-	-	643,854
<u>Total Expenditures</u>	<u>21,506,757</u>	<u>1,450,437</u>	<u>8,947,176</u>	<u>352,093</u>	<u>4,129,432</u>	<u>36,385,895</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>7,378,682</u>	<u>(1,301,790)</u>	<u>(8,743,885)</u>	<u>120,358</u>	<u>(3,938,211)</u>	<u>(6,484,846)</u>
<u>Other Financing Sources (Uses)</u>						
Face value of bonds issued	-	-	9,995,000	-	-	9,995,000
Bond premium	-	-	97,851	-	-	97,851
Transfers in	268,466	1,756,058	-	-	3,987,900	6,012,424
Transfers out	(4,503,238)	-	(1,509,058)	-	-	(6,012,296)
Refund of prior year expenditures	-	-	-	1,351	-	1,351
<u>Total Other Financing Sources and (Uses)</u>	<u>(4,234,772)</u>	<u>1,756,058</u>	<u>8,583,793</u>	<u>1,351</u>	<u>3,987,900</u>	<u>10,094,330</u>
<u>Net Change in Fund Balances</u>	<u>3,143,910</u>	<u>454,268</u>	<u>(160,092)</u>	<u>121,709</u>	<u>49,689</u>	<u>3,609,484</u>
<u>Fund Balances - Beginning of Year</u>	<u>12,206,477</u>	<u>7,774,451</u>	<u>9,707,265</u>	<u>206,226</u>	<u>771,062</u>	<u>30,665,481</u>
<u>Fund Balances - End of Year</u>	<u>\$ 15,350,387</u>	<u>\$ 8,228,719</u>	<u>\$ 9,547,173</u>	<u>\$ 327,935</u>	<u>\$ 820,751</u>	<u>\$ 34,274,965</u>

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds (Continued)
For the Year Ended December 31, 2022

Reconciliation of the change in fund balances - total governmental funds
to the change in net position of governmental activities:

Net Change in Fund Balances - Total Governmental Funds \$ 3,609,484

Amounts reported for governmental activities in the Statement of Activities are
different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	10,191,708
Depreciation expense	(1,352,702)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. In addition, governmental funds report the effect of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Issuance of bonds, including bond premium	(10,092,851)
Amortization of bond premium	38,203

The following changes in long-term liabilities affect expenses in the statement of activities, but are not reflected in the statement of revenues, expenditures, and changes in fund balances - governmental funds:

Liability for compensated absences	204
Net other post-employment benefits liability, net of related deferred outflows and deferred inflows	3,522,752
Net pension liability, net of related deferred outflows and deferred inflows	(3,626,990)

The change in accrued interest income that is not available to pay liabilities of the current period does not represent available spendable financial resources and is, therefore, not reported in the funds. 48,755

The change in deferred inflow of resources for taxes collected beyond 60 days of year-end is reflected in the statement of revenues, expenditures, and changes in fund balances - governmental funds, but does not affect revenues recognized in the statement of activities.

476,942

Change in Net Position of Governmental Activities \$ 2,930,505

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Budgetary Comparison Statement - General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
<u>Revenue</u>			
Earned income tax	\$ 8,248,240	\$ 7,995,163	\$ (253,077)
Real estate taxes	3,015,000	3,049,892	34,892
Fire services fee	1,200,000	1,171,054	(28,946)
Business privilege taxes	4,650,000	3,930,155	(719,845)
Mercantile taxes	2,435,000	3,618,470	1,183,470
Real estate transfer taxes	700,000	1,585,853	885,853
Local services tax	1,107,000	1,149,100	42,100
Solid waste disposal tax	1,250,000	1,217,233	(32,767)
Other taxes	40,500	46,414	5,914
Licenses and permits	1,476,700	1,407,887	(68,813)
Fines and forfeits	139,200	119,304	(19,896)
Interest income	25,000	167,695	142,695
Intergovernmental	1,945,569	2,112,288	166,719
Charges for services	909,558	1,024,060	114,502
Miscellaneous	73,100	290,871	217,771
<u>Total Revenue</u>	<u>27,214,867</u>	<u>28,885,439</u>	<u>1,670,572</u>
<u>Expenditures</u>			
General government			
Manager's office	701,900	690,240	11,660
Administration	1,825,385	1,802,690	22,695
Tax collection	268,650	368,372	(99,722)
Township building	299,170	298,869	301
Reimbursable costs	305,000	228,027	76,973
Public safety			
Police protection	8,530,217	8,474,722	55,495
Fire protection	1,514,746	1,527,948	(13,202)
Zoning	145,725	146,933	(1,208)
Building	804,345	765,830	38,515
Code enforcement	227,104	179,493	47,611
Public works			
Sanitation	1,149,400	1,244,376	(94,976)
Administration	320,250	348,111	(27,861)
Street maintenance	117,850	155,126	(37,276)
Highway services	413,000	286,862	126,138
Equipment maintenance and purchases	381,500	497,601	(116,101)
Culture and recreation			
Buildings and grounds	779,141	776,997	2,144
Parks and recreation	438,468	498,592	(60,124)
Employee benefits	2,886,326	2,741,643	144,683
Debt service	474,325	474,325	-
<u>Total Expenditures and Other Financing Uses</u>	<u>21,582,502</u>	<u>21,506,757</u>	<u>75,745</u>
<u>Excess of Revenues Over Expenditures</u>	<u>5,632,365</u>	<u>7,378,682</u>	<u>1,746,317</u>
<u>Other Financing Sources (Uses)</u>			
Transfers from other funds	268,466	268,466	-
Transfers to other funds	(5,387,900)	(4,503,238)	884,662
<u>Total Other Financing Sources (Uses)</u>	<u>(5,119,434)</u>	<u>(4,234,772)</u>	<u>884,662</u>
<u>Net Change in Fund Balance</u>	<u>512,931</u>	<u>3,143,910</u>	<u>2,630,979</u>
<u>Fund Balance - Beginning of Year</u>	<u>11,591,432</u>	<u>12,206,477</u>	<u>615,045</u>
<u>Fund Balance - End of Year</u>	<u>\$ 12,104,363</u>	<u>\$ 15,350,387</u>	<u>\$ 3,246,024</u>

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Budgetary Comparison Statement - Highway Aid Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
<u>Revenue</u>			
Interest income	\$ 750	\$ 3,328	\$ 2,578
Intergovernmental	436,994	469,123	32,129
<u>Total Revenue</u>	437,744	472,451	34,707
<u>Expenditures</u>			
Public works - highways, roads, and streets	511,000	352,093	158,907
<u>Total Expenditures</u>	511,000	352,093	158,907
<u>Excess of Revenues Over (Under)</u>			
<u>Expenditures</u>	(73,256)	121,709	194,965
<u>Other Financing Sources</u>			
Refunds of prior year expenditures	-	1,351	1,351
<u>Net Change in Fund Balance</u>	(73,256)	123,060	196,316
<u>Fund Balance - Beginning of Year</u>	200,000	206,226	6,226
<u>Fund Balance - End of Year</u>	\$ 126,744	\$ 329,286	\$ 202,542

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Budgetary Comparison Schedule - Health and Welfare Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
<u>Revenue and Other Financing Sources</u>			
Investment earnings	\$ 100	\$ 700	\$ 600
Charges for services	207,000	190,521	(16,479)
Transfers from other funds	4,087,900	3,987,900	(100,000)
<u>Total Revenue and Other Financing Sources</u>	4,295,000	4,179,121	(115,879)
<u>Expenditures and Other Financing Uses</u>			
Employee benefits	4,295,000	4,129,432	165,568
<u>Total Expenditures and Other Financing Uses</u>	4,295,000	4,129,432	165,568
<u>Net Change in Fund Balance</u>	-	49,689	49,689
<u>Fund Balance - Beginning of Year</u>	400,000	771,062	371,062
<u>Fund Balance - End of Year</u>	<u>\$ 400,000</u>	<u>\$ 820,751</u>	<u>\$ 420,751</u>

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Statement of Net Position
Proprietary Funds
December 31, 2022

	Sewer Revenue and Reserve	Greater Plymouth Community Center	Totals
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 703,292	\$ 887,289	\$ 1,590,581
Equity in pooled cash and investments	3,229,892	-	3,229,892
Accrued interest	22,213	-	22,213
Sewer rents receivable	1,012,871	-	1,012,871
<u>Total Current Assets</u>	4,968,268	887,289	5,855,557
<u>Noncurrent Assets</u>			
<u>Capital Assets</u>			
Land	2	930,000	930,002
Construction in progress	768,779	-	768,779
Construction and extensions - sewer system	7,615,476	-	7,615,476
Building and equipment	955,807	14,146,967	15,102,774
Less accumulated depreciation	(4,910,290)	(6,349,401)	(11,259,691)
<u>Total Noncurrent Assets</u>	4,429,774	8,727,566	13,157,340
<u>Total Assets</u>	<u>\$ 9,398,042</u>	<u>\$ 9,614,855</u>	<u>\$ 19,012,897</u>
<u>Liabilities and Net Position</u>			
<u>Liabilities</u>			
Deficit in equity in pooled cash and investments	\$ -	\$ 762,842	\$ 762,842
Accounts payable and accrued expenses	148,980	51,461	200,441
Unearned revenue	-	96,000	96,000
<u>Total Liabilities</u>	148,980	910,303	1,059,283
<u>Net Position</u>			
Invested in capital assets	4,429,774	8,727,566	13,157,340
Unrestricted	4,819,288	(23,014)	4,796,274
<u>Total Net Position</u>	9,249,062	8,704,552	17,953,614
<u>Total Liabilities and Net Position</u>	<u>\$ 9,398,042</u>	<u>\$ 9,614,855</u>	<u>\$ 19,012,897</u>

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Sewer Revenue and Reserve	Greater Plymouth Community Center	Totals
<u>Operating Revenues</u>			
Charges for services	\$ 3,088,222	\$ 1,635,713	\$ 4,723,935
Special assessments	150,173	-	150,173
Miscellaneous	9,417	3,100	12,517
<u>Total Operating Revenues</u>	<u>3,247,812</u>	<u>1,638,813</u>	<u>4,886,625</u>
<u>Operating Expenses</u>			
Sewage collection and treatment	2,615,083	-	2,615,083
Culture and recreation	-	1,887,233	1,887,233
Depreciation	121,549	415,174	536,723
<u>Total Operating Expenses</u>	<u>2,736,632</u>	<u>2,302,407</u>	<u>5,039,039</u>
<u>Operating Income (Loss)</u>	<u>511,180</u>	<u>(663,594)</u>	<u>(152,414)</u>
<u>Non-Operating Revenues</u>			
Interest income	40,197	3,342	43,539
<u>Total Non-Operating Revenue</u>	<u>40,197</u>	<u>3,342</u>	<u>43,539</u>
<u>Income (Loss) Before Transfers</u>	<u>551,377</u>	<u>(660,252)</u>	<u>(108,875)</u>
<u>Transfers In</u>	-	488,836	488,836
<u>Transfers Out</u>	<u>(268,466)</u>	<u>(220,498)</u>	<u>(488,964)</u>
<u>Change in Net Position</u>	<u>282,911</u>	<u>(391,914)</u>	<u>(109,003)</u>
<u>Total Net Position - Beginning of Year</u>	<u>8,966,151</u>	<u>9,096,466</u>	<u>18,062,617</u>
<u>Total Net Position - End of Year</u>	<u><u>\$ 9,249,062</u></u>	<u><u>\$ 8,704,552</u></u>	<u><u>\$ 17,953,614</u></u>

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Sewer Revenue and Reserve	Greater Plymouth Community Center	Totals
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 3,179,731	\$ 1,677,713	\$ 4,857,444
Other Receipts	-	3,100	3,100
Payments to suppliers	(2,430,783)	(543,557)	(2,974,340)
Payments to employees	(128,001)	(1,344,042)	(1,472,043)
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>620,947</u>	<u>(206,786)</u>	<u>414,161</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Contributions from governmental funds	-	488,836	488,836
Operating transfers out	(268,466)	(220,498)	(488,964)
<u>Net Cash Provided (Used) by Noncapital Financing Activities</u>	<u>(268,466)</u>	<u>268,338</u>	<u>(128)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(453,598)	-	(453,598)
<u>Net Cash (Used) by Capital and Related Financing Activities</u>	<u>(453,598)</u>	<u>-</u>	<u>(453,598)</u>
<u>Cash Flows from Investing Activities</u>			
Interest income	22,829	3,342	26,171
<u>Net Cash Provided by Investing Activities</u>	<u>22,829</u>	<u>3,342</u>	<u>26,171</u>
<u>Net Increase (Decrease) in Cash, Cash Equivalents, and Equity in Pooled Cash and Investments</u>	<u>(78,288)</u>	<u>64,894</u>	<u>(13,394)</u>
<u>Cash, Cash Equivalents, and Equity in Pooled Cash and Investments:</u>			
<u>Beginning of Year</u>	<u>4,011,472</u>	<u>59,553</u>	<u>4,071,025</u>
<u>End of Year</u>	<u>\$ 3,933,184</u>	<u>\$ 124,447</u>	<u>\$ 4,057,631</u>
Cash and cash equivalents	\$ 703,292	\$ 887,289	\$ 1,590,581
Equity in pooled cash and investments	3,229,892	-	3,229,892
Deficit in equity in pooled cash and investments	-	(762,842)	(762,842)
<u>Total Cash, Cash Equivalents, and Equity in Pooled Cash and Investments - End of Year</u>	<u>\$ 3,933,184</u>	<u>\$ 124,447</u>	<u>\$ 4,057,631</u>

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	<u>Sewer Revenue and Reserve</u>	<u>Greater Plymouth Community Center</u>	<u>Totals</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating income (loss)	\$ 511,180	\$ (663,594)	\$ (152,414)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	121,549	415,174	536,723
Change in assets and liabilities:			
Sewer rents receivable	(68,081)	-	(68,081)
Accounts payable and accrued expenses	56,299	(366)	55,933
Unearned revenue	-	42,000	42,000
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>\$ 620,947</u>	<u>\$ (206,786)</u>	<u>\$ 414,161</u>

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

	Pension and Other Employee Benefit Trust Funds					
	Police Pension Trust Fund	Deferred Retirement Option Plan (DROP) Trust Fund	Non-Uniformed Employees' Pension Trust Fund	Post- Retirement Healthcare Fund	Deferred Compensation Fund	Custodial Funds
<u>Assets</u>						
Cash and cash equivalents	\$ 3,853,453	\$ -	\$ 2,459,251	\$ 2,464,901	\$ -	\$ 428,467
Equity in pooled cash and investments	-	-	-	-	-	450,000
Accrued interest receivable	12,084	-	7,961	7,821	-	-
Investments, at fair value:						
Mutual funds	45,934,056	1,494,023	29,268,195	26,167,933	9,563,920	-
<u>Total Assets</u>	<u>\$ 49,799,593</u>	<u>\$ 1,494,023</u>	<u>\$ 31,735,407</u>	<u>\$ 28,640,655</u>	<u>\$ 9,563,920</u>	<u>\$ 878,467</u>
<u>Liabilities</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Net Position</u>						
Restricted for pension benefits	49,799,593	1,494,023	31,735,407	-	-	-
Restricted for deferred compensation benefits	-	-	-	-	9,563,920	-
Held in trust for post-retirement benefits	-	-	-	28,640,655	-	-
Held in trust for developers and others	-	-	-	-	-	878,467
<u>Total Net Position</u>	<u>\$ 49,799,593</u>	<u>\$ 1,494,023</u>	<u>\$ 31,735,407</u>	<u>\$ 28,640,655</u>	<u>\$ 9,563,920</u>	<u>\$ 878,467</u>

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022

	Pension and Other Employee Benefit Trust Funds					
	Police Pension Trust Fund	Deferred Retirement Option Plan (DROP) Trust Fund	Non-Uniformed Employees' Pension Trust Fund	Post- Retirement Healthcare Fund	Deferred Compensation Fund	Custodial Funds
<u>Additions</u>						
Contributions						
State	\$ 445,519	\$ -	\$ 383,353	\$ -	\$ -	\$ -
Township	719,894	-	325,560	961,868	-	-
Plan members	198,071	454,575	-	-	742,559	-
Total Contributions	1,363,484	454,575	708,913	\$ 961,868	742,559	-
Investment Earnings						
Net (decrease) in fair value of investments, including realized gains and losses	(11,629,717)	(80,661)	(7,386,104)	(6,621,594)	(1,944,683)	-
Interest and dividends	1,563,400	23	992,953	895,263	7	-
Total Investment Earnings	(10,066,317)	(80,638)	(6,393,151)	(5,726,331)	(1,944,676)	-
Other Additions						
Real estate taxes collected	-	-	-	-	-	60,358
Escrow deposits from developers	-	-	-	-	-	53,208
Total Other Additions	-	-	-	-	-	113,566
Total Additions	(8,702,833)	373,937	(5,684,238)	(4,764,463)	(1,202,117)	113,566
<u>Deductions</u>						
Benefits	2,207,164	624,570	1,092,123	961,868	1,352,822	-
Administrative expenses	142,200	1,506	91,732	81,896	1,295	-
Real estate taxes distributed to governments	-	-	-	-	-	137,638
Return of escrow deposits to developers	-	-	-	-	-	27,269
Total Deductions	2,349,364	626,076	1,183,855	1,043,764	1,354,117	164,907
Change in Net Position	(11,052,197)	(252,139)	(6,868,093)	(5,808,227)	(2,556,234)	(51,341)
Net Position - Beginning of Year	60,851,790	1,746,162	38,603,500	34,448,882	12,120,154	929,808
Net Position - End of Year	\$ 49,799,593	\$ 1,494,023	\$ 31,735,407	\$ 28,640,655	\$ 9,563,920	\$ 878,467

The accompanying notes are an integral part of these financial statements.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 1 **Summary of Significant Accounting Policies**

The financial statements of Plymouth Township (the “Township”) are prepared in accordance with generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

A. **Financial Reporting Entity**

As required by GAAP, these financial statements present the Township (the primary government) and its discretely presented component units.

A component unit is a legal entity that is either a separate government organization that is not a primary government, a not-for-profit corporation, or a for-profit corporation, that meets any one of the following four conditions:

- a. The primary government appoints a voting majority of the entity’s governing body; and the primary government can impose its will on the entity, and/or a financial benefit/burden relationship exists between the primary government and the entity;
- b. The entity is fiscally dependent on the primary government and has a financial benefit/burden relationship with the primary government;
- c. The primary government holds a majority equity interest in the entity for the purpose of facilitating government services; or
- d. The primary government’s financial statements would be misleading if the entity was excluded.

A component unit’s financial statements are blended with the financial statements of the primary government when one of the following four circumstances is met:

- a. There is substantively the same governing body for both the primary government and the component unit; and there is a financial benefit or burden relationship between the primary government and the component unit, or the operational responsibility for the component unit rests with the management of the primary government.
- b. A component unit provides services entirely (or almost entirely) to the primary government or benefits the primary government exclusively (or almost exclusively).
- c. A component unit’s debt, including leases, is expected to be repaid entirely or almost entirely with the primary government's resources.
- d. A component unit is incorporated as a not-for-profit corporation and the primary government is the sole corporate member.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

A discretely presented component unit is a separate legal entity that meets the component unit criteria described above but does not meet the criteria for blending. Those component units' financial statements are presented discretely in the primary government's government-wide financial statements.

The Township's financial reporting entity is comprised of the following:

Primary Government:	Plymouth Township
Discretely Presented Component Units:	Plymouth Township Parks, Recreation and Facilities Fund (Nonprofit Entity) Harmonville Fire Company Plymouth Fire Company

Plymouth Township Parks, Recreation and Facilities Fund is a nonprofit entity that was established to solicit and receive contributions from persons, corporations, foundations, and other entities to be remitted to the Township for the sole purpose of applying such contributions to the payment of the cost of acquisition of open space, park land, and recreation facilities and to the payment of the cost of the improvement, maintenance, and operation of the parks and recreational facilities, including the Greater Plymouth Community Center. Complete financial statements of Plymouth Township Parks, Recreation and Facilities Fund can be obtained from the Township. Harmonville Fire Company and Plymouth Fire Company both serve Township residents. The Township contributes monies to and secures loans for both fire companies. Complete financial statements of the fire companies can be obtained from their administrative offices.

The East Norriton-Plymouth-Whitpain Joint Sewer Authority (the "Sewer Authority") is not a component unit of the Township, but rather a Joint Venture in accordance with GAAP. The Sewer Authority owns and operates the sewer plants and lines in the three consenting localities. As it is an operating authority, property, plant, and equipment are recorded in the financial statements of the Sewer Authority. Since the Township does not have an equity interest in the net resources of the Sewer Authority, but instead has only a residual interest upon dissolution, the Township does not reflect any equity in the Sewer Authority in these financial statements.

Selected financial information for the Sewer Authority for their fiscal year ended December 31, 2022 is as follows:

Total Assets	\$ 21,524,762
Total Net Position	3,610,547
Total Operating Revenues	3,690,923

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Complete financial statements for the Sewer Authority can be obtained from their administrative offices.

The financial statements of the Plymouth Community Ambulance Association are excluded from the financial statements of Plymouth Township since the Township's contribution to the total revenues of the Association each year is relatively insignificant and, therefore, a financial interdependence is not evident. Hence, the Plymouth Community Ambulance Association does not qualify as a component unit.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

In addition, any other fund that government officials feel has importance to financial statement users may be reported as a major fund.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

B. **Basis of Presentation (Continued)**

The funds of the financial reporting entity are described below:

Governmental Funds (All classified as major funds)

- General Fund – The General Fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.
- Capital Reserve Fund – The Capital Reserve Fund is used to account for resources designated for the acquisition or construction of specific capital projects or items.
- Capital Projects Fund – The Capital Projects Fund is used to account for resources restricted for expenditures related to certain capital projects of the Township, which include facilities improvements, renovations to the Township's municipal and public works buildings, and other related improvements.
- Highway Aid Fund – The Highway Aid Fund is used to account for the proceeds of state grants earmarked for highways and streets.
- Health and Welfare Fund – The Health and Welfare Fund is used to account for the payment of health and disability insurance premiums for Township employees and retirees.

Proprietary Funds (All classified as major funds)

- Sewer Revenue and Reserve Fund – The Sewer Revenue and Reserve Fund accounts for the proceeds of sewer rentals and payments for sewage treatment.
- Greater Plymouth Community Center – This fund accounts for the operations of the Greater Plymouth Community Center, which is a recreational facility that benefits people residing or working in and around Plymouth Township.

Fiduciary Funds (Not included in government-wide statements)

The Township's fiduciary funds are comprised of funds held in trust for employees and custodial funds used to account for assets held by the Township in a purely custodial capacity.

The following funds are held in trust for employees:

- Police Pension Trust Fund – The Police Pension Trust Fund accounts for annual contributions, investment earnings, and benefit payments to retired police officers.
- Deferred Retirement Option Plan (DROP) Trust Fund – the Deferred Retirement Option Plan (DROP) Trust Fund accounts for annual contributions and related investment earnings for the benefit of certain Township employees who have elected to defer their retirement.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

B. **Basis of Presentation (Continued)**

- Non-Uniformed Employees' Pension Trust Fund – The Non-Uniformed Employees' Pension Trust Fund accounts for annual contributions, investment earnings, and benefit payments to retired non-uniformed employees.
- Post-Retirement Healthcare Fund – The Post-Retirement Healthcare Fund was established in 2003 to fund future health insurance premiums for retired employees.
- Deferred Compensation Fund – The Deferred Compensation Fund accounts for Township employees' salary deferrals. These funds are not available to the employees until termination, death, retirement, or an unexpected emergency.

The Township's custodial funds consist of the following funds:

- Escrow Fund – The Escrow Fund accounts for money received and reserved for potential future costs to be incurred by the Township resulting from engineering or other costs involved in development. This fund also accounts for real estate taxes paid in protest.
- Real Estate Tax Collector's Fund – The Real Estate Tax Collector's Fund accounted for collections and remittances of real estate taxes to Montgomery County. Effective January 1, 2022, real estate taxes are collected by a third party tax collector and, as a result, this fund was eliminated during the year ended December 31, 2022.

C. **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below. In addition, the component units are presented using the economic resources measurement focus.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

- b. The proprietary funds and the fiduciary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. The fiduciary funds utilize an “economic resources” measurement focus. The accounting objectives are the determination of changes in net position. All assets and liabilities (except for certain liabilities of defined benefit pension plans and certain postemployment health care plans) are reported. Fiduciary fund equity is classified as net position.
- d. The component units are not presented in the fund financial statements since the component units’ funds are not blended into those of the Township’s.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or when the economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Harmonville Fire Company and Plymouth Fire Company, included in the presentation of the component units, utilize the modified cash basis of accounting, which is a comprehensive basis of accounting that is not in conformity with generally accepted accounting principles. Under this method, revenues are recorded when received and expenditures are recorded when paid. However, the effects of utilizing the modified cash basis of accounting instead of the modified accrual basis are deemed immaterial to the financial statements.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers real estate tax revenues, earned income taxes, and local services tax revenues to be available if collected within sixty days of the end of the fiscal year. Expenditures (including capital outlays) are recorded when the related fund liability is incurred.

All proprietary funds and fiduciary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or when the economic asset is used.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Equity

Cash and Investments

Cash and cash equivalents of the primary government and the discretely presented component units include amounts in demand deposits, money market funds, and amounts deposited with the Pennsylvania Local Government Investment Trust. Investments are stated at fair market value.

Pooled Cash and Investments

The Township maintains an internal cash and investment pool to facilitate efficient cash management and accounting. Monies that can be legally or practically combined are included in the pool. Receipts from member funds increase their equity in the pool and disbursements made on behalf of member funds reduce their equity. Interest earned on investments is distributed to funds for which there is a legal requirement to do so, based on their share of equity in the pool.

Interfund Receivables and Payables

During the course of operations, loans may occur between individual funds for working capital purposes. In the government-wide financial statements, these receivables and payables are classified as "Internal Balances" or "Other Current Assets" in the current assets section of the Statement of Net Position. In the fund financial statements, these receivables and payables are classified as "Interfund Receivables" or "Interfund Payables."

Capital Assets

The accounting treatment for capital assets (land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are reported as noncurrent assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Prior to 2003, the Township's governmental fund infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	45 years
Machinery and Equipment	5 - 15 years
Infrastructure	15 - 50 years

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Equity (Continued)

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental funds upon acquisition. Capital assets used in proprietary fund operations are reported as noncurrent assets.

Long-term Debt

The accounting treatment of long-term debt depends on whether the debt relates to governmental fund operations or proprietary fund operations.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements. As of December 31, 2022, the long-term debt consists of bonds payable, accrued compensated absences, net pension liabilities, and net other post-employment benefits.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Any debt proceeds are reported as other financing sources and any payment of principal and interest is reported as expenditures. The accounting for the proprietary funds is the same in the fund financial statements as it is in the government-wide financial statements.

Compensated Absences – Vacation Days

Up to ten unused vacation days are allowed to be carried forward to the following year for non-union employees. The liability for unused vacation days for these employees is included in accrued expenses in the government-wide financial statements. Since it is estimated that no expendable available financial resources will be used to pay for unused vacation days, no accrued liability is recorded in the governmental fund financial statements. However, since the proprietary funds record liabilities using the accrual basis of accounting, an accrued liability is recorded in the proprietary funds, as appropriate.

Compensated Absences - Sick Days

Sick leave is granted as appropriate. Non-unionized employees and unionized sworn police officers may not carry unused sick leave days from year to year. However, employees who are members of the American Federation of State, County, and Municipal Employees (“AFSCME”) are entitled to 80 hours of sick leave per year and may carry over unused sick leave days from year to year. Accumulated sick time for these employees shall be paid upon retirement to a maximum of 480 hours. No accrued liability for unused sick days is recorded in the fund financial statements.

The liability for unused vacation pay is recorded as current and long-term debt in the government-wide statements, and the liability for unused sick days that will be paid at retirement is recorded as long-term debt in the government-wide statements.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 1 **Summary of Significant Accounting Policies (Continued)**

D. **Assets, Liabilities, and Equity (Continued)**

Equity Classifications – Government-Wide Financial Statements

Equity is classified as net position and can be displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 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 “invested in capital assets, net of related debt.”

Equity Classifications – Fund Financial Statements

The Township classifies governmental fund balances as follows:

- a. Non-spendable – includes fund balance amounts that cannot be spent either because the amounts are not in spendable form or are legally or contractually required to be maintained intact.
- b. Restricted – includes fund balance amounts that are restricted to specific purposes by external parties or by law through constitutional provisions or enabling legislation.
- c. Committed – includes fund balance amounts that can only be used for specific purposes due to formal action of the Township’s highest level of decision-making authority, which is the Plymouth Township Council. Committed fund balance may also include resources that have been specifically committed for use in satisfying contractual requirements.
- d. Assigned – includes fund balance amounts that are constrained by the Township’s intent to be used for specific purposes but are not restricted or committed. Only Plymouth Township Council has the power to assign fund balances.
- e. Unassigned – includes the residual classification of fund balance of the General Fund, whether the amount is positive or negative. Other governmental funds may report negative unassigned fund balance if their expenditures exceed the amounts restricted, committed, or assigned to their fund purposes.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Equity (Continued)

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first and then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Township considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed. The Township does not have a minimum fund balance policy for its general fund.

E. Revenues, Expenditures, and Expenses

Government-Wide Financial Statements

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. Expenses for employee benefits are not allocated by function for governmental activities and related funds, but instead are shown as a separate function; expenses for employee benefits for business-type activities and related funds are included in operating expenses. Revenues are categorized as program revenues by function, or as general revenues.

Program revenues reported in the Statement of Activities are classified into the following categories: (a) Charges for Services, (b) Operating Grants and Contributions, and (c) Capital Grants and Contributions.

Charges for services for governmental activities include licenses and permits and such services as inspection services and special duty police. Charges for services for business-type activities include sewer fees and special assessments for the sewer operations, and membership and program fees for the Greater Plymouth Community Center.

General revenues include all revenues and gains that do not meet the definition of program revenues, and include primarily taxes, grants and contributions not restricted to specific programs, and unrestricted investment earnings.

Fund Financial Statements

In the fund financial statements, expenses are categorized by function. All revenues are listed together in arriving at total revenues for each fund.

Operating revenues and expenses for proprietary funds are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

E. Revenues, Expenditures, and Expenses (continued)

Real Estate Taxes

The tax on real estate in Plymouth Township for 2022 was 1.8 mills (\$1.80 per \$1,000 of assessed valuation) as levied by Council. Assessed valuations of property are determined by Montgomery County, and the tax collector is responsible for collection. The schedule for real estate taxes levied for 2022 was as follows:

February 15, 2022	- Levy Date
February 16 – April 30, 2022	- 2% Discount Period
May 1 – June 30, 2022	- Face Payment Period
July 1 – January 14, 2023	- 10% Penalty Period
January 15, 2023	- Lien Date

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

F. New Accounting Standards Adopted

The Township adopted GASB Statement No. 87, *Leases*, (“GASB 87”), beginning January 1, 2022. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

G. Use of Estimates in the Preparation of Financial Statements

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

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 2 **Deposits**

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2022, the bank balances and the carrying amounts of deposits of the primary government in these financial statements were as follows:

	Carrying Amount	Bank Balance		
		Total	Covered by FDIC	Secured
Checking, Savings, and Money Market Accounts Pennsylvania Local Government	\$ 12,955,592	\$ 13,841,927	\$ 500,000	\$ 13,341,927
Investment Trust (PLGIT)	20,337,800	20,335,686	-	20,335,686
Petty Cash	450	-	-	-
Total	<u>\$ 33,293,842</u>	<u>\$ 34,177,613</u>	<u>\$ 500,000</u>	<u>\$ 33,677,613</u>

Bank deposits not covered by federal depository insurance ("FDIC") are uninsured but secured by U.S. Government-backed investments or secured on a pooled basis.

The carrying amount of discretely presented component unit deposits is \$1,707,712 and the bank balance is \$1,744,605. Bank deposits totaling \$522,550 are covered by federal depository insurance, and deposits totaling \$1,222,055 are uninsured.

Credit Risk

The PLGIT portfolios may contain a combination of obligations of the U.S. government or its agencies, obligations of the Commonwealth of Pennsylvania or its agencies, Federal securities subject to repurchase obligations (collateralized by U.S. Treasury or Federal Agency or instrumentality obligations held by the Trust's Custodian), FDIC insured certificates of deposit (CDs), CDs secured by U.S. Government-backed investments or secured on a pooled basis, or shares of Registered Money Market Funds which invest solely in the securities described above and which are rated in the highest capacity by a nationally recognized rating agency. The Township's PLGIT portfolios are currently rated AAAM by Standard & Poor's.

Note 3 **Investments**

Pennsylvania municipalities are required to invest funds consistent with sound business practice. Regarding the investments of the Township's governmental funds, state statutes authorize the Township to invest in United States (U.S.) Treasury bills; short-term obligations of the U.S. government or its agencies or instrumentalities; deposit accounts, which include savings accounts and certificates of deposit as well as other time deposit type accounts available at banks, savings and loan associations, or credit unions; obligations of the U.S. government (other than Treasury bills) or its agencies or instrumentalities backed by full faith and credit; obligations of the Commonwealth of Pennsylvania or its agencies or instrumentalities backed by the full faith and credit of the Commonwealth or its political subdivisions; shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for municipal funds; and certain commercial paper, bankers' acceptances, and negotiable certificates of deposit.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 3 **Investments (Continued)**

In addition, the Intergovernmental Cooperation Act 11 permits cooperative investment pools, such as the Pennsylvania Local Government Investment Trust and the State Treasurer's Invest Program.

In addition to these investments, the investments of fiduciary funds may include corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township may not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township's investments are categorized as either (1) insured or registered with the securities held by the Township or its agent in the Township's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the Township's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Township's name.

The investments of the primary government and its component units are summarized below.

	Categories			Carrying Amount	Value
	1	2	3		
Primary Government:					
PLGIT Term	\$ -	\$ -	\$ 14,450,000	\$ 14,450,000	\$ 14,450,000
Mutual Funds	-	-	112,428,127	112,428,127	112,428,127
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,878,127</u>	<u>\$ 126,878,127</u>	<u>\$ 126,878,127</u>
Harmonville Fire Company (Component Unit):					
Mutual Funds	\$ -	\$ -	\$ 1,558,728	\$ 1,558,728	\$ 1,558,728
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,558,728</u>	<u>\$ 1,558,728</u>	<u>\$ 1,558,728</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The credit quality ratings as described by a nationally recognized statistical rating organization is disclosed for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. Unless contrary information exists, investments in obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 3 **Investments (Continued)**

Credit Risk (continued)

The fixed income investments of the Police Pension Trust Fund, totaling \$18,859,731 as of December 31, 2022, had the following credit quality ratings:

	Market Value 12/31/22	Credit Quality Distribution - Standard & Poor's / Moody's				
		AAA/ Aaa	AA/ Aa	A/ A	BBB/ Baa	Other
Baird Core Plus Bond Fund	\$ 4,913,250	46.5%	3.9%	12.7%	32.5%	4.4%
PGIM Total Return Bond Fund	3,971,439	58.7%	7.6%	9.7%	19.1%	4.9%
Voya Intermediate Bond Fund	2,472,695	58.0%	3.1%	13.9%	17.4%	7.6%
Doubleline Core Fixed Income Fund	2,465,645	41.3%	4.0%	10.4%	21.1%	23.2%
Pacific Funds Floating Rate Income Fund	1,320,585	0.0%	0.0%	0.0%	0.4%	99.6%
iShares Trust - iShares Preferred ETF	1,002,627	0.3%	5.1%	39.1%	54.9%	0.6%
Mainstay MacKay High Yield Corporate Bond Fund	406,541	0.0%	0.1%	0.0%	10.1%	89.8%
Total Fixed Income Investments - Police Pension Trust Fund	<u>\$ 16,552,782</u>					

The fixed income investments of the Non-Uniformed Employees' Pension Trust Fund, totaling \$11,728,602 as of December 31, 2022, had the following credit quality ratings:

	Market Value 12/31/22	Credit Quality Distribution - Standard & Poor's / Moody's				
		AAA/ Aaa	AA/ Aa	A/ A	BBB/ Baa	Other
Baird Core Plus Bond Fund	\$ 3,145,128	46.5%	3.9%	12.7%	32.5%	4.4%
PGIM Total Return Bond Fund	2,536,104	58.7%	7.6%	9.7%	19.1%	4.9%
Doubleline Core Fixed Income Fund	1,576,039	41.3%	4.0%	10.4%	21.1%	23.2%
Voya Intermediate Bond Fund	1,575,412	58.0%	3.1%	13.9%	17.4%	7.6%
Pacific Funds Floating Rate Income Fund	839,527	0.0%	0.0%	0.0%	0.4%	99.6%
iShares Trust - iShares Preferred ETF	637,095	0.3%	5.1%	39.1%	54.9%	0.6%
Mainstay MacKay High Yield Corporate Bond Fund	255,270	0.0%	0.1%	0.0%	10.1%	89.8%
Total Fixed Income Investments - Non-Uniform Pension Trust Fund	<u>\$ 10,564,575</u>					

The investments of the Deferred Retirement Option Plan (DROP) Trust Fund and the Deferred Compensation Fund are self-directed by the plans' participants, and therefore no disclosures regarding credit risk are provided in these financial statements.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 3 **Investments (Continued)**

Concentration of Credit Risk

The following investments comprised at least 5% of the total plan assets of the Police Pension Trust Fund as of December 31, 2022.

	Market Value 12/31/22
Vanguard Total Stock Market ETF	\$ 10,145,497
Vanguard Total International Stock Index ETF	5,260,493
Baird Core Plus Bond Fund	4,913,250
PGIM Total Return Bond Fund	3,971,439
Vanguard FTSE Developed Markets ETF	3,142,630
Jensen Quality Growth Fund Class Y	2,896,459
Invesco S&P 500 Equal Weight ETF	2,837,712

The following investments comprised at least 5% of the total plan assets of the Deferred Retirement Option Plan (DROP) Trust Fund as of December 31, 2022.

	Market Value 12/31/22
MissionSquare PLUS Fund	\$ 839,965
MissionSquare Retirement Target 2035 Fund	162,979
MissionSquare Inflation Focused Fund	90,157
MSQ Western Asset Core Plus Fund	78,971

The following investments comprised at least 5% of the total plan assets of the Non-Uniform Employees' Pension Plan as of December 31, 2022.

	Market Value 12/31/22
Vanguard Total Stock Market ETF	\$ 6,456,869
Vanguard Total International Stock Index ETF	3,350,111
Baird Core Plus Bond Fund	3,145,128
PGIM Total Return Bond Fund	2,536,104
Vanguard FTSE Developed Markets ETF	2,001,649
Jensen Quality Growth Fund Class Y	1,843,233
Investco S&P 500 Equal Weight ETF	1,805,458

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 3 **Investments (Continued)**

Concentration of Credit Risk (continued)

The following investments comprised at least 5% of Deferred Compensation Plan assets as of December 31, 2022.

	Market Value 12/31/22
MissionSquare PLUS Fund	\$ 1,041,503
MissionSquare Model Portfolio Long-Term Growth Fund	961,214
MissionSquare Broad Market Index Fund	891,657
MissionSquare Retirement Target 2020 Fund	690,109
MissionSquare 500 Stock Index Fund	494,890

Summary

Cash, cash equivalents, and investments of the Township and its component units were reported as follows as of December 31, 2022:

	Governmental Activities and Funds	Business- Type Activities and Funds	Fiduciary Funds	Total Primary Government	Component Units
Cash and Cash Equivalents	\$ 15,809,112	\$ 827,739	\$ 9,206,072	\$ 25,842,923	\$ 1,685,162
Investments	-	-	112,428,127	112,428,127	1,558,728
Equity in Pooled Cash and Investments	18,221,027	3,229,892	450,000	21,900,919	22,550
Total	<u>\$ 34,030,139</u>	<u>\$ 4,057,631</u>	<u>\$ 122,084,199</u>	<u>\$ 160,171,969</u>	<u>\$ 3,266,440</u>
Total Cash and Cash Equivalents				\$ 33,293,842	\$ 1,707,712
Total Investments				<u>126,878,127</u>	<u>1,558,728</u>
Total				<u>\$ 160,171,969</u>	<u>\$ 3,266,440</u>

The Township has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and addresses the specific types of risk to which the government is exposed. However, the Township complies with the First Class Township Act of Pennsylvania.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 4 **Taxes Receivable**

Taxes receivable on the Statement of Net Position and the Balance Sheet – Governmental Funds on December 31, 2022 consists of the following:

Earned income tax	\$ 2,240,000
Local services tax	280,000
Solid waste tax	264,211
Real estate taxes	101,512
Real estate transfer taxes	43,748
Business taxes	<u>12,650</u>
Total	<u><u>\$ 2,942,121</u></u>

Presentation in Government-Wide Financial Statements

Since all taxes receivable as of December 31, 2022 are deemed collectible, the entire balance of \$2,843,792 is reported as Taxes Receivable on the Statement of Net Position.

Presentation in Fund Financial Statements

Since earned income taxes and local services taxes collected beyond sixty days of year-end do not represent current financial resources, the related receivables are offset by an amount reported as deferred inflows of resources on the Balance Sheet – Governmental Funds. Accordingly, included in deferred inflows of resources is earned income taxes receivable expected to be collected beyond sixty days of year-end, totaling \$763,126, and delinquent real estate taxes receivable expected to be collected beyond sixty days of year-end, totaling \$98,328.

Note 5 **Other Receivables**

Governmental Activities and Funds

Other receivables totaling \$158,145 include the following:

CATV Franchise Fees	\$ 76,885
Professional Services	69,770
Other	<u>11,490</u>
Total	<u><u>\$ 158,145</u></u>

Other receivables have been classified in the government-wide Statement of Net Position and the Balance Sheet – Governmental Funds as current assets.

Business-Type Activities and Sewer Revenue and Reserve Fund

Other receivables totaling \$1,012,871 represent sewer rents receivable.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 6 Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2022 was as follows:

	Balance - 1/1/2022	Additions	Disposals	Balance - 12/31/2022
<u>Governmental Activities:</u>				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 5,043,803	\$ 315,059	\$ -	\$ 5,358,862
Construction in progress	1,202,981	8,807,892	-	10,010,873
<u>Total Capital Assets Not Being Depreciated</u>	<u>6,246,784</u>	<u>9,122,951</u>	<u>-</u>	<u>15,369,735</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings	2,694,196	-	-	2,694,196
Improvements	5,545,858	71,950	-	5,617,808
Machinery and equipment	11,164,380	223,205	(14,224)	11,373,361
Infrastructure	567,934,489	773,602	-	568,708,091
<u>Totals at Estimated Historical Cost</u>	<u>587,338,923</u>	<u>1,068,757</u>	<u>(14,224)</u>	<u>588,393,456</u>
<u>Less Accumulated Depreciation:</u>				
Buildings	(1,617,173)	(43,828)	-	(1,661,001)
Improvements	(1,275,067)	(145,934)	-	(1,421,001)
Machinery and equipment	(8,611,804)	(599,437)	14,224	(9,197,017)
Infrastructure	(560,649,546)	(563,503)	-	(561,213,049)
<u>Total Accumulated Depreciation</u>	<u>(572,153,590)</u>	<u>(1,352,702)</u>	<u>14,224</u>	<u>(573,492,068)</u>
<u>Capital Assets Being Depreciated, Net</u>	<u>15,185,333</u>	<u>(283,945)</u>	<u>-</u>	<u>14,901,388</u>
<u>Governmental Activities Capital Assets, Net</u>	<u>\$ 21,432,117</u>	<u>\$ 8,839,006</u>	<u>\$ -</u>	<u>\$ 30,271,123</u>
<u>Business-type Activities:</u>				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 930,002	\$ -	\$ -	\$ 930,002
Construction in progress	315,181	453,598	-	768,779
<u>Total Capital Assets Not Being Depreciated</u>	<u>1,245,183</u>	<u>453,598</u>	<u>-</u>	<u>1,698,781</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings	10,959,904	-	-	10,959,904
Improvements	3,605,453	-	-	3,605,453
Machinery and Equipment	537,418	-	-	537,418
Infrastructure	7,615,476	-	-	7,615,476
<u>Totals at Estimated Historical Cost</u>	<u>22,718,251</u>	<u>-</u>	<u>-</u>	<u>22,718,251</u>
<u>Less Accumulated Depreciation:</u>				
Buildings	(5,256,376)	(243,553)	-	(5,499,929)
Improvements	(710,950)	(174,794)	-	(885,744)
Machinery and Equipment	(343,638)	(25,966)	-	(369,604)
Infrastructure	(4,412,005)	(92,410)	-	(4,504,415)
<u>Total Accumulated Depreciation</u>	<u>(10,722,969)</u>	<u>(536,723)</u>	<u>-</u>	<u>(11,259,692)</u>
<u>Capital Assets Being Depreciated, Net</u>	<u>11,995,282</u>	<u>(536,723)</u>	<u>-</u>	<u>11,458,559</u>
<u>Business-type Activities Capital Assets, Net</u>	<u>\$ 13,240,465</u>	<u>\$ (83,125)</u>	<u>\$ -</u>	<u>\$ 13,157,340</u>

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 6 **Capital Assets (Continued)**

Depreciation was charged to government activities as follows:

General Government	\$ 337,357
Public Safety	195,741
Public Works	808,910
Culture and Recreation	<u>10,694</u>
Total Depreciation Expense	<u><u>\$ 1,352,702</u></u>

Capital asset activity for the discretely presented component units for the year ended December 31, 2022 was as follows:

	<u>Balance -</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance -</u> <u>12/31/2022</u>
<u>Harmonville Fire Company and Plymouth Fire Company:</u>				
Land	\$ 140,001	\$ -	\$ -	\$ 140,001
Buildings and Improvements	2,657,188	130,259	-	2,787,447
Machinery and Equipment	7,935,463	90,589	-	8,026,052
Deposit on Capital Assets	<u>-</u>	<u>6,800</u>	<u>-</u>	<u>6,800</u>
Totals at Historical Cost	<u>10,732,652</u>	<u>227,648</u>	<u>-</u>	<u>10,960,300</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,490,190)	(67,929)	-	(1,558,119)
Machinery and Equipment	<u>(5,458,949)</u>	<u>(428,774)</u>	<u>-</u>	<u>(5,887,723)</u>
Total Accumulated Depreciation	<u>(6,949,139)</u>	<u>(496,703)</u>	<u>-</u>	<u>(7,445,842)</u>
Component Unit Capital Assets, Net	<u><u>\$ 3,783,513</u></u>	<u><u>\$ (269,055)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,514,458</u></u>

Note 7 **Unearned Revenue**

Business-Type Activities and Proprietary Funds

Unearned revenue of \$96,000 represents membership fees collected by the Greater Plymouth Community Center for membership periods that extend beyond December 31, 2022.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 8 **Deferred Outflows of Resources**

Government-Wide Financial Statements

As described in Note 14, as of December 31, 2022, the Township reported deferred outflows of resources totaling \$13,902,939 for the net difference between projected and actual investment earnings, the net difference between expected and actual experience, and changes in assumptions related to the pension plans. In addition, as described in Note 16, as of December 31, 2022, the Township reported deferred outflows of resources totaling \$4,702,288 for changes in assumptions related to other post-employment benefits.

Note 9 **Deferred Inflows of Resources**

Government-Wide Financial Statements

As described in Note 14, as of December 31, 2022, the Township reported deferred inflows of resources totaling \$747,807 for the net difference between expected and actual experience and changes in assumptions related to the pension plans. In addition, as described in Note 16, as of December 31, 2022, the Township reported deferred inflows of resources totaling \$12,944,642 for differences between projected and actual earnings, differences between expected and actual experience, and changes in assumptions related to other post-employment benefits.

Fund Financial Statements

Deferred inflows of resources on the Balance Sheet – Governmental Funds, totaling \$763,126 as of December 31, 2022, represent earned income taxes receivable that do not represent available spendable financial resources as of December 31, 2022.

Note 10 **Long-Term Debt**

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities, amounts to be repaid from business-type activities, and amounts to be repaid by the discretely presented component units.

A. **Governmental Activities**

Long-term debt as of December 31, 2022 consisted of bonds payable, accrued compensated absences, and the Township's net pension liability and net other post-employment benefits liability.

General Obligation Bonds, Series of 2022

On July 21, 2022, the Township issued General Obligation Bonds, Series of 2022 (the "Bonds"), in the aggregate principal amount of \$9,995,000. The proceeds of the Bonds are to be used for the purpose of providing funds to finance certain capital projects of the Township, including facilities improvements, renovations to the Township's municipal and public works buildings, and other related improvements, and to pay the costs of issuing the Bonds. The Bonds are stated to mature on September 15th of each year from 2023 through 2044 with remaining principal payments due in 2046, 2049, and 2051, with interest payable semiannually on March 15th and September 15th of each year. The interest rate on the Bonds ranges from 3% to 5%.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 10 Long-Term Debt (Continued)

A. Governmental Activities (Continued)

General Obligation Bonds, Series of 2022 (continued)

The bonds maturing on or after September 15, 2028 are subject to redemption, prior to maturity, at the option of the Township, in whole or in part, at any time and from time to time, on or after September 15, 2027. The bonds stated to mature on September 15, 2035 are subject to mandatory redemption prior to maturity, in 2034 and 2035; the bonds stated to mature on September 15, 2037 are subject to mandatory redemption prior to maturity during the years 2036 and 2037; the bonds stated to mature on September 15, 2039 are subject to mandatory redemption prior to maturity, in 2038 and 2039; the bonds stated to mature on September 15, 2042 are subject to mandatory redemption prior to maturity, in 2040, 2041, and 2042; the bonds stated to mature on September 15, 2047 are subject to mandatory redemption prior to maturity, in 2043, 2044, 2045, 2046, and 2047; and the bonds stated to mature on September 15, 2052 are subject to mandatory redemption prior to maturity, in 2049, 2050, 2051, and 2052.

General Obligation Bonds, Series of 2021

On June 16, 2021, the Township issued General Obligation Bonds, Series of 2021 (the "Bonds"), in the aggregate principal amount of \$9,130,000. The proceeds of the Bonds are to be used for the purpose of providing funds to finance certain capital projects of the Township, including facilities improvements, renovations to the Township's municipal and public works buildings, and other related improvements, and to pay the costs of issuing the Bonds. The Bonds are stated to mature on September 15th of each year from 2022 through 2044 with remaining principal payments due in 2046, 2049, and 2051, with interest payable semiannually on March 15th and September 15th of each year. The interest rate on the Bonds ranges from 3% to 5%.

The bonds maturing on or after September 15, 2027 are subject to redemption, prior to maturity, at the option of the Township, in whole or in part, at any time and from time to time, on or after September 15, 2026. The bonds stated to mature on September 15, 2046 are subject to mandatory redemption prior to maturity, in 2045 and 2046; the bonds stated to mature on September 15, 2049 are subject to mandatory redemption prior to maturity during the years 2047 through 2049; and the bonds stated to mature on September 15, 2051 are subject to mandatory redemption prior to maturity, in 2050 and 2051.

Bond principal and interest payments are made by the General Fund.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 10 Long-Term Debt (Continued)

A. Business-type Activities (continued)

Future Debt Service Requirements

Annual debt service requirements for all bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 335,000	\$ 717,028	\$ 1,052,028
2024	380,000	672,012	1,052,012
2025	400,000	653,012	1,053,012
2026	420,000	633,012	1,053,012
2027	440,000	612,012	1,052,012
2028-2032	2,410,000	2,843,200	5,253,200
2033-2037	2,865,000	2,393,950	5,258,950
2038-2042	3,390,000	1,855,950	5,245,950
2043-2047	4,040,000	1,215,750	5,255,750
2048-2052	4,330,000	450,650	4,780,650
Totals	<u>\$ 19,010,000</u>	<u>\$ 12,046,576</u>	<u>\$ 31,056,576</u>

As of December 31, 2022, there is no long-term debt attributable to business-type activities.

B. Component Units

Harmonville Fire Company

On October 15, 2018, Harmonville Fire Company entered into a loan contract in the total principal amount of \$300,000 for the purchase of a rescue vehicle. The loan contract calls for 15 annual payments of \$27,877, including interest of 4.47%, beginning on October 15, 2018 and ending on October 15, 2033. Harmonville Fire Company has the sole option to adjust the interest rate for contract payments 6 through 10, and 11 through 15, at a rate that is 300 basis points above the five-year U.S. Treasury Note rate. Required future payments are scheduled as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 17,232	\$ 10,645	\$ 27,877
2024	18,002	9,875	27,877
2025	18,807	9,070	27,877
2026	19,647	8,230	27,877
2027	20,526	7,351	27,877
2028 - 2032	117,239	22,146	139,385
2033	26,684	1,193	27,877
Totals	<u>\$ 238,137</u>	<u>\$ 68,510</u>	<u>\$ 306,647</u>

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 10 **Long-Term Debt (Continued)**

C. **Changes in Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended December 31, 2022:

	Balance - 1/1/2022	Additions	Deductions	Balance - 12/31/2022	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds payable	\$ 9,130,000	\$ 9,995,000	\$ 115,000	\$ 19,010,000	\$ 335,000
Bond premiums	749,590	97,851	38,203	809,238	-
Bonds payable - net	9,879,590	10,092,851	153,203	19,819,238	335,000
Compensated absences	365,080	-	204	364,876	-
Net OPEB liability	276,061	4,395,554	-	4,671,615	-
Net pension liability (asset)	(11,125,628)	23,061,192	-	11,935,564	-
Total	<u>\$ (604,897)</u>	<u>\$37,549,597</u>	<u>\$ 153,407</u>	<u>\$ 36,791,293</u>	<u>\$ 335,000</u>
<u>Component Units:</u>					
<i>Harmonville Fire Company</i>					
Loan Contract	\$ 254,631	\$ -	\$ 16,494	\$ 238,137	\$ 17,232
Total	<u>\$ 254,631</u>	<u>\$ -</u>	<u>\$ 16,494</u>	<u>\$ 238,137</u>	<u>\$ 17,232</u>

Note 11 **Interfund Transfers and Balances**

A. **Transfer from the Sewer Fund to the General Fund**

During the year ended December 31, 2022, the Township transferred \$268,466 from the Sewer Fund to the General Fund to reimburse the General Fund for costs incurred such as salaries, benefits, and other operating costs.

Presentation in Government-Wide Financial Statements

The transfer is included in the Statement of Activities as a transfer between governmental activities and business-type activities.

Presentation in Fund Financial Statements

The transfer is included in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds as Other Financing Sources, and is included in the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds as a Transfer Out.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 11 Interfund Transfers and Balances (Continued)

B. Transfer from the General Fund to the Greater Plymouth Community Center

During the year ended December 31, 2022, the Township transferred \$488,836 from the General Fund to the Greater Plymouth Community Center to subsidize its operations.

Presentation in Government-Wide Financial Statements

This transfer is included in the Statement of Activities as transfers between governmental activities and business-type activities.

Presentation in Fund Financial Statements

The transfer is reflected in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds as Other Financing Uses, and is included in the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds as Transfers In.

C. Transfer from the Greater Plymouth Community Center to the Health and Welfare Fund

During the year ended December 31, 2022, the Township transferred \$220,498 from the Greater Plymouth Community Center to the Health and Welfare Fund for the cost of life insurance, health insurance, and related benefits provided to employees.

Presentation in Government-Wide Financial Statements

This transfer is included in the Statement of Activities as transfers between governmental activities and business-type activities.

Presentation in Fund Financial Statements

This transfer is reflected in the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds as Transfers Out, and is included in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds as Transfers In.

D. Other Transfers

In addition, the following interfund transfers between governmental funds are reflected on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds, but have been eliminated in the presentation of the government-wide Statement of Activities:

<u>Transferred From</u>	<u>Transferred To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Capital Reserve Fund	Future capital needs of Harmonville and Plymouth fire companies	\$ 200,000
General Fund	Capital Reserve Fund	Future capital needs of the Township	47,000
General Fund	Health and Welfare Fund	Life insurance, health insurance, and related benefits	3,767,402
Capital Projects Fund	Capital Reserve Fund	Reimbursement of capital expenditures incurred in 2021	1,509,058

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 11 Interfund Transfers and Balances (Continued)

E. Interfund Receivable/Payable

In 2021 and 2022, the Township incurred costs associated with renovations to the Township's municipal and public works buildings. These costs are intended to be expended from the Township's capital projects fund. In order to facilitate the payment of these costs that incurred prior to the establishment of the capital projects fund, certain costs were paid by the capital reserve fund. Subsequently, funds were transferred from the capital projects fund to the capital reserve fund to cover the cost of these expenditures. As of December 31, 2022, the balance due from the capital projects fund to the capital reserve fund was \$297,985.

Note 12 Contributions to Component Units

During the year ended December 31, 2022, the Township made cash donations totaling \$465,560 to Harmonville Fire Company and \$401,790 to Plymouth Fire Company.

Presentation in Government-Wide Financial Statements

In the Statement of Activities, the contributions to the fire companies are included in Public Safety expenses of the Governmental Activities of the primary government and are included in Operating Grants and Contributions of the fire companies.

Presentation in Fund Financial Statements

In the Statement of Revenues, Expenditures, and Changes of Fund Balances – Governmental Funds, the contributions to the fire companies are included in Public Safety expenditures of the General Fund.

Note 13 Employee Benefits

Expenses for employee benefits are not allocated by function for governmental activities and related funds, but instead are shown as a separate function under the caption "Employee Benefits". The following is a summary of these expenditures/expenses for governmental funds and governmental activities for 2022:

Governmental Funds and Governmental Activities

General Fund

Social security tax	\$ 985,352
Police pension contribution	1,165,413
Non-uniformed employee pension contribution	590,878

Health and Welfare Fund

Medical, life, and disability insurance	4,096,175
Other	<u>33,257</u>

<u>Total Expenditures Presented in Governmental Fund Financial Statements</u>	6,871,075
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Additional Pension Expense Recognized in Accordance
with GASB Statement No. 68 (Note 14):

Police pension plan	2,514,544
Non-uniform employees' pension plan	1,112,446

(Reduction in) Other Post-Employment Benefits Recognized
in Accordance with GASB Statement No. 75 (Note 16)

<u>(3,522,752)</u>

Total Expenses for Governmental Activities Presented in
Government-Wide Financial Statements

<u>\$ 6,975,313</u>

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 13 Employee Benefits (Continued)

The Greater Plymouth Community Center's share of the non-uniformed employee pension contribution, totaling \$118,035, is included in operating expenses. The Greater Plymouth Community Center's share of healthcare costs, totaling \$220,498, is included in transfers out to the Health and Welfare Fund.

Note 14 Employee Pensions

A. Plan Descriptions

The Township administers two single employer defined benefit pension plans: The Police Pension Plan and the Non-Uniformed Employees' Pension Plan. These plans cover all full-time employees and provide retirement benefits to members. Plan provisions are established by Township ordinance with the authority for contributions required by Act 205 of the Commonwealth of Pennsylvania (the "Commonwealth").

As of January 1, 2021, the number of participants in each plan was as follows:

	<u>Police</u>	<u>Non-Uniformed Employees</u>
Participants		
Active Participants	44	73
Non-active Participants	<u>39</u>	<u>65</u>
Totals	<u><u>83</u></u>	<u><u>138</u></u>

B. Eligibility Requirements

Police Pension Plan

Each member of the police force of the Township is covered by the Police Pension Plan. The Normal Retirement Date is the last day of the month in which the member attains age 52 and completes 25 years of service. A member may elect to retire early if he or she completes 20 years of service, but before his or her Normal Retirement Date (other than for death or permanent disability). Each member, who leaves the service of the Township for any reason after 12 years of continuous service but before he or she is entitled to either Early or Normal Retirement, will receive a vested Accrued Monthly Pension based on service and Average Monthly Earnings at date of termination, payable at his or her Normal Retirement Date.

Non-uniformed Employees' Pension Plan

All full-time employees of the Township, except for participants of the police force, are covered by the Non-Uniformed Employees' Pension Plan. The Normal Retirement Date is the last day of the month in which the member attains age 62 and completes 5 years of service. A member may elect to retire early if he or she attains age 50 and completes 10 years of service. Each member who leaves the service of the Township for any reason before he or she is entitled to either Early or Normal Retirement will receive a vested Accrued Monthly Pension based on service and Average Monthly Earnings at date of termination, payable at age 62 if he or she has completed at least 5 years of service with the Township.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 14 Employee Pensions (Continued)

C. Retirement Benefits

Police Pension Plan

The Police Pension Plan provides normal retirement benefits, early retirement benefits, job-related disability benefits, and survivor benefits. In addition, the Police Pension Plan provides for Deferred Retirement Option Plan (DROP) benefits, whereby any police officer who has completed 25 years of Credited Service and attained age 52 may enter into a DROP arrangement. Such an arrangement may run for no less than 12 months and no more than 60 months.

If a member's employment with the Township is terminated before Normal Retirement Date (other than by disability or vested termination), the member shall receive a lump sum amount equal to the member's aggregate contributions plus interest at a rate of 4% per year.

Non-Uniformed Employees' Pension Plan

The Non-Uniformed Employees' Pension Plan provides normal retirement benefits, early retirement benefits, job-related disability benefits, and survivor benefits.

D. Summary of Significant Accounting Policies

Fiduciary Fund

The pension plans utilize the accrual basis of accounting. The pension plans are reflected as fiduciary funds in these financial statements; however, separate financial statements for the pension plans are not issued. Employer contributions are recognized when due as required by Act 205 of the Commonwealth. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Governmental Fund Financial Statements

Governmental funds utilize the modified accrual basis of accounting. Employer contributions are recognized when due as required by Act 205 of the Commonwealth.

Government-Wide Financial Statements

The Township complies with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. In accordance with GASB Statement No. 68, the Township reports its net pension liability in the Statement of Net Position.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 14 Employee Pensions (Continued)

D. Summary of Significant Accounting Policies (Continued)

Investments

Investments are reported at fair market value. Securities traded on national exchanges are valued at the last reported sales price. Investments of the pension funds are represented by specific identifiable investment securities classified as to credit risk by the three categories described below:

Category 1 – Insured or registered, or securities held by the Pension Fund or its agent in the Pension Fund’s name.

Category 2 – Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the Pension Fund’s name.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Pension Fund’s name.

The investments of the pension funds consist of mutual funds, representing “category 3” investments.

E. Plan Investments

Summary by Type

Investments held as of December 31, 2022 are summarized as follows:

	Police Pension Trust Fund	Deferred Retirement Option Plan	Non-Uniformed Employees' Pension Trust Fund
Mutual Funds - Stable Value	\$ -	\$ 966,557	\$ -
Mutual Funds - Fixed Income	16,552,782	205,444	10,564,575
Mutual Funds - Balanced/Asset Allocation	-	172,276	-
Mutual Funds - Equity	29,381,274	149,746	18,703,620
Total	<u>\$ 45,934,056</u>	<u>\$ 1,494,023</u>	<u>\$ 29,268,195</u>

Current yields on the fixed income mutual funds range from 3.39% to 8.14%.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 14 Employee Pensions (Continued)

E. Plan Investments (Continued)

Concentration of Credit Risk

The following investments comprised at least 5% of the total plan assets of the Police Pension Trust Fund as of December 31, 2022.

	<u>Market Value 12/31/22</u>
Vanguard Total Stock Market ETF	\$ 10,145,497
Vanguard Total International Stock Index ETF	5,260,493
Baird Core Plus Bond Fund	4,913,250
PGIM Total Return Bond Fund	3,971,439
Vanguard FTSE Developed Markets ETF	3,142,630
Jensen Quality Growth Fund Class Y	2,896,459
Invesco S&P 500 Equal Weight ETF	2,837,712

The following investments comprised at least 5% of the total plan assets of the Deferred Retirement Option Plan (DROP) Trust Fund as of December 31, 2022.

	<u>Market Value 12/31/22</u>
MissionSquare PLUS Fund	\$ 839,965
MissionSquare Retirement Target 2035 Fund	162,979
MissionSquare Inflation Focused Fund	90,157
MSQ Western Asset Core Plus Fund	78,971

Concentrations – Non-uniform Employees’ Pension Plan

The following investments comprised at least 5% of the total plan assets of the Non-Uniform Employees’ Pension Plan as of December 31, 2022.

	<u>Market Value 12/31/22</u>
Vanguard Total Stock Market ETF	\$ 6,456,869
Vanguard Total International Stock Index ETF	3,350,111
Baird Core Plus Bond Fund	3,145,128
PGIM Total Return Bond Fund	2,536,104
Vanguard FTSE Developed Markets ETF	2,001,649
Jensen Quality Growth Fund Class Y	1,843,233
Investco S&P 500 Equal Weight ETF	1,805,458

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 14 Employee Pensions (Continued)

E. Plan Investments (Continued)

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on the Police Pension Plan investments was (16.80)%. For the year ended December 31, 2022, the annual money-weighted rate of return on the Non-Uniform Employee's Pension Plan was (16.78)%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

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

F. Contributions and Funding Policy

Act 205 of the Commonwealth requires that annual contributions be based upon the Minimum Municipal Obligation (MMO). The MMO is based upon the plan's biennial actuarial valuation. The State provides an allocation of funds that must be used for pension funding. Any financial requirement established by the MMO which exceeds the State and employee contributions must be funded by the employer in accordance with Act 205.

Contributions to the Police Pension Trust Fund for 2022 totaled \$719,894 from the Township and \$445,519 from the Commonwealth (together totaling \$1,165,413), as well as \$198,071 from employees. Contributions to the Deferred Retirement Option Plan (DROP) Trust Fund for 2022 totaled \$454,575 from employees. Contributions to the Non-Uniformed Employees' Pension Plan for 2022 totaled \$325,560 from the Township and \$383,353 from the Commonwealth (together totaling \$708,913). The components of the MMO for 2022 are as follows:

	<u>Police Pension Plan</u>	<u>Non-Uniformed Employees' Pension Plan</u>
Normal Cost	\$ 1,586,707	\$ 812,671
Administrative Expenses	125,800	89,100
Amortization Requirement	-	-
Funding Adjustment	(374,626)	(192,858)
Less: Estimated Employee Contributions	<u>(172,468)</u>	<u>-</u>
2022 Minimum Municipal Obligation	<u>\$ 1,165,413</u>	<u>\$ 708,913</u>

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 14 Employee Pensions (Continued)

G. Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liabilities were measured as of December 31, 2022, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The components of the changes in the total pension liability, plan fiduciary net position, and net pension liability of the Police Pension Plan for the year ended December 31, 2022 are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service cost	\$ 1,904,952	\$ -	\$ 1,904,952
Interest on total pension liability	3,423,703	-	3,423,703
Changes in assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions - Township and state aid	-	1,165,413	(1,165,413)
Contributions - employees	-	198,071	(198,071)
Net investment income	-	(10,066,317)	10,066,317
Benefit payments	(2,207,164)	(2,207,164)	-
Administrative expenses	-	(142,200)	142,200
Net Changes	3,121,491	(11,052,197)	14,173,688
<u>Balances as of December 31, 2021</u>	<u>53,775,935</u>	<u>60,851,790</u>	<u>(7,075,855)</u>
<u>Balances as of December 31, 2022</u>	<u>56,897,426</u>	<u>49,799,593</u>	<u>7,097,833</u>
<u>DROP Balance as of December 31, 2022</u>	<u>1,494,023</u>	<u>1,494,023</u>	<u>-</u>
<u>Totals as of December 31, 2022</u>	<u>\$ 58,391,449</u>	<u>\$ 51,293,616</u>	<u>\$ 7,097,833</u>

The components of the changes in the total pension liability, plan fiduciary net position, and net pension liability of the Non-Uniformed Employees' Pension Plan for the year ended December 31, 2022 are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service cost	\$ 901,036	\$ -	\$ 901,036
Interest on total pension liability	2,210,498	-	2,210,498
Changes in assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions - Township and state aid	-	708,913	(708,913)
Net investment income	-	(6,393,151)	6,393,151
Benefit payments	(1,092,123)	(1,092,123)	-
Administrative expenses	-	(91,732)	91,732
Net Changes	2,019,411	(6,868,093)	8,887,504
<u>Balances as of December 31, 2021</u>	<u>34,553,727</u>	<u>38,603,500</u>	<u>(4,049,773)</u>
<u>Balances as of December 31, 2022</u>	<u>\$36,573,138</u>	<u>\$31,735,407</u>	<u>\$ 4,837,731</u>

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 14 Employee Pensions (Continued)

G. Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

In the government-wide financial statements for the year ended December 31, 2022, the Township recognized pension expense totaling \$3,679,957 for the Police Pension Plan and \$1,821,359 for the Non-Uniformed Employees' Pension Plan. As of December 31, 2022, 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
Net difference between projected and actual investment earnings	\$ 10,558,245	\$ -
Net difference between expected and actual experience	2,371	694,195
Changes of assumptions	3,342,323	53,612
Totals	<u>\$ 13,902,939</u>	<u>\$ 747,807</u>

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

Year Ended December 31	Amount
2023	\$ 1,618,815
2024	2,978,536
2025	3,989,708
2026	4,568,073
	<u>\$ 13,155,132</u>

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 14 Employee Pensions (Continued)

H. Actuarial Assumptions

In accordance with regulations under Act 205 of 1984, all actuarial assumptions are selected jointly by the actuary and the governing body of the pension plan. Significant actuarial assumptions are presented below.

	<u>Police Pension</u>	<u>Non-Uniformed Employees Pension</u>
Actuarial Valuation Date	1/1/21	1/1/21
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar Open	Level Dollar Open
Remaining Amortization Period	N/A	N/A
Asset Valuation Method	Adjusted Market Basis	Adjusted Market Basis
Investment Rate of Return	6.50%	6.50%
Projected Salary Increase	5.00%	4.00%
Inflation	3.00%	3.00%
Cost-of-living Adjustment	3.00%	3.00%
Retirement Age	Normal retirement age or at attained age plus 1 year, if later	Normal retirement age or at attained age plus 1 year, if later
Mortality Rates	Pub-2010 Safety Amount - Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable), projected from 2010 with Mortality Improvement Scale MP- 2021	Pub-2010 General Amount - Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable), projected from 2010 with Mortality Improvement Scale MP- 2021

Actuarial assumptions are based on experience with pension plans statewide and standard nationwide mortality tables. Due to the size of the plan, actuarial experience studies are not considered credible and are not performed for the plan.

Discount Rate

The discount rate used to measure the total pension liability was 6.5% for the Police Pension Plan and 6.5% for the Non-Uniformed Employees' Pension Plan and is based on the long-term expected return on assets given the Plans' asset allocation and investment policies as of December 31, 2022. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 14 Employee Pensions (Continued)

H. Actuarial Assumptions

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

The following presents the net pension liability of the pension plans, calculated using the discount rate of 6.5%, as well as what the net pension liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net Pension Liability:			
Police Pension	\$ 14,834,069	\$ 7,097,833	\$ 737,823
Non-Uniformed Employees Pension	9,298,729	4,837,731	1,107,006

Note 15 Deferred Compensation Fund

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unexpected emergency. The plan is administered by MissionSquare Retirement.

The Township has a fiduciary responsibility and must exercise due care as required of any other ordinary prudent investor.

Note 16 Post-Retirement Benefit Plan

The Township provides post-retirement health care insurance to employees who retire from the Township who meet certain minimum age and service requirements. During 2003, the Township established the Post-Retirement Healthcare Fund (a fiduciary fund) to help fund future health insurance premiums for retired employees.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially-determined expense on the statement of activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits. The post-employment benefit liability is recognized on the statement of net position over time.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 16 Post-Retirement Benefit Plan (Continued)

A. Plan Description

The Plan is a single employer defined benefit plan for which the provisions are established by Township ordinance. The Plan does not issue a stand-alone financial report. As of December 31, 2022, the following employees were covered by the benefit terms:

Active Participants	107
Retirees and Covered Spouses	<u>86</u>
Total	<u><u>193</u></u>

The following is a summary of plan benefits:

Eligibility

- *Police:* Age 52 with 25 or more years of service.
- *Non-uniformed union employees:* age 60 with 10 or more years of service, or age plus service equals 80
- *Non-uniformed non-union employees:* age 60 with 10 or more years of service, or age plus service equals 80 for employees hired prior to July 1, 2011; age 60 with 25 years of service for employees hired after June 30, 2011.

Healthcare Benefits – Police and Non-Uniformed Employees

- *Pre-Medicare eligibility:* For police and other employees hired before March 1, 2016: Medical – Aetna PPO \$15/\$30 Plan; Prescription Drug – Copays of \$15/\$25. For non-uniformed employees hired after March 1, 2016: Medical – Aetna PPO HRA \$2,000/\$4,000; Prescription Drug – Copays of \$10/\$30/\$50.
- *Post-Medicare eligibility:* Aetna Medicare Advantage Plan

Duration of Healthcare Benefits

- *Police:* Coverage will continue for the life of the retiree and spouse. Eligible dependent children are covered until age 26.
- *Non-uniformed employees:* For unionized retirees, coverage will continue for the life of the retiree, and spouse coverage continues to Medicare eligibility. Dependents are covered as long as they are eligible. For nonunionized retirees, coverage continues for the life of the retiree; spouse and dependent coverage is limited to the lesser of 2.5 months for every year of service or five years. There is an exception to this whereby one spouse of a non-unionized retiree is covered until the death of the retiree.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 16 Post-Retirement Benefit Plan (Continued)

A. Plan Description (Continued)

Benefits upon Disability

- *Police:* Police officers who are permanently disabled for non-work-related disability are not eligible for postretirement medical benefits. Any police officer who becomes permanently disabled due to a work-related disability pension, in addition to the officer and spouse, any children will continue to receive; benefits as long as they are eligible.
- *Non-uniformed employees:* Employees must be eligible for retirement benefits to receive coverage upon disability.

Employee Contributions for Healthcare Coverage

- *Police:* Police officers contribute 1% of their salary each year for post-retirement health care.
- *Non-uniformed employees:* None, except one Medicare eligible individual is required to contribute \$500 monthly towards the cost.

Life Insurance Benefits

- *Police:* The Township provides life insurance of \$50,000 for death before age 65, and \$15,000 for death after age 65.
- *Non-uniformed employees:* None

B. Funding Policy

Although the Township established the Post-Retirement Healthcare Fund (a fiduciary fund) to help fund future health insurance premiums for retired employees, the Plan is effectively financed on a pay-as-you-go basis. Health care insurance premiums are paid from the Township's Health and Welfare Fund (a governmental fund).

In the fund financial statements, expenditures for post-retirement health care benefits are recognized as the insurance premiums are incurred. In the government-wide financial statements, expenses for post-retirement health care benefits are recognized in the amount of the estimated increase in the net OPEB liability. The expenses/expenditures post-retirement health care benefits for governmental activities and related funds are included under the caption "Employee Benefits". The expenses for post-retirement health care benefits for business-type activities and related funds are recorded as a transfer out to the Post-Retirement Healthcare Fund.

C. Net OPEB Liability

The Township's net OPEB liability of \$4,671,615 was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2022.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 16 Post-Retirement Benefit Plan (Continued)

D. Actuarial Methods and Assumptions

The net OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method

Individual Entry Age Normal as a level percentage of payroll.

Discount Rate

The discount rate of 6.5% reflects the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, and a yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, to the extent that the conditions for use of the long-term expected rate of return are not met.

Salary Increases

5% for police officers and 4% for non-uniform employees.

Investment Rate of Return

6.5%.

The Township's objective in selecting the expected long-term rate of return on assets is to estimate the single rate of return that reflect the historical returns, future expectations for each asset class, and the asset mix of the plan assets.

Healthcare Cost Trend Rates

The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Mortality Rates

- *Police:* Pub-2010 Public Safety Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled tables as applicable), with generational projection using Scale MP-2021.
- *Non-Uniformed:* Pub-2010 General Employee Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled tables as applicable), with generational projection using Scale MP-2021.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 16 Post-Retirement Benefit Plan (Continued)

D. Actuarial Methods and Assumptions (Continued)

Retirement

- *Police*: 100% retire at age 52 or age that 25 years of service is attained, if later.
- *Non-Uniform*: 100% retire at age 60 or age that 10 years of service (25 years of service for those hired after June 30, 2011) is attained, if later.

Actuarial Experience

The assumptions are related to the past experience of the Plan and represent an estimate of anticipated experience under the Plan.

Participant Data

Participant data is based on information as of December 31, 2022.

E. Changes in the Net OPEB Liability

The components of the change in the total OPEB liability, plan fiduciary net position, and net OPEB liability of Plan for the year ended December 31, 2022 are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Service cost	\$ 993,799	\$ -	\$ 993,799
Interest on total OPEB liability	2,258,158	-	2,258,158
Differences between expected and actual experience	(3,702,762)	-	(3,702,762)
Projected earnings on fiduciary net position	-	2,236,515	(2,236,515)
Difference between projected and actual earnings	-	(7,962,846)	7,962,846
Contributions - employer	-	961,868	(961,868)
Net benefits paid by employer	(961,868)	(961,868)	-
Administrative expenses	-	(81,896)	81,896
Net Changes	(1,412,673)	(5,808,227)	4,395,554
Balances as of December 31, 2021	34,724,943	34,448,882	276,061
Balances as of December 31, 2022	<u>\$ 33,312,270</u>	<u>\$ 28,640,655</u>	<u>\$ 4,671,615</u>

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 16 Post-Retirement Benefit Plan (Continued)

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

The December 31, 2022 valuation was prepared using a discount rate of 6.5%. The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current discount rate:

	<u>1% Decrease</u> <u>(5.5%)</u>	<u>Discount</u> <u>Rate</u> <u>(6.5%)</u>	<u>1% Increase</u> <u>(7.5%)</u>
Net OPEB liability	\$ 9,345,639	\$ 4,671,615	\$ 867,908

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

The December 31, 2022 valuation was prepared using an initial trend rate of 6.75%, decreasing to 5.75%. The following presents the net OPEB liability of the Township, as well as what the Township's net OPEB liability would be, if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 611,067	\$ 4,671,615	\$ 9,714,758

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Township recognized an OPEB expense of \$(2,560,884). As of December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference between projected and actual earnings	\$ 3,800,407	\$ -
Differences between expected and actual experience	-	8,593,165
Changes in assumptions	<u>901,881</u>	<u>4,351,477</u>
Totals	<u>\$ 4,702,288</u>	<u>\$ 12,944,642</u>

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 16 Post-Retirement Benefit Plan (Continued)

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ending December 31</u>	<u>Amount</u>
2023	\$ (4,222,756)
2024	(3,327,026)
2025	(567,389)
2026	787,785
2027	(566,186)
Thereafter	<u>(346,782)</u>
Total	<u>\$ (8,242,354)</u>

Note 17 Agreement with East Norriton-Plymouth-Whitpain Joint Sewer Authority

Under an agreement dated October 5, 1959, the East Norriton-Plymouth-Whitpain Joint Sewer Authority (the Authority) agreed to make its sewage treatment plant available to Plymouth Township. Each township will collect a sewage treatment charge from the users, which shall be at rates high enough to cover operating expenses, etc., plus certain specified safety margins. Payments to the Authority in 2022 totaled \$1,575,266 and are included in Sewage Collection and Treatment expenses of the Sewer Revenue and Reserve Fund.

Note 18 Commitments and Contingencies

Construction Commitments

As of December 31, 2022, the Township was committed under various construction contracts, as follows:

Total cost of construction contracts in progress as of December 31, 2022	\$ 16,991,744
Less: Recognized as expenditures through December 31, 2022	<u>(8,169,624)</u>
Contract commitments as of December 31, 2022	<u>\$ 8,822,120</u>

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 18 **Commitments and Contingencies (Continued)**

Grant Programs

The Township participates in state and federally assisted grant programs including State Highway Aid. These programs are subject to program compliance audits by the grantors or their representatives. The Township is potentially liable for any expenditures that may be disallowed pursuant to the terms of these grant programs.

Moyer Landfill Claim

The Township, among others, had been named as a defendant in a class action lawsuit alleging personal injury and loss of property values due to the disposal of hazardous waste at the Moyer landfill site.

At its public meeting on June 10, 1996, Council adopted a resolution approving a Consent Decree to authorize participation in a settlement trust agreement and a contribution of up to \$200,000 of Township funds. As of December 31, 1996, Plymouth Township had contributed the full payment of \$200,000 toward their share of the Consent Decree. However, part of the settlement agreement required the construction of a Leachate Plant to handle the waste remediation, for which the Township would be responsible for contributing 13.73% of any additional cost of construction and operation of this plant if total cost exceeded the original contribution.

As stated in the Consent Decree, the United States and the Commonwealth of Pennsylvania agreed that by entering into and carrying out its terms, each settler resolved its liability to the United States and the Commonwealth for matters addressed therein and is entitled to protection from claims for contributions. However, the United States and the Commonwealth of Pennsylvania have no obligation to defend any of the settlers in any suit or claim for contribution.

The settlement agreement was amended because the Department of Environmental Protection (“DEP”) and the Environmental Protection Agency (“EPA”) decided that construction of the Leachate Plant was not necessary, and that they would accept instead a monetary settlement of \$600,000. The amendment to the trust included a mutual release of all participating parties. The Consent Decree has been approved by the EPA and the DEP. The Township approved the Amended Consent Decree on August 5, 2002.

During 2002, the Township received \$89,635 from the trust fund, representing the Township’s share of the balance of the trust fund after the \$600,000 settlement payment. In January 2003, the Township received a “final refund” of \$3,448, representing its share of the remaining balance of the Moyer Landfill Settlement Trust Fund.

In March 2004, an Amendment to the Agreement inserting a \$55,000,000 cost re-opener was accepted by the parties. Accordingly, the Settlement Agreement could be re-opened if future costs exceed that amount. The EPA and the Court have approved the Amendment, and the matter has been settled pursuant to the Amended Consent Decree.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 18 **Commitments and Contingencies (Continued)**

Moyer Landfill Claim (continued)

The Amended Consent Decree does not relieve the Township's liability for information not known by the EPA or the DEP. In addition, the United States and the Commonwealth of Pennsylvania reserve certain rights to bring future actions against the Township and others mentioned in the Decree. Council has advised management that the cost overrun re-opener provision is not expected to be triggered, if at all, in the near term; and that if and when it is triggered, the share of additional costs allocated to the group of Settlers which includes the Township could be as low as 10% of the total cost overrun. Management believes that, even if the re-opener provision is triggered, given the number of parties involved, it will not have a material impact on the Township.

Property Tax Appeals

The Township is also involved in various property tax appeals that are being vigorously defended. At this time, the liability to return taxes under appeal, if any, cannot be reasonably estimated.

Public Entity Risk Pools

The Township is a member of The Delaware Valley Workers' Compensation Trust (the "Trust") which is a regional intergovernmental risk sharing pool formed on January 1, 1992. Authority for the Trust is granted by the Pennsylvania Intergovernmental Cooperation Law and Pennsylvania Workers' Compensation Act as amended. The Trust offers a method of funding and paying medical and indemnity obligations due to municipal employees under the Pennsylvania Workers' Compensation Act. The Trust is a regional pool whose members are located in Southeastern Pennsylvania. The purpose and intent of the Trust is to provide an efficient and more cost-effective alternative to commercial insurance and reduce both the frequency and severity of work-related injury and occupational disease claims. The Trust is a recognized entity regulated by the Pennsylvania Department of Labor and Industry, Bureau of Workers' Compensation and is governed by a Board of Trustees comprised of a representative from each member municipality. The Board of Trustees also elects Trustees to serve on an Executive Committee.

The Trust is funded by its member municipalities and utilizes in-house claims adjustment. Members' contributions are assessed at the beginning of each year based on an independent actuarial study and are recognized as revenue in the year for which insurance protection is provided. Rates charged by the Trust are approved by the Pennsylvania Department of Labor and Industry, Bureau of Worker's Compensation on an annual basis.

In addition, the Township is also a member of the Delaware Valley Insurance Trust (the "Trust"), formed in 1989. This is an association of several municipalities in Southeastern Pennsylvania, which form an intergovernmental risk-sharing pool under the authority granted by the Pennsylvania Intergovernmental Cooperation Act and the Pennsylvania Political Subdivision Tort Claims Governmental Immunity Act. The purpose of the Trust is to provide an efficient and more cost-effective alternative to commercial insurance. The Trust is also intended to prevent and reduce both the frequency and severity of casualty and property losses to member municipalities and injuries to persons or employees that might result in claims being made against such municipalities.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 18 **Commitments and Contingencies (Continued)**

Public Entity Risk Pools (continued)

In addition to insurance protection, the Trust provides risk management services, with an emphasis on loss control and claims administration. The Trust is governed by a Board of Trustees comprised of a representative from each member municipality.

The Trust is funded by its member municipalities and utilizes in-house claims adjustment. Each municipality is covered by the pool for the following risks: comprehensive general liability, business automobile liability, public officials' errors and omissions liability, police professional liability, real and personal property, and first party automobile physical damage only. Plymouth Township is covered for all the aforementioned risks. The Trust also purchases public employees' blanket bond and crime coverage for the members with each new member required to make an initial contribution to the Trust upon admission. Thereafter, based on formulas set forth in the Trust Agreement, member contributions are assessed at the beginning of each year based on an actuarial study and are recognized as revenue in the year for which insurance protection is provided.

Other Claims

On May 16, 2005, the Pennsylvania Supreme Court rendered an opinion holding that municipalities cannot assess its legal fees to developers under the Pennsylvania Municipalities Planning Code ("MPC"). Effective January 31, 2005, the MPC was amended to provide that municipalities may assess its legal fees and receive reimbursement from developers. As a result, claims may be made for the refund of legal fees incurred in the review of subdivision and land development plans prior to January 31, 2005, and for the period of any applicable statute of limitations. No claims have yet been made.

Significant losses for possible claims and judgments are covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior fiscal year, and settlement amounts have not exceeded insurance coverage for the current fiscal year or the three prior fiscal years.

Note 19 **Subsequent Events**

Contribution to Montgomery County for Construction Project

The Township and Montgomery County are parties to a Memorandum of Understanding dated April 21, 2015 whereby the Township is to contribute \$2,000,000 to Montgomery County for construction costs associated with improvements along Ridge Pike that is located within the Township. The Township contributed \$500,000 in 2015 and agreed to contribute the remaining \$1,500,000 within 45 days of the bid award for the construction contract. Since the construction contract was awarded in June 2023, the Township paid the remaining contribution of \$1,500,000 on July 3, 2023 from the Township's capital reserve fund from funds that were restricted for capital projects. The source of those funds was transportation impact fees that were collected by the Township as authorized by Pennsylvania Act 209 of 1990.

Plymouth Township
Notes to Financial Statements
December 31, 2022

Note 19 Subsequent Events (Continued)

Evaluation of Subsequent Events

The Township's management has evaluated subsequent events to determine if events or transactions occurring through July 26, 2023, the date which the financial statements were available for issuance, require potential adjustment to, or disclosures in, the accompanying financial statements. Based upon the evaluation, the Township's management did not identify any subsequent events other than the event noted above that require adjustment to or disclosure in the financial statements.

Plymouth Township
Schedule of Changes in the Township's Net Pension Liability and Related Ratios -
Police Pension Plan
For the Last Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>									
Service cost	\$ 1,904,952	\$ 1,814,239	\$ 1,491,215	\$ 1,421,840	\$ 1,257,251	\$ 1,197,382	\$ 1,256,076	\$ 1,218,836	\$ 1,160,796
Interest on total pension liability	3,423,703	3,229,620	3,071,427	2,884,474	2,587,746	2,433,759	2,464,586	2,328,216	2,172,780
Changes in benefit terms	-	-	-	-	-	-	54,010	-	-
Changes in assumptions	-	3,208,905	(99,003)	1,934,754	-	(929,245)	-	744,490	-
Differences between expected and actual experience	-	(84,263)	1,717	10,438	-	(1,913,571)	-	(1,198,877)	-
Benefit payments	(2,207,164)	(1,908,761)	(1,653,393)	(1,617,719)	(1,484,699)	(1,377,973)	(1,258,480)	(1,138,580)	(1,087,555)
<u>Net Change in Total Pension Liability</u>	3,121,491	6,259,740	2,811,963	4,633,787	2,360,298	(589,648)	2,516,192	1,954,085	2,246,021
<u>Total Pension Liability - Beginning</u>	53,775,935	47,516,195	44,704,232	40,070,445	37,710,147	38,299,795	35,783,603	33,829,518	31,583,497
<u>Total Pension Liability - Ending</u>	\$56,897,426	\$53,775,935	\$47,516,195	\$44,704,232	\$40,070,445	\$37,710,147	\$38,299,795	\$35,783,603	\$33,829,518
<u>Plan Fiduciary Net Position</u>									
Contributions - employer (state and township)	\$ 1,165,413	\$ 1,681,730	\$ 1,582,745	\$ 1,613,367	\$ 1,577,886	\$ 1,476,013	\$ 1,495,738	\$ 1,537,470	\$ 1,501,525
Contributions - member	198,071	183,057	234,361	220,184	158,633	154,237	138,932	141,296	141,773
Net investment income	(10,066,317)	6,730,541	7,610,376	7,817,099	(2,160,448)	5,464,058	2,171,116	268,360	1,625,147
Benefit payments	(2,207,164)	(1,908,761)	(1,652,853)	(1,617,719)	(1,484,699)	(1,377,973)	(1,258,480)	(1,138,580)	(1,087,555)
Administrative expense	(142,200)	(179,930)	(123,981)	(118,424)	(127,966)	(125,178)	(112,818)	(120,911)	(106,524)
<u>Net Change in Plan Fiduciary Net Position</u>	(11,052,197)	6,506,637	7,650,648	7,914,507	(2,036,594)	5,591,157	2,434,488	687,635	2,074,366
<u>Plan Fiduciary Net Position - Beginning</u>	60,851,790	54,345,153	46,694,505	38,779,998	40,816,592	35,225,435	32,790,947	32,103,312	30,028,946
<u>Plan Fiduciary Net Position - Ending</u>	\$49,799,593	\$60,851,790	\$54,345,153	\$46,694,505	\$38,779,998	\$40,816,592	\$35,225,435	\$32,790,947	\$32,103,312
<u>Township's Net Pension Liability</u>	\$ 7,097,833	\$ (7,075,855)	\$ (6,828,958)	\$ (1,990,273)	\$ 1,290,447	\$ (3,106,445)	\$ 3,074,360	\$ 2,992,656	\$ 1,726,206
<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>	87.5%	113.2%	114.4%	104.5%	96.8%	108.2%	92.0%	91.6%	94.9%
<u>Covered-Employee Payroll</u>	\$ 6,038,992	\$ 5,934,026	\$ 6,142,924	\$ 5,504,359	\$ 5,218,503	\$ 5,055,532	\$ 4,588,320	\$ 4,752,704	\$ 4,539,487
<u>Township's Net Pension Liability as a Percentage of Covered Employee Payroll</u>	117.5%	-119.2%	-111.2%	-36.2%	24.7%	-61.4%	67.0%	63.0%	38.0%

This schedule is intended to show 10 years - additional information will be presented as it becomes available.

Plymouth Township
Schedule of Changes in the Township's Net Pension Liability and Related Ratios -
Non-Uniformed Employees' Pension Plan
For the Last Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>									
Service cost	\$ 901,036	\$ 866,381	\$ 796,056	\$ 766,531	\$ 773,093	\$ 743,359	\$ 707,281	\$ 625,990	\$ 601,914
Interest on total pension liability	2,210,498	2,082,730	2,040,453	1,907,874	1,751,149	1,632,649	1,515,186	1,356,066	1,269,369
Changes in assumptions	-	1,931,078	(88,367)	1,546,896	-	92,220	-	863,051	-
Differences between expected and actual experience	-	(932,913)	1,134	(1,120,245)	-	24,240	-	77,212	-
Benefit payments	(1,092,123)	(874,760)	(834,775)	(726,065)	(697,872)	(668,421)	(653,356)	(644,992)	(620,541)
<u>Net Change in Total Pension Liability</u>	2,019,411	3,072,516	1,914,501	2,374,991	1,826,370	1,824,047	1,569,111	2,277,327	1,250,742
<u>Total Pension Liability - Beginning</u>	34,553,727	31,481,211	29,566,710	27,191,719	25,365,349	23,541,302	21,972,191	19,694,864	18,444,122
<u>Total Pension Liability - Ending</u>	<u>\$36,573,138</u>	<u>\$34,553,727</u>	<u>\$31,481,211</u>	<u>\$29,566,710</u>	<u>\$27,191,719</u>	<u>\$25,365,349</u>	<u>\$23,541,302</u>	<u>\$21,972,191</u>	<u>\$19,694,864</u>
<u>Plan Fiduciary Net Position</u>									
Contributions - employer (state and township)	\$ 708,913	\$ 975,753	\$ 1,001,349	\$ 967,292	\$ 956,009	\$ 693,377	\$ 662,176	\$ 567,669	\$ 555,386
Contributions - member	-	-	220	972	1,769	-	-	-	-
Net Investment income	(6,393,151)	4,262,298	4,829,002	4,927,870	(1,352,050)	3,441,905	1,375,957	173,048	1,071,536
Benefit payments	(1,092,123)	(874,760)	(834,775)	(726,065)	(697,872)	(668,421)	(653,356)	(644,992)	(620,542)
Administrative expense	(91,732)	(121,212)	(83,218)	(94,981)	(83,842)	(74,929)	(75,220)	(83,176)	(80,838)
<u>Net Change in Plan Fiduciary Net Position</u>	(6,868,093)	4,242,079	4,912,578	5,075,088	(1,175,986)	3,391,932	1,309,557	12,549	925,542
<u>Plan Fiduciary Net Position - Beginning</u>	38,603,500	34,361,421	29,448,843	24,373,755	25,549,741	22,157,809	20,848,252	20,835,703	19,910,161
<u>Plan Fiduciary Net Position - Ending</u>	<u>\$31,735,407</u>	<u>\$38,603,500</u>	<u>\$34,361,421</u>	<u>\$29,448,843</u>	<u>\$24,373,755</u>	<u>\$25,549,741</u>	<u>\$22,157,809</u>	<u>\$20,848,252</u>	<u>\$20,835,703</u>
<u>Township's Net Pension Liability (Surplus)</u>	<u>\$ 4,837,731</u>	<u>\$ (4,049,773)</u>	<u>\$ (2,880,210)</u>	<u>\$ 117,867</u>	<u>\$ 2,817,964</u>	<u>\$ (184,392)</u>	<u>\$ 1,383,493</u>	<u>\$ 1,123,939</u>	<u>\$ (1,140,839)</u>
<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>	86.8%	111.7%	109.1%	99.6%	89.6%	100.7%	94.1%	94.9%	105.8%
<u>Covered-Employee Payroll</u>	\$ 5,312,544	\$ 5,019,085	\$ 5,377,683	\$ 5,365,134	\$ 5,144,100	\$ 4,891,368	\$ 5,029,053	\$ 4,825,757	\$ 4,417,118
<u>Township's Net Pension Liability as a Percentage of Covered Employee Payroll</u>	91.1%	-80.7%	-53.6%	2.2%	54.8%	-3.8%	27.5%	23.3%	-25.8%

This schedule is intended to show 10 years - additional information will be presented as it becomes available.

Plymouth Township
Schedule of Township Contributions - Police Pension Fund
For the Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Actuarially Determined Contribution</u>	\$ 1,165,413	\$ 1,681,730	\$ 1,582,745	\$ 1,613,367	\$ 1,577,886	\$ 1,476,013	\$ 1,495,738	\$ 1,537,470	\$ 1,501,525	\$ 1,431,875
<u>Contributions in Relation to the Actuarial Determined Contribution</u>	<u>1,165,413</u>	<u>1,681,730</u>	<u>1,582,745</u>	<u>1,613,367</u>	<u>1,577,886</u>	<u>1,476,013</u>	<u>1,495,738</u>	<u>1,537,470</u>	<u>1,501,525</u>	<u>1,431,875</u>
<u>Contribution Deficiency (Excess)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Covered-Employee Payroll</u>	\$ 6,038,992	\$ 5,934,026	\$ 6,142,924	\$ 5,504,359	\$ 5,218,503	\$ 5,055,532	\$ 4,588,320	\$ 4,752,704	\$ 4,539,487	\$ 4,508,159
<u>Contributions as a Percentage of Covered-employee Payroll</u>	19.3%	28.3%	25.8%	29.3%	30.2%	29.2%	32.6%	32.3%	33.1%	31.8%

Notes to Schedule

Actuarially-determined contributions are determined in accordance with Pennsylvania Act 205.

Covered payroll includes pay for anyone working at least six months in the year.

Methods and assumptions used to determine contribution rates for the year ended December 31, 2021:

Valuation Date	1/1/2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Open
Remaining Amortization Period	N/A
Asset Valuation Method	Adjusted Market Value
Investment Rate of Return	6.5%
Projected Salary Increases	5.0%
Inflation	3.0%
Cost of Living Adjustment	3.0%

Plymouth Township
Schedule of Township Contributions - Non-Uniformed Employees' Pension Fund
For the Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Actuarially Determined Contribution</u>	\$ 708,913	\$ 975,753	\$ 1,001,349	\$ 967,292	\$ 956,009	\$ 693,377	\$ 662,176	\$ 567,669	\$ 555,386	\$ 604,052
<u>Contributions in Relation to the Actuarial Determined Contribution</u>	<u>708,913</u>	<u>975,753</u>	<u>1,001,349</u>	<u>967,292</u>	<u>956,009</u>	<u>693,377</u>	<u>662,176</u>	<u>567,669</u>	<u>555,386</u>	<u>604,052</u>
<u>Contribution Deficiency (Excess)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Covered-Employee Payroll</u>	\$ 5,312,544	\$ 5,019,085	\$ 5,377,683	\$ 5,365,134	\$ 5,144,100	\$ 4,891,368	\$ 5,029,053	\$ 4,825,757	\$ 4,417,118	\$ 4,391,845
<u>Contributions as a Percentage of Covered-employee Payroll</u>	13.3%	19.4%	18.6%	18.0%	18.6%	14.2%	13.2%	11.8%	12.6%	13.8%

Notes to Schedule

Actuarially-determined contributions are determined in accordance with Pennsylvania Act 205.
Covered payroll includes pay for anyone working at least six months in the year.

Methods and assumptions used to determine contribution rates for the year ended December 31, 2021:

Valuation Date	1/1/2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Open
Remaining Amortization Period	N/A
Asset Valuation Method	Adjusted Market Value
Investment Rate of Return	6.5%
Projected Salary Increases	4.0%
Inflation	3.0%
Cost of Living Adjustment	3.0%

Plymouth Township
Schedule of Investment Returns -
Police Pension Fund and Non-Uniformed Employees' Pension Fund
For the Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Police Pension Plan</u>										
Annual Money-Weighted Rate of Return, Net of Investment Expense	-16.80%	12.55%	16.45%	20.40%	-5.35%	15.69%	6.67%	0.84%	5.37%	15.01%
<u>Non-Uniformed Employees' Pension Plan</u>										
Annual Money-Weighted Rate of Return, Net of Investment Expense	-16.78%	12.53%	16.52%	20.39%	-5.33%	15.71%	6.65%	0.84%	5.40%	15.09%

Plymouth Township
Schedule of Changes in the Township's Net OPEB Liability and Related Ratios -
For the Last Five Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB Liability</u>					
Service cost	\$ 993,799	\$ 891,718	\$ 855,818	\$ 1,186,591	\$ 1,444,081
Interest on total OPEB liability	2,258,158	2,273,664	2,447,153	2,612,988	2,762,563
Changes in assumptions	-	(73,234)	1,666,185	(10,250,549)	(1,263,360)
Differences between expected and actual experience	(3,702,762)	-	(4,504,943)	-	(11,238,807)
Benefit payments	<u>(961,868)</u>	<u>(804,523)</u>	<u>(805,288)</u>	<u>(754,310)</u>	<u>(660,476)</u>
 <u>Net Change in Total OPEB Liability</u>	 (1,412,673)	 2,287,625	 (341,075)	 (7,205,280)	 (8,955,999)
 <u>Total OPEB Liability - Beginning</u>	 <u>34,724,943</u>	 <u>32,437,318</u>	 <u>32,778,393</u>	 <u>39,983,673</u>	 <u>48,939,672</u>
 <u>Total OPEB Liability - Ending</u>	 <u><u>\$33,312,270</u></u>	 <u><u>\$34,724,943</u></u>	 <u><u>\$32,437,318</u></u>	 <u><u>\$32,778,393</u></u>	 <u><u>\$39,983,673</u></u>
 <u>Plan Fiduciary Net Position</u>					
Contributions - employer	\$ 961,868	\$ 804,523	\$ 805,288	\$ 754,310	\$ 660,476
Net investment income	(5,726,331)	3,836,098	4,394,006	4,459,661	(1,197,242)
Benefit payments	(961,868)	(804,523)	(805,288)	(754,310)	(660,476)
Administrative expense	<u>(81,896)</u>	<u>(94,842)</u>	<u>(67,849)</u>	<u>(68,137)</u>	<u>(66,330)</u>
 <u>Net Change in Plan Fiduciary Net Position</u>	 (5,808,227)	 3,741,256	 4,326,157	 4,391,524	 (1,263,572)
 <u>Plan Fiduciary Net Position - Beginning</u>	 <u>34,448,882</u>	 <u>30,707,626</u>	 <u>26,381,469</u>	 <u>21,989,945</u>	 <u>23,253,517</u>
 <u>Plan Fiduciary Net Position - Ending</u>	 <u><u>\$28,640,655</u></u>	 <u><u>\$34,448,882</u></u>	 <u><u>\$30,707,626</u></u>	 <u><u>\$26,381,469</u></u>	 <u><u>\$21,989,945</u></u>
 <u>Township's Net OPEB Liability</u>	 <u><u>\$ 4,671,615</u></u>	 <u><u>\$ 276,061</u></u>	 <u><u>\$ 1,729,692</u></u>	 <u><u>\$ 6,396,924</u></u>	 <u><u>\$17,993,728</u></u>
 <u>Plan Fiduciary Net Position as a Percentage</u> <u>of the Total OPEB Liability</u>	 86.0%	 99.2%	 94.7%	 80.5%	 55.0%
 <u>Covered-Employee Payroll</u>	 \$11,351,536	 \$10,953,111	 \$11,520,607	 \$10,775,072	 \$10,362,603
 <u>Township's Net OPEB Liability as a Percentage</u> <u>of Covered Employee Payroll</u>	 41.2%	 2.5%	 15.0%	 59.4%	 173.6%

This schedule is intended to show 10 years - additional information will be presented as it becomes available.

Plymouth Township
Schedule of Investment Returns -
Post-Retirement Healthcare Fund
For the Last Five Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Annual Money-Weighted Rate of Return,</u> <u>Net of Investment Expense</u>	-16.64%	12.51%	16.62%	20.31%	-5.16%

This schedule is intended to show 10 years - additional information will be presented as it becomes available.

Plymouth Township
Schedule of Revenues
General Fund
For the Year Ended December 31, 2022

Taxes

Earned income tax		\$ 7,995,163
Real estate taxes		
Current real estate taxes	\$ 2,930,835	
Prior-year real estate taxes	1,457	
Liened real estate taxes	54,220	
Interim real estate taxes	<u>63,380</u>	3,049,892
Fire services fee		1,171,054
Business privilege taxes		3,930,155
Mercantile taxes		3,618,470
Real estate transfer taxes		1,585,853
Local services tax		1,149,100
Solid waste disposal tax		1,217,233
Other taxes		
Amusement tax	46,414	
Mechanical devices taxes	<u>-</u>	<u>46,414</u>
Total Taxes		23,763,334
Licenses and permits		
Commonwealth of Penna. liquor licenses	8,700	
Building and plumbing permits	903,238	
CATV franchise fees	307,341	
Streets permits	91,986	
Zoning permits	42,563	
Mercantile licenses	7,210	
Business privileges licenses	30,659	
Other licenses and permits	<u>16,190</u>	1,407,887
Fines and forfeits		119,304
Intergovernmental		
Municipal pension grant	828,872	
Firemen's relief association allocation	195,326	
Recycling	82,221	
Public utility taxes	20,637	
Coronavirus State And Local Fiscal Recovery Funds	920,379	
Other grants	<u>64,853</u>	2,112,288
Charges for services		
Inspection services	187,932	
Special duty police	16,083	
Engineering and other cost reimbursements	519,143	
Recreation fees	260,421	
Recycling	1,446	
Miscellaneous service revenue	<u>39,035</u>	1,024,060
Investment earnings		167,695
Miscellaneous		<u>290,871</u>
Total Revenues		<u>\$ 28,885,439</u>

Plymouth Township
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Expenditures	Favorable (Unfavorable) Variance
<u>General Government</u>			
<u>Manager's Office</u>			
Salaries and wages	\$ 653,275	\$ 652,738	\$ 537
Telephone	2,600	1,477	1,123
Council budgeted expenditures	10,000	-	10,000
Civic organizations - contributions	36,025	36,025	-
<u>Totals - Manager's Office</u>	<u>701,900</u>	<u>690,240</u>	<u>11,660</u>
<u>Administration</u>			
Salaries and wages	302,700	317,968	(15,268)
Office supplies	9,000	13,211	(4,211)
Miscellaneous supplies	100	1,650	(1,550)
Office equipment	1,500	-	1,500
Furniture and fixtures	1,500	-	1,500
Computer hardware	203,000	21,355	181,645
Computer software	97,000	110,834	(13,834)
Audit / accounting services	29,500	29,500	-
Engineering services	10,000	40,799	(30,799)
Legal services	125,000	140,069	(15,069)
Maintenance and support - computer	139,000	197,531	(58,531)
Other professional consultants	1,500	-	1,500
Telephone	20,635	17,111	3,524
Postage, mailing, and delivery	3,000	3,158	(158)
Internet services	15,000	20,922	(5,922)
Automobile	500	834	(334)
Printing and advertising	10,000	7,951	2,049
Casualty insurance	368,000	368,988	(988)
Surety and fidelity bonds	12,000	9,309	2,691
Worker's compensation insurance	331,000	342,721	(11,721)
Unemployment compensation insurance	80,000	78,578	1,422
Insurance claim deductible	15,000	(2,512)	17,512
Maintenance and repairs - equipment	500	295	205
Rental of equipment	700	-	700
Miscellaneous services	40,000	74,805	(34,805)
Dues, subscriptions, and memberships	2,250	1,765	485
Training and seminars	5,000	4,694	306
Miscellaneous charges	2,000	1,154	846
<u>Totals - Administration</u>	<u>1,825,385</u>	<u>1,802,690</u>	<u>22,695</u>

(Continued)

Plymouth Township
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Expenditures	Favorable (Unfavorable) Variance
<u>Tax Collection</u>			
Salaries and wages	\$ 79,900	\$ 19,994	\$ 59,906
Computer hardware	1,000	-	1,000
Computer software	5,500	4,248	1,252
Audit / accounting services	17,500	19,950	(2,450)
Tax collection services	90,000	254,262	(164,262)
Postage, mailing, and delivery	7,000	110	6,890
Printing and advertising	750	-	750
Refunds of taxes	67,000	69,808	(2,808)
<u>Totals - Tax Collection</u>	<u>268,650</u>	<u>368,372</u>	<u>(99,722)</u>
<u>Municipal Buildings</u>			
Salaries and wages	180,470	185,095	(4,625)
Building maintenance supplies	2,000	2,262	(262)
Janitorial supplies	12,000	10,735	1,265
Clothing and uniforms	900	900	-
Small tools and equipment	1,000	136	864
Telephone	300	176	124
Electricity	60,000	59,496	504
Water	11,000	11,689	(689)
Maintenance and repairs - equipment	5,000	6,102	(1,102)
Maintenance and repairs - buildings	9,000	9,740	(740)
Miscellaneous services	10,000	6,590	3,410
Building - replacement and improvements	7,500	5,948	1,552
<u>Totals - Municipal Buildings</u>	<u>299,170</u>	<u>298,869</u>	<u>301</u>
<u>Reimbursable Costs</u>			
Engineering services	220,000	136,293	83,707
Legal services	35,000	47,360	(12,360)
Other professional consultants	50,000	44,374	5,626
<u>Totals - Reimbursable Costs</u>	<u>305,000</u>	<u>228,027</u>	<u>76,973</u>
<u>Totals - General Government</u>	<u>3,400,105</u>	<u>3,388,198</u>	<u>11,907</u>

(Continued)

Plymouth Township
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Expenditures	Favorable (Unfavorable) Variance
<u>Public Safety</u>			
<u>Police Protection</u>			
Salaries and wages	\$ 7,696,213	\$ 7,586,047	\$ 110,166
Office supplies	7,500	9,420	(1,920)
Photo lab and identification	29,500	30,421	(921)
Ammunition and supplies	24,200	18,533	5,667
Gasoline, oil, and grease	75,000	144,841	(69,841)
Clothing and uniforms	56,950	44,866	12,084
K-9 / kennel expenditures	9,000	29,525	(20,525)
Tires and tubes	15,000	14,358	642
Vehicle and equipment repair parts	33,000	42,959	(9,959)
Miscellaneous supplies	8,190	10,221	(2,031)
Office equipment	1,000	767	233
Firearms and tactical equipment	12,500	12,453	47
Furniture and fixtures	10,000	5,318	4,682
Computer hardware	20,000	31,806	(11,806)
Computer software	1,000	1,487	(487)
License fees and contracts	199,464	204,002	(4,538)
Communications equipment	1,500	6,817	(5,317)
Vehicle equipment	48,000	427	47,573
Miscellaneous equipment and tools	1,500	771	729
Professional consultants	3,000	1,468	1,532
Telephone	37,000	28,813	8,187
Postage, mailing, and delivery	1,500	950	550
Radio equipment maintenance	2,500	321	2,179
Printing and advertising	19,000	17,188	1,812
Electricity	5,000	452	4,548
Maintenance and repairs - equipment	3,750	3,795	(45)
Maintenance and repairs - vehicles	20,000	1,244	18,756
Miscellaneous services	500	-	500
Civil service	29,750	19,154	10,596
Training and seminars	25,000	29,521	(4,521)
Miscellaneous charges	9,200	8,292	908
Vehicle purchases	121,500	165,706	(44,206)
Electronic equipment	3,000	2,779	221
<u>Totals - Police Protection</u>	<u>8,530,217</u>	<u>8,474,722</u>	<u>55,495</u>

(Continued)

Plymouth Township
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Expenditures	Favorable (Unfavorable) Variance
<u>Fire Protection and Emergency Management</u>			
Salaries and wages	\$ 192,470	\$ 168,865	\$ 23,605
Clothing and uniforms	2,000	1,469	531
Gasoline, oil, and grease	2,500	5,419	(2,919)
Tires and tubes	1,000	-	1,000
Vehicle and equipment repair parts	2,000	817	1,183
Miscellaneous supplies	3,000	2,438	562
Small tools and equipment	2,000	1,997	3
Protective clothing	4,000	3,700	300
Computer hardware	6,500	2,020	4,480
Computer software	750	-	750
Communications equipment	10,000	9,609	391
Maintenance and support - computer	3,000	2,435	565
Postage, mailing, and delivery	-	88	(88)
Printing and advertising	1,500	1,502	(2)
Radio equipment maintenance	1,000	-	1,000
Hydrant service	95,000	89,348	5,652
Maintenance and repairs - vehicles	3,000	(2,898)	5,898
Miscellaneous services	3,000	-	3,000
Dues, subscriptions, and memberships	2,000	1,891	109
Training, Seminars, and Tuition	2,500	2,046	454
Miscellaneous charges	500	-	500
Fire Companies - donated telephone reimbursements	8,500	6,630	1,870
Fire companies - donated fuel	16,500	36,760	(20,260)
Donations to fire companies	836,050	836,738	(688)
Firefighter stipend	60,000	62,205	(2,205)
Ambulance association - donated fuel	35,000	99,543	(64,543)
Donations to ambulance association	66,950	-	66,950
Payment of the Commonwealth's allocation to the Firemen's Relief Association	154,026	195,326	(41,300)
<u>Totals - Fire Protection and Emergency Management</u>	<u>1,514,746</u>	<u>1,527,948</u>	<u>(13,202)</u>

(Continued)

Plymouth Township
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Expenditures	Favorable (Unfavorable) Variance
<u>Zoning</u>			
Salaries and wages	\$ 89,280	\$ 95,313	\$ (6,033)
Office supplies	250	194	56
Tires and tubes	-	2,349	(2,349)
Vehicle and equipment repair parts	-	4,426	(4,426)
Miscellaneous supplies	250	67	183
Office equipment	500	-	500
Computer hardware	2,200	-	2,200
Legal services	17,500	20,259	(2,759)
Other professional consultants	5,000	-	5,000
Stenographic services	8,000	4,217	3,783
Postage, mailing, and delivery	4,000	3,057	943
Printing and advertising	6,000	7,270	(1,270)
Codification of ordinances	7,500	5,601	1,899
Maintenance and repairs - vehicles	-	200	(200)
Miscellaneous services	500	-	500
Dues, subscriptions, and memberships	1,000	685	315
Board expenditures	2,995	3,295	(300)
Training and seminars	750	-	750
<u>Total Expenditures - Zoning</u>	<u>145,725</u>	<u>146,933</u>	<u>(1,208)</u>
Other Uses:			
Transfer to capital reserve fund	<u> </u>	<u> </u>	<u>-</u>
<u>Totals - Zoning</u>	<u>145,725</u>	<u>146,933</u>	<u>(1,208)</u>

(Continued)

Plymouth Township
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Expenditures	Favorable (Unfavorable) Variance
<u>Building</u>			
Salaries and wages	\$ 105,345	\$ 99,707	\$ 5,638
Office supplies	3,000	1,191	1,809
Books, publications, and reference materials	2,000	2,555	(555)
Miscellaneous supplies	500	-	500
Office equipment	2,500	908	1,592
Computer hardware	2,500	1,785	715
Computer software	74,000	20,010	53,990
Maintenance and support - computer	10,000	1,379	8,621
Professional consultants	600,000	637,940	(37,940)
Printing and advertising	750	355	395
Maintenance and repairs - equipment	1,500	-	1,500
Dues, subscriptions, and memberships	1,000	-	1,000
Training and seminars	1,000	-	1,000
Miscellaneous charges	250	-	250
<u>Totals - Building</u>	<u>804,345</u>	<u>765,830</u>	<u>38,515</u>
<u>Code Enforcement</u>			
Salaries and wages	206,854	169,651	37,203
Gasoline, oil, and grease	2,500	5,676	(3,176)
Clothing and uniforms	2,000	390	1,610
Vehicle and equipment repair parts	5,000	300	4,700
Miscellaneous supplies	1,000	-	1,000
Computer hardware	2,200	-	2,200
Other professional consultants	1,000	-	1,000
Postage, mailing, and delivery	800	136	664
Printing and advertising	500	21	479
Miscellaneous services	3,000	3,100	(100)
Dues, subscriptions, and memberships	750	-	750
Training and seminars	1,500	219	1,281
<u>Totals - Code Enforcement</u>	<u>227,104</u>	<u>179,493</u>	<u>47,611</u>
<u>Totals - Public Safety</u>	<u>11,222,137</u>	<u>11,094,926</u>	<u>127,211</u>

(Continued)

Plymouth Township
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Expenditures	Favorable (Unfavorable) Variance
<u>Public Works</u>			
<u>Sanitation</u>			
Salaries and wages	\$ 595,000	\$ 621,709	\$ (26,709)
Recycling supplies and materials	7,500	7,125	375
Gasoline, oil, and grease	40,000	72,495	(32,495)
Clothing and uniforms	4,400	3,600	800
Tires and tubes	20,000	40,008	(20,008)
Vehicle and equipment repair parts	35,000	80,745	(45,745)
Miscellaneous supplies	5,000	6,073	(1,073)
Maintenance and repairs - vehicles	30,000	45,078	(15,078)
Miscellaneous services	15,500	14,364	1,136
Trash disposal costs	332,000	328,875	3,125
Recycling disposal costs	65,000	24,304	40,696
<u>Totals - Sanitation</u>	<u>1,149,400</u>	<u>1,244,376</u>	<u>(94,976)</u>
<u>Administration</u>			
Salaries and wages	299,000	338,489	(39,489)
Office supplies	250	-	250
Clothing and uniforms	4,000	4,000	-
Engineering services	10,000	-	10,000
Telephone	2,000	3,125	(1,125)
Postage, mailing, and delivery	500	10	490
Radio equipment maintenance	500	354	146
Printing and advertising	1,000	147	853
Miscellaneous services	1,000	979	21
Dues, subscriptions, and memberships	500	235	265
Training and seminars	1,500	772	728
<u>Totals - Administration</u>	<u>320,250</u>	<u>348,111</u>	<u>(27,861)</u>

(Continued)

Plymouth Township
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Expenditures	Favorable (Unfavorable) Variance
<u>Street Maintenance</u>			
Salaries and wages	\$ 90,150	\$ 106,018	\$ (15,868)
Street signs	500	42	458
Street maintenance materials and supplies	500	1,698	(1,198)
Street paving materials	500	-	500
Storm sewer materials and supplies	1,000	1,325	(325)
Vehicle and equipment repair parts	1,000	-	1,000
Miscellaneous supplies	5,600	9,515	(3,915)
Small tools and equipment	1,000	9,990	(8,990)
Miscellaneous tools and equipment	100	-	100
Construction contractors	10,000	14,245	(4,245)
Maintenance and repairs - equipment	4,500	12,293	(7,793)
Rental of equipment	500	-	500
Miscellaneous services	2,500	-	2,500
<u>Totals - Street Maintenance</u>	<u>117,850</u>	<u>155,126</u>	<u>(37,276)</u>
<u>Highway Services</u>			
Salaries and wages	98,000	69,873	28,127
Branch collection materials and supplies	500	-	500
Small tools and equipment	500	-	500
Miscellaneous supplies	1,000	116	884
Leaf collection equipment	1,000	-	1,000
Electricity	130,000	121,762	8,238
Maintenance and repairs - street lighting	60,000	29,520	30,480
Maintenance and repairs - equipment	22,000	6,086	15,914
Maintenance and repairs - traffic signals	100,000	59,505	40,495
<u>Totals - Highway Services</u>	<u>413,000</u>	<u>286,862</u>	<u>126,138</u>
<u>Equipment Maintenance and Purchases</u>			
Salaries and wages	230,000	248,573	(18,573)
Gasoline, oil, and grease	40,000	67,265	(27,265)
Maintenance garage materials and supplies	15,000	6,855	8,145
Tires and tubes	15,000	1,117	13,883
Vehicle and equipment repair parts	40,000	123,038	(83,038)
Miscellaneous supplies	1,000	4,333	(3,333)
Small tools and equipment	500	58	442
Major equipment	14,000	20,686	(6,686)
Communications equipment	1,000	-	1,000
Maintenance and repairs - equipment	15,000	14,498	502
Maintenance and repairs - vehicles	10,000	11,178	(1,178)
<u>Totals - Equipment Maintenance and Purchases</u>	<u>381,500</u>	<u>497,601</u>	<u>(116,101)</u>
<u>Totals - Public Works</u>	<u>2,382,000</u>	<u>2,532,076</u>	<u>(150,076)</u>

(Continued)

Plymouth Township
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Expenditures	Favorable (Unfavorable) Variance
<u>Culture and Recreation</u>			
<u>Buildings and Grounds</u>			
Salaries and wages	\$ 589,821	\$ 581,939	\$ 7,882
Clothing allowance	2,400	2,400	-
Office supplies	700	246	454
Groundskeeping and agricultural supplies	25,000	15,980	9,020
Gasoline, oil, and grease	10,000	18,336	(8,336)
Clothing and uniforms	500	318	182
Tires and tubes	1,850	549	1,301
Vehicle and equipment repair parts	9,000	14,107	(5,107)
Small tools and equipment	1,500	2,376	(876)
Office equipment	-	7	(7)
Miscellaneous equipment and tools	2,000	175	1,825
Telephone	3,500	3,557	(57)
Printing and advertising	500	-	500
Electricity	30,000	39,654	(9,654)
Water	20,000	27,653	(7,653)
Maintenance and repairs - vehicles	3,000	9,210	(6,210)
Maintenance and repairs - buildings	7,000	3,654	3,346
Maintenance and repairs - grounds	15,000	7,418	7,582
Rental of equipment	2,000	-	2,000
Miscellaneous services	54,120	47,463	6,657
Miscellaneous charges	1,250	1,955	(705)
<u>Totals - Buildings and Grounds</u>	<u>779,141</u>	<u>776,997</u>	<u>2,144</u>

(Continued)

Plymouth Township
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Expenditures	Favorable (Unfavorable) Variance
<u>Parks and Recreation</u>			
Salaries and wages	\$ 164,669	\$ 295,234	\$ (130,565)
Office supplies	1,125	58	1,067
Recreation program supplies	3,975	5,607	(1,632)
Clothing and uniforms	300	-	300
Vehicle repair parts	3,000	-	3,000
Recreation program equipment	450	-	450
Computer hardware	1,175	-	1,175
Maintenance and support - computer	2,285	2,285	-
Telephone	850	623	227
Postage, mailing, and delivery	6,240	2,441	3,799
Entertainers	7,500	7,700	(200)
Contracted instructors	20,520	25,175	(4,655)
Automobile	150	-	150
Printing and advertising	5,135	5,037	98
Rental of equipment	850	547	303
Miscellaneous services	2,850	3,252	(402)
Plymouth Township Day	16,020	16,745	(725)
Tickets - PA Rec. Society	34,000	23,224	10,776
Bus trips, admission to rec. facility	8,775	2,674	6,101
Dues, subscriptions, and memberships	1,695	125	1,570
Donation	750	-	750
Tree light / holiday program	1,500	1,934	(434)
Training and seminars	1,400	1,403	(3)
Miscellaneous charges	-	13	(13)
Contributions to sports organizations	34,300	29,000	5,300
Harriet Wetherill Park	118,954	75,515	43,439
<u>Totals - Parks and Recreation</u>	<u>438,468</u>	<u>498,592</u>	<u>(60,124)</u>
<u>Totals - Culture and Recreation</u>	<u>1,217,609</u>	<u>1,275,589</u>	<u>(57,980)</u>
<u>Employee Benefits</u>			
Social security taxes	1,012,000	985,352	26,648
Transfer to police pension	1,165,413	1,165,413	-
Transfer to non-uniformed employees' pension	708,913	590,878	118,035
<u>Totals - Employee Benefits</u>	<u>2,886,326</u>	<u>2,741,643</u>	<u>144,683</u>
<u>Debt Service</u>			
Principal	115,000	115,000	-
Interest	359,325	359,325	-
<u>Totals - Debt Service</u>	<u>474,325</u>	<u>474,325</u>	<u>-</u>

(Continued)

Plymouth Township
Comparison of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Expenditures	Favorable (Unfavorable) Variance
<u>Other Financing Uses</u>			
Transfer to health and welfare fund for employees' insurances	\$ 4,087,900	\$ 3,767,402	\$ 320,498
Transfer to capital reserve fund	700,000	247,000	453,000
Transfer to community center fund	600,000	488,836	111,164
<u>Totals - Other Financing Uses</u>	<u>5,387,900</u>	<u>4,503,238</u>	<u>884,662</u>
<u>Total Budgeted and Actual Expenditures and Other Financing Uses</u>	<u>\$ 26,970,402</u>	<u>\$ 26,009,995</u>	<u>\$ 960,407</u>

Plymouth Township
Statement of Revenues, Expenses, and Changes in Net Position
Greater Plymouth Community Center
For the Year Ended December 31, 2022

Operating Revenues

Charges for services	
Program services	\$ 1,121,665
Membership revenue	366,827
Daily admissions	4,571
Rental revenues	139,882
Pro shop sales	1,096
General services	<u>1,672</u>
 <u>Total Operating Revenues</u>	 \$ 1,635,713

Operating expenses

Wages	1,226,007
Employee benefits	118,035
Office supplies	5,842
Recreation program supplies	20,875
Pool supplies	20,012
Building maintenance supplies	8,335
Janitorial supplies	24,215
Clothing and uniforms	3,793
Miscellaneous supplies	5,060
Minor tools and equipment	8,033
Minor recreation program equipment	1,180
Minor building improvements	6,738
Pool system components	5,953
Minor computer hardware and software	6,129
Miscellaneous equipment and tools	650
Maintenance and support - computer	12,458
Telephone	9,525
Postage, mailing, and delivery	1,867
Contracted instructors	75,993
Printing and advertising	4,786
Utilities	193,185
Maintenance and repairs	52,484
Rental of equipment	4,032
Miscellaneous services	28,504
Dues, subscriptions, memberships	390
Training - seminars	2,170
Bus trips	40,737
Depreciation expense	415,174
Other expenses	<u>245</u>
 <u>Total Operating Expenses</u>	 <u>2,302,407</u>

Operating (Loss) (666,694)

Nonoperating Revenue

Interest income	3,342
Contributions	<u>3,100</u>

Total Nonoperating Revenue 6,442

(Loss) before Transfers (660,252)

Contributions from governmental funds	488,836
Transfers out	<u>(220,498)</u>

Change in Net Position (391,914)

Total Net Position - Beginning of Year 9,096,466

Total Net Position - End of Year \$ 8,704,552

Plymouth Township
Combining Statement of Net Position
Component Units
December 31, 2022

	Plymouth Township Parks Recreation and Facilities Fund	Harmonville Fire Company	Plymouth Fire Company	Total
<u>Assets</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 307	\$ 947,565	\$ 737,290	\$ 1,685,162
Equity in pooled cash and investments	22,550	-	-	22,550
Investments	-	1,558,728	-	1,558,728
<u>Total Current Assets</u>	<u>22,857</u>	<u>2,506,293</u>	<u>737,290</u>	<u>3,266,440</u>
<u>Other Assets</u>				
<u>Capital Assets</u>				
Land and improvements	-	100,001	40,000	140,001
Other Capital assets, net of depreciation	-	1,206,636	2,167,821	3,374,457
<u>Total capital assets</u>	<u>-</u>	<u>1,306,637</u>	<u>2,207,821</u>	<u>3,514,458</u>
<u>Total Assets</u>	<u>\$ 22,857</u>	<u>\$ 3,812,930</u>	<u>\$ 2,945,111</u>	<u>\$ 6,780,898</u>
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Payroll taxes payable	\$ -	\$ 3,493	\$ 5,850	\$ 9,343
Notes payable	-	17,232	-	17,232
	-	20,725	5,850	26,575
<u>Noncurrent Liabilities</u>				
Notes payable		220,905	-	220,905
<u>Total Liabilities</u>	<u>-</u>	<u>241,630</u>	<u>5,850</u>	<u>247,480</u>
<u>Net Position</u>				
Invested in capital assets, net of related debt	-	1,068,500	2,207,821	3,276,321
Unrestricted	22,857	2,502,800	731,440	3,257,097
<u>Total Net Position</u>	<u>22,857</u>	<u>3,571,300</u>	<u>2,939,261</u>	<u>6,533,418</u>
<u>Total Liabilities and Net Position</u>	<u>\$ 22,857</u>	<u>\$ 3,812,930</u>	<u>\$ 2,945,111</u>	<u>\$ 6,780,898</u>

Plymouth Township
Combining Statement of Revenues, Expenses, and Changes in Net Position
Component Units
For the Year Ended December 31, 2022

	Plymouth Township Parks Recreation and Facilities Fund	Harmonville Fire Company	Plymouth Fire Company	Total
<u>Operating Revenues</u>				
Charges for services	\$ -	\$ 60,644	\$ -	\$ 60,644
Rental income	-		9,296	9,296
Grants and contributions				
Primary government	-	465,560	401,790	867,350
Other	1,300	142,475	53,735	197,510
<u>Total Operating Revenues</u>	<u>1,300</u>	<u>668,679</u>	<u>464,821</u>	<u>1,134,800</u>
<u>Operating Expenses</u>	<u>-</u>	<u>935,102</u>	<u>568,851</u>	<u>1,503,953</u>
<u>Operating (Loss)</u>	<u>1,300</u>	<u>(266,423)</u>	<u>(104,030)</u>	<u>(369,153)</u>
<u>Non-Operating Revenues</u>				
Investment earnings	206	(176,022)	598	(175,218)
Gain on sale of equipment	-	670	-	670
Miscellaneous income	-	2,823	2,914	5,737
<u>Total Non-operating Revenue</u>	<u>206</u>	<u>(172,529)</u>	<u>3,512</u>	<u>(168,811)</u>
<u>Change in Net Position</u>	<u>1,506</u>	<u>(438,952)</u>	<u>(100,518)</u>	<u>(537,964)</u>
<u>Total Net Position - Beginning of Year</u>	<u>21,351</u>	<u>4,010,252</u>	<u>3,039,779</u>	<u>7,071,382</u>
<u>Total Net Position - End of Year</u>	<u>\$ 22,857</u>	<u>\$ 3,571,300</u>	<u>\$2,939,261</u>	<u>\$ 6,533,418</u>



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

Council Members
Plymouth Township
Plymouth Meeting, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Plymouth Township as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Plymouth Township's basic financial statements, and have issued our report thereon dated July 26, 2023.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Barsz Gowie Amon & Fultz, LLC

Media, Pennsylvania
July 26, 2023



Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance

Council Members
Plymouth Township
Plymouth Meeting, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

We have audited Plymouth Township's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Plymouth Township's major federal program for the year ended December 31, 2022. Plymouth Township's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Plymouth Township complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Major Federal Program

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

We are required to be independent of Plymouth Township and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Plymouth Township's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Plymouth Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Plymouth Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Plymouth Township's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Plymouth Township's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Plymouth Township's response was not subjected to the other

auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Barsz Gowie Amon & Fultz, LLC

Media, Pennsylvania
July 26, 2023

Plymouth Township
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor / Pass-Through Grantor / Program Title	Federal AL Number	Pass-Through Grantor's Number	Expenditures of Federal Awards	
			<u>Total</u>	Paid to Sub- Recipients
<u>U.S. Department of the Treasury</u>				
<u>Passed Through Commonwealth of PA</u>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	PA8554	<u>\$ 917,478</u>	<u>\$ -</u>
<u>Total - AL # 21.027</u>			<u>917,478</u>	<u>-</u>
<u>Total Expenditure of Federal Awards</u>			<u><u>\$ 917,478</u></u>	<u><u>\$ -</u></u>

Plymouth Township
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Plymouth Township under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Plymouth Township, it is not intended to and does not present the financial position, changes in net position, or cash flows of Plymouth Township.

Note 2 **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Plymouth Township did not elect to use the 10% *de minimis* indirect cost rate.

Plymouth Township
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards:

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major program:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes

Identification of Major Programs:

<u>Program Title</u>	<u>Federal AL Number</u>	<u>Expenditures of Federal Awards</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 917,478
Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low risk auditee?		No

Plymouth Township
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section II – Financial Statement Findings

Status of Prior-Year Findings:

None

Current-Year Findings and Questioned Costs:

None

Section III – Federal Award Findings and Questioned Costs

Status of Prior-Year Findings:

None

Current-Year Findings and Questioned Costs:

U.S. Department of the Treasury

2022-001 Coronavirus State and Local Fiscal Recovery Funds – Assistance Listing No. 21.027, Grant Period March 3, 2021 through December 31, 2024

Condition: The SLFRF Compliance Report for the annual March 2023 report period, due on April 30, 2023, was filed late on June 2, 2023.

Criteria: Annual SLFRF Compliance Reports are required to be filed by April 30.

Cause: Management did not realize that SLFRF Compliance Reports are required to be filed for each year in which federal funds are received. Management filed the report when it was discovered that the SLFRF Compliance Report for the annual March 2023 report period was required.

Effect: Plymouth Township did not meet the reporting deadline to file the SLFRF Compliance Report for the annual March 2023 report period. There are no questioned costs.

Context: As part of testing compliance with the reporting compliance requirement, the auditor requested a copy of the SLFRF Compliance Report for the annual March 2023 report period and noted that the Report was filed after April 30, 2023.

Recommendation: Plymouth Township should file annual SLFRF Compliance Reports by April 30 throughout the grant period.

Views of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan.



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Corrective Action Plan
For the Year Ended December 31, 2022

July 26, 2023

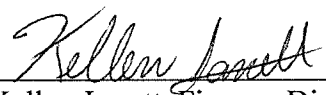
In response to the Finding noted on the Schedule of Findings and Questioned Costs, Plymouth Township has adopted the following Corrective Action Plan. The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

Finding

2022-001 Coronavirus State and Local Fiscal Recovery Funds – Assistance Listing No. 21.027, Grant Period March 3, 2021 through December 31, 2024

Recommendation: Plymouth Township should file annual SLFRF Compliance Reports by April 30 throughout the grant period.

Corrective Action Plan: Management agrees with the finding and has made several reminder notes to ensure plan is filed before April 30 in future years.



Kellen Jarrett, Finance Director
Plymouth Township