

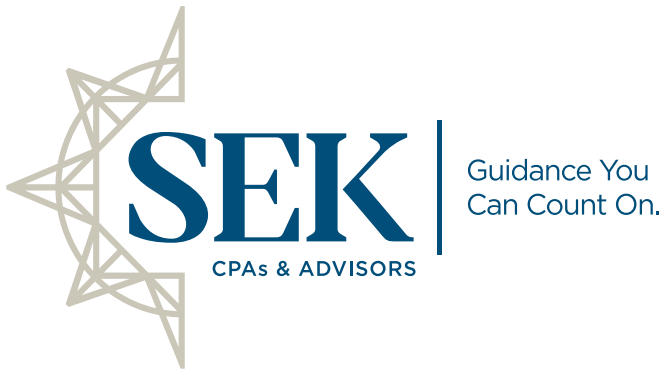
Audited
Financial
Statements

December 31
2022

Palmer Township

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Palmer Township
Palmer, Pennsylvania 18045

Qualified and Unmodified Opinions

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

Qualified Opinions on the Escrow Fund and Governmental Activities

In our opinion, except for the effects of the matters described in the Basis For Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the escrow fund and the governmental activities of Palmer Township as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Unmodified Opinions on Each Remaining Major Fund, Business Type Activities, and the Aggregate Remaining Fund Information

In our opinion, the financial statements present fairly, in all material respects, the respective modified cash basis financial position of each major fund except for the escrow fund listed in the above section, the business-type activities, and the aggregate remaining fund information of the Palmer Township as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Qualified and Unmodified Opinions

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

Matters Giving Rise to Qualified Opinions on the Escrow Fund and Governmental Activities

We were unable to obtain documentation to support cash disbursements of \$ 2,133,505 and receipts of \$ 1,544,135 of the Escrow Fund.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Palmer Township, Pennsylvania's basic financial statements. The general fund budgetary comparison schedule and combining statements are presented for purposes of additional analysis and are not 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 basis 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 preparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the Basis for Qualified and Unmodified Opinions section of our report, the general fund budgetary comparison schedule, and combining statements are fairly stated, in all material respects, in relation to the basis financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the pension schedules but does not include the basis financial statements and our auditor's report thereon. Our opinions on the basis financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basis financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists we are required to describe it in our report.



Chambersburg, Pennsylvania
September 27, 2023

PALMER TOWNSHIP
Statement of Net Position - Modified Cash Basis
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,118,459	\$ 4,042,026	\$ 18,160,485
Investments	<u>1,990,086</u>	<u>2,042,162</u>	<u>4,032,248</u>
Total assets	<u>\$ 16,108,545</u>	<u>\$ 6,084,188</u>	<u>\$ 22,192,733</u>
NET POSITION			
Restricted	\$ 10,938,494	\$ -	\$ 10,938,494
Unrestricted	<u>5,170,051</u>	<u>6,084,188</u>	<u>11,254,239</u>
Total net position	<u>\$ 16,108,545</u>	<u>\$ 6,084,188</u>	<u>\$ 22,192,733</u>

PALMER TOWNSHIP
Statement of Activities - Modified Cash Basis
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 2,861,449	\$ 786,086	\$ -	\$ -	\$ (2,075,363)	\$ -	\$ (2,075,363)
Public safety	9,399,340	1,550,759	195,923	-	(7,652,658)	-	(7,652,658)
Health and human services	160	-	-	-	(160)	-	(160)
Public works - highways	5,586,270	57,772	-	681,105	(4,847,393)	-	(4,847,393)
Culture and recreation	2,246,260	17,335	53,353	213,220	(1,962,352)	-	(1,962,352)
Community development	2,977,261	-	-	2,628,381	(348,880)	-	(348,880)
Debt service	3,013,619	-	-	-	(3,013,619)	-	(3,013,619)
Total governmental activities	<u>26,084,359</u>	<u>2,411,952</u>	<u>249,276</u>	<u>3,522,706</u>	<u>(19,900,425)</u>	<u>-</u>	<u>(19,900,425)</u>
Business-type activities							
Community center	492,378	457,499	9,701	-	-	(25,178)	(25,178)
Sewer	4,251,409	5,474,124	388	-	-	1,223,103	1,223,103
Solid waste	1,788,150	2,420,293	121,267	-	-	753,410	753,410
Swimming pool	367,746	159,486	-	-	-	(208,260)	(208,260)
Total business-type activities	<u>6,899,683</u>	<u>8,511,402</u>	<u>131,356</u>	<u>-</u>	<u>-</u>	<u>1,743,075</u>	<u>1,743,075</u>
Total primary government	<u>\$ 32,984,042</u>	<u>\$ 10,923,354</u>	<u>\$ 380,632</u>	<u>\$ 3,522,706</u>	<u>(19,900,425)</u>	<u>1,743,075</u>	<u>(18,157,350)</u>
General revenues and other:							
Taxes:							
Property taxes					6,042,686	-	6,042,686
Real estate transfer tax					2,779,370	-	2,779,370
Earned income tax					4,382,158	-	4,382,158
Other taxes					2,352,516	-	2,352,516
Unrestricted grants and contributions					1,160,951	-	1,160,951
Unrestricted investment earnings					44,679	6,547	51,226
Miscellaneous income					48,914	-	48,914
Transfers					392,931	(392,931)	-
Total general revenues and other					<u>17,204,205</u>	<u>(386,384)</u>	<u>16,817,821</u>
Change in net position					(2,696,220)	1,356,691	(1,339,529)
Net position - beginning as restated					18,804,765	4,727,497	23,532,262
Net position - ending					<u>\$ 16,108,545</u>	<u>\$ 6,084,188</u>	<u>\$ 22,192,733</u>

PALMER TOWNSHIP
Balance Sheet - Modified Cash Basis - Governmental Funds
December 31, 2022

	General Fund	Escrow Fund	2020D Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,083,749	\$ 6,027,403	\$ 8,785	\$ 124,454	\$ 2,874,068	\$ 14,118,459
Investments	-	-	297,891	-	1,692,195	1,990,086
Total assets	<u>\$ 5,083,749</u>	<u>\$ 6,027,403</u>	<u>\$ 306,676</u>	<u>\$ 124,454</u>	<u>\$ 4,566,263</u>	<u>\$ 16,108,545</u>
FUND BALANCES						
Restricted	\$ -	\$ 6,027,403	\$ 306,676	\$ 124,454	\$ 4,479,961	\$ 10,938,494
Committed	346,710	-	-	-	104,236	450,946
Unassigned	4,737,039	-	-	-	(17,934)	4,719,105
Total fund balances	<u>\$ 5,083,749</u>	<u>\$ 6,027,403</u>	<u>\$ 306,676</u>	<u>\$ 124,454</u>	<u>\$ 4,566,263</u>	<u>\$ 16,108,545</u>

Reconciliation to Statement of Net Position

Fund balance as shown above	\$ 16,108,545
Reconciling items - None	<u>-</u>
Net position of governmental activities	<u>\$ 16,108,545</u>

PALMER TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash
Basis - Governmental Funds
Year Ended December 31, 2022

	General Fund	Escrow Fund	2020D Capital Project Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 11,604,718	\$ -	\$ -	\$ 1,597,363	\$ 2,345,678	\$ 15,547,759
Licenses and permits	480,804	-	-	-	-	480,804
Fines and forfeits	37,524	-	-	-	-	37,524
Investment earnings	5,724	635	17,025	383	20,912	44,679
Rents	50,776	-	-	-	-	50,776
Intergovernmental	3,123,044	-	-	-	2,195,747	5,318,791
Charges for services	264,965	1,543,500	-	-	24,594	1,833,059
Miscellaneous	25,585	-	-	-	-	25,585
Contributions	-	-	-	-	106,650	106,650
Total revenues	<u>15,593,140</u>	<u>1,544,135</u>	<u>17,025</u>	<u>1,597,746</u>	<u>4,693,581</u>	<u>23,445,627</u>
EXPENDITURES						
General government	2,281,654	-	8,488	31,351	234,958	2,556,451
Public safety	6,535,715	2,133,505	-	-	1,129,066	9,798,286
Health and human services	160	-	-	-	-	160
Public works - highways	1,879,725	-	3,240,276	-	518,911	5,638,912
Culture and recreation	28,436	-	-	-	2,217,824	2,246,260
Community development	2,977,261	-	-	-	-	2,977,261
Miscellaneous expense	327,158	-	-	-	-	327,158
Debt service						
Principal	-	-	-	2,010,345	-	2,010,345
Interest	-	-	-	1,003,274	-	1,003,274
Total expenditures	<u>14,030,109</u>	<u>2,133,505</u>	<u>3,248,764</u>	<u>3,044,970</u>	<u>4,100,759</u>	<u>26,558,107</u>
Excess (deficiency) of revenues over expenditures	<u>1,563,031</u>	<u>(589,370)</u>	<u>(3,231,739)</u>	<u>(1,447,224)</u>	<u>592,822</u>	<u>(3,112,480)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	2,105	-	-	-	21,224	23,329
Transfers in	2,680,114	-	-	1,212,266	402,990	4,295,370
Transfers out	<u>(1,128,813)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,773,626)</u>	<u>(3,902,439)</u>
Total other financing sources (uses)	<u>1,553,406</u>	<u>-</u>	<u>-</u>	<u>1,212,266</u>	<u>(2,349,412)</u>	<u>416,260</u>
Net change in fund balances	3,116,437	(589,370)	(3,231,739)	(234,958)	(1,756,590)	(2,696,220)
Fund balances - beginning, as restated	<u>1,967,312</u>	<u>6,616,773</u>	<u>3,538,415</u>	<u>359,412</u>	<u>6,322,853</u>	<u>18,804,765</u>
Fund balances - ending	<u>\$ 5,083,749</u>	<u>\$ 6,027,403</u>	<u>\$ 306,676</u>	<u>\$ 124,454</u>	<u>\$ 4,566,263</u>	<u>\$ 16,108,545</u>
Reconciliation to Statement of Activities						
Net change in fund balance - total governmental funds						\$ (2,696,220)
Reconciling items - None						-
Change in net position of governmental activities						<u>\$ (2,696,220)</u>

PALMER TOWNSHIP
Statement of Net Position – Modified Cash Basis - Proprietary Funds
December 31, 2022

	Sewer Revenue Fund	Sewer Reserve Fund	Solid Waste Fund	Other Enterprise Funds	Total Proprietary Funds
ASSETS					
Cash and cash equivalents	\$ 1,697,398	1,345,171	909,870	\$ 89,587	\$ 4,042,026
Investments	-	2,042,162	-	-	2,042,162
Total assets	<u>\$ 1,697,398</u>	<u>\$ 3,387,333</u>	<u>\$ 909,870</u>	<u>\$ 89,587</u>	<u>\$ 6,084,188</u>
NET POSITION					
Unrestricted	\$ 1,697,398	\$ 3,387,333	\$ 909,870	\$ 89,587	\$ 6,084,188
Total net position	<u>\$ 1,697,398</u>	<u>\$ 3,387,333</u>	<u>\$ 909,870</u>	<u>\$ 89,587</u>	<u>\$ 6,084,188</u>

PALMER TOWNSHIP
Statement of Revenues, Expenses, and Changes in Fund Net Position - Modified Cash
Basis - Proprietary Funds
Year Ended December 31, 2022

	Sewer Revenue Fund	Sewer Reserve Fund	Solid Waste Fund	Other Enterprise Funds	Total Proprietary Funds
Operating Revenues					
Charges for services	\$ 3,594,430	\$ 1,879,694	\$ 2,420,293	\$ 616,985	\$ 8,511,402
Total operating revenues	<u>3,594,430</u>	<u>1,879,694</u>	<u>2,420,293</u>	<u>616,985</u>	<u>\$ 8,511,402</u>
Operating Expenses					
Salaries and benefits	495,051	-	-	-	495,051
Contracted services	139,450	-	42,239	-	181,689
Engineer fees	34,713	-	-	-	34,713
Legal fees	1,363	-	-	-	1,363
Repairs and maintenance	240,840	-	-	-	240,840
Insurance expense	185,316	-	-	-	185,316
Treatment charges	2,020,390	-	-	-	2,020,390
Office expenses	77,021	-	-	-	77,021
General government	-	86,024	49,425	-	135,449
Capital purchases	-	971,241	-	-	971,241
Culture - recreation	-	-	-	367,746	367,746
Personal services	-	-	-	492,378	492,378
Professional services	-	-	56,875	-	56,875
Solid waste collection expense	-	-	1,632,906	-	1,632,906
Community development	-	-	6,705	-	6,705
Total operating expenses	<u>3,194,144</u>	<u>1,057,265</u>	<u>1,788,150</u>	<u>860,124</u>	<u>6,899,683</u>
					-
Operating income	<u>400,286</u>	<u>822,429</u>	<u>632,143</u>	<u>(243,139)</u>	<u>1,611,719</u>
Nonoperating Revenues (Expenses)					
Investment income	1,983	3,167	862	535	6,547
Pension state aid	388	-	-	9,701	10,089
Recycling grant	-	-	121,267	-	121,267
Total nonoperating revenues (expenses)	<u>2,371</u>	<u>3,167</u>	<u>122,129</u>	<u>10,236</u>	<u>137,903</u>
Income (loss) before transfers	<u>402,657</u>	<u>825,596</u>	<u>754,272</u>	<u>(232,903)</u>	<u>1,749,622</u>
Transfers in	-	1,068,813	-	280,000	1,348,813
Transfers out	<u>(1,000,000)</u>	<u>(310,943)</u>	<u>(430,801)</u>	<u>-</u>	<u>(1,741,744)</u>
Change in net position	(597,343)	1,583,466	323,471	47,097	1,356,691
Total net position - beginning	<u>2,294,741</u>	<u>1,803,867</u>	<u>586,399</u>	<u>42,490</u>	<u>4,727,497</u>
Total net position - ending	<u>\$ 1,697,398</u>	<u>\$ 3,387,333</u>	<u>\$ 909,870</u>	<u>\$ 89,587</u>	<u>\$ 6,084,188</u>

PALMER TOWNSHIP
Statement of Fiduciary Net Position – Modified Cash Basis
December 31, 2022

	Pension Trust Funds
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 1,356,507
Investments	<u>22,169,342</u>
Total assets	<u>\$ 23,525,849</u>
<hr/>	
NET POSITION	
Restricted for pension and other post employment benefits	<u>23,525,849</u>
Total net position	<u>\$ 23,525,849</u>

PALMER TOWNSHIP
Statement of Changes in Fiduciary Net Position – Modified Cash Basis
Year Ended December 31, 2022

	Pension Trust Funds
ADDITIONS	
Contributions	\$ 963,517
Investment income	503,112
Gain (Loss) in fair market value	<u>(4,716,263)</u>
Total additions	<u>(3,249,634)</u>
DEDUCTIONS	
Benefit payments	\$ 1,377,691
Administrative expenses	24,828
Investment expense	<u>184,342</u>
Total deductions	<u>1,586,861</u>
Change in net position	(4,836,495)
Net position - beginning	<u>28,362,344</u>
Net position - ending	<u>\$ 23,525,849</u>

PALMER TOWNSHIP

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Palmer Township (“Township”) is a primary governmental entity whose operational procedures are defined by the Second-Class Township Code of the Commonwealth of Pennsylvania enacted May 1, 1933, and since amended. Palmer Township is a township in Northampton County, Pennsylvania, United States. Palmer Township is located in the Lehigh Valley region of the state. The Township functions as a separate legal entity, is governed by a Board of Supervisors chosen in a general election and is considered to be fiscally independent.

It is the Township’s accounting policy to maintain its recorded using the modified cash basis of accounting. Therefore, certain revenues and related assets are recognized when received rather than when earned and certain expenses when paid rather than when a liability is incurred. This policy is a departure from generally accepted accounting principles as applicable to governmental units. Real estate taxes, along with sewage and garbage receivables, are maintained by the Township’s financial systems but are not recognized as revenue, since collections have not been made. Revenues from intergovernmental grants are recognized when received and designated until spent.

The financial statements presented on the *modified cash basis of accounting*, capital assets and long-term debt balances are not included in the statement of financial position, because the modified cash basis presentation is limited to reporting on cash and cash equivalents and changes therein resulting from cash receipts and disbursement transactions. In such a modified cash basis presentation, in both the government-wide and fund financial statements, the use of cash to acquire capital assets or pay long-term debt principal and interest is reported as cash disbursements, and the receipt of cash from debt proceeds and disposals of capital assets is reported on as cash receipts. The statement of net position and balance sheet do not report capital assets or long-term debt of the Township.

The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are discussed below:

Reporting Entity

Governmental Accounting Standards Board Statement (GASB) defines the criteria used to determine the composition of reporting entity. These standards determine the composition of the reporting entity. These standards require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, (3) organization that are fiscally dependent on the primary government and a financial benefit or burden exists, and (4) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based on these criteria, Palmer Township has no component units and is not a component unit of any other entity.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Ventures

Easton Area Joint Sewer Authority

The Township is a participating member of the Easton Area Joint Sewer Authority (EAJSA). The EAJSA is run by a governing joint board consisting of twelve members from participating municipalities. The EAJSA joint board approves an annual operating budget, and each participating municipality pays a pro-rated share of operating costs based upon proportional water flow amounts into the sewer plant and capital interest percentages of plant facilities. Complete financial statements of the EAJSA can be obtained from the EAJSA administration office at 50-A South Delaware Drive, Easton, PA. The total payments net of refunds are \$ 1,988,077. This amount includes treatment costs and debt payments.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government 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 non-exchange revenues. Business-type activities are financed in whole or in part by fees charges to external parties for goods or services.

Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Internal activity is limited to inter-fund transfers which are eliminated to avoid "doubling up" revenues and expenses. Net position is reported as restricted when constraints placed on the use of net position are either externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation).

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, 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. Each major fund is presented in a single column on the fund financial statements.

➤ **Governmental Funds**

Governmental funds are those which most governmental functions of the Township are financed. The Township reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the Township and includes the General Reserve Fund. It is used to account for all financial resources except those required to be accounted for in another fund. This is a budgeted fund and any unassigned fund balances are considered as a resource available for use.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Debt Service Fund - Used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest fund.

Escrow Fund - This special revenue accounts for the escrow activity within the Township.

2020D Capital Project Fund - This fund is used to account for the capital projects related to the 2020D bond.

The Township reports the following non-major funds:

Fire Tax Fund - This special revenue fund accounts for real estate taxes assessed for providing fire protection services within the Township.

Parks and Recreation - This special revenue fund accounts for real estate taxes assessed in order to provided recreation programs.

ARPA Fund - This special revenue fund accounts for proceeds and disposition of the Township's American Rescue Plan grant funds.

Capital Reserve Fund - This fund is used to set aside monies for future capital projects.

Recreation Capital Reserve Fund - This fund accounts for activity related to future capital projects and improvements related to the Township's parks.

Road Equipment Fund - This fund is used to set aside funds for future road and equipment purchases.

Liquid Fuels Fund - This special revenue fund accounts for state liquid fuels tax revenue that is restricted to be used for building, improving, and maintaining local roads and bridges within the Township.

2020C Capital Project Fund - This fund is used to account for the capital projects related to the 2020C bond.

Development Capital Project Fund - This fund is used to account for activity related to contributions from developers for future capital projects.

Law Enforcement Fund - This special revenue fund accounts for activity related to the Township's police station.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

➤ **Proprietary Funds**

Proprietary funds are used to account for the financing of services to the general public where all or most of the costs involved are paid from user charges for service.

The Township reports the following major proprietary funds:

Sewer Revenue Fund – This fund accounts for activity associated with providing sewer collection services.

Sewer Reserve Fund – This fund accounts for capital activity associated with operation of the Township’s sewer systems.

Solid Waste Fund- This fund accounts for the activity associated with providing trash and recycling services.

The Township report the following non-major proprietary funds:

Community Swimming Pool Fund – This fund accounts for the activity associated with operation of the Township’s swimming pool.

Charles Chrin Center Fund - This fund accounts for the activity associated with operation of the Township’s community center building.

- **Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the Township’s own programs. Custodial funds are used to account for fiduciary activities not required to be reported in other. The Township has no investment trust funds, private purpose trust funds or custodial funds.

The Township reports the following fiduciary fund types:

Police Defined Benefit Pension Fund- This fund accounts for the activity related to the police defined benefit pension plan.

Police Post Employee Benefit Fund-This fund accounts for the activity related to the police post employee benefits.

Non - Uniform Defined Benefit Pension Plan This fund accounts for the activity related to the non – uniform defined benefit pension plan.

Non - Uniform Defined Contribution This fund accounts for the activity related to the non – uniform defined contribution pension plan.

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents are defined as short term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

Interfund Transactions

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These advances (reported in "Interfund" assets accounts) are considered "available spendable resources". Interfund transactions, receivables and payables have been eliminated in the Government-wide Financial Statements.

Exchange transactions, if any, between funds are reported as revenues, in the seller funds and as expenditure/expenses in the purchaser funds. Flow of cash or goods from one fund to the another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental fund and are shown separately in proprietary funds.

Capital Assets

The purchase of capital assets is recognized as an expense in all funds and the government-wide statements. These assets are not reflected on the statement of net position under the modified cash basis of accounting.

Long - Term Liabilities

Proceeds from debt are recognized as other financing sources and non- operating revenues in the year received. Amounts owed by the Township on long - term debts are not reflected on the statement of net position under the modified cash basis of accounting.

Debt service payments are recorded as current period expenditures/expenses.

Net Position - Government-Wide/Proprietary Fund

Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following components:

Restricted Net Position: This category of net position has constraints placed on the use by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or establishing legislation.

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position – Government-Wide/Proprietary Fund (Continued)

As of December 31, 2022, restricted net position consists of the following:

	Governmental Activities	Business-Type Activities
Escrow related activity	\$ 6,027,403	\$ -
2020D bond activity	306,676	-
Future debt payments	124,454	-
Future recreation projects	343,616	-
Future ARPA activity	1,371	-
Future recreation projects	334,741	-
Future road equipment	328,154	-
Future road projects	384,253	-
2020C bond activity	1,547,145	-
Future capital projects	1,504,369	-
Future police projects	36,312	-
	<u>\$ 10,938,494</u>	<u>\$ -</u>

Unrestricted Net Position: This component consists of all other net positions that does not meet the definition of “restricted”

Net Position Flow Assumption

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

Fund Balance - Governmental Funds

Governmental funds classify fund balance based on the relative strength of the spending constraints placed on the purpose for which resources can be used. The classifications are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (1) not in spendable or (2) legally or contractually required to be maintained intact. This classification could include items such as prepaid amounts, inventories and the long-term portion of loans and notes receivable but is not applicable under the Township’s modified cash basis. This would also include the corpus (or principal) of permanent funds.

Restricted: This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of the other government; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and include a legally enforceable requirement on the use of these funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance - Governmental Funds (Continued)

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Township's highest level of the decision-making authority. This formal action is in the form of a resolution which is made by the Board. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrained the funds.

Assigned: This classification includes spendable amounts that are reported in governmental fund *other than in the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by either the board or a subordinated high-level body, such as secretary/treasurer that is authorized to assigned amounts to be used for specific purposes. The board has the authority to make assignments of fund balance. Thus, these assignments can only be made or changed with formal action by the board. The assignment of fund balance cannot result in a negative unassigned fund balance.

Unassigned: This classification represents the portion of a spendable fund balance that has not been categorized as restricted, committed, or assigned. The general fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within the other classifications. A negative unassigned fund balance may occur in any fund where there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and unassigned balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

Fund Balance Policy

The Township does not have a formal minimum fund balance policy; therefore, the spending order when fund balance resources are available for a specific purpose in multiple classifications is to use restricted resources first and then apply unrestricted resources in the following order: committed, assigned, and unassigned.

Pension Trust Funds

GASB requires a statement of plan net position and a statement of changes in plan net position. These are shown as part of the fiduciary statements. It also requires plan investments to be recorded at their fair value and establishes standards for the measurement, recognition, and display of pension expense and related liabilities, assets, and note disclosure.

Deferred Compensation Plan

The Township has established a deferred compensation plan under Internal Revenue Code Section 457 which covers all employees. All assets and income of their plan are held for exclusive benefits of the plan's participants and their beneficiaries. In accordance with the provisions of the GASB, the assets and liabilities of the plan are not reported on the financial statements of the Township.

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

The Township annually adopts calendar year budget for all its funds. As changes are made to the budget during the fiscal year, amendments are proposed and approved by the board. There were no budget amendments during 2022. During 2022, the Township overspent the budgeted expenditures of the General Fund, which is a violation of Township Code, but is not expected to result in any negative implications to the Township.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with the modified cash basis of accounting used by the Township requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Operating Revenues and Expenses

The Township's Proprietary Funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the Sewer, Solid Waste and Recycling, Community Center and Pool Funds consist of charges for services and rental charges and the costs of providing those services. All other revenues and expenses, including interfund transfers, interest income and refunds of prior year expenditures, are reported as non-operating.

NOTE 2 CASH AND INVESTMENTS

The Commonwealth of Pennsylvania's "Second Class Township Code" and Act 10 of 2016 define allowable investments for Township funds as follow:

- United States Treasury Bills.
- Short-term obligations of the United States Government or its agencies or instrumentalities.
- Deposits in savings accounts, time deposits, other than certificates of deposit, or share amounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, to the extent that the accounts are so insured and, for any amounts above the insured maximum, if approved collateral therefore is pledged by the depository.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the Unites States of America.
- Shares of an investment company registered under the Investment Company Act of 1940.
- Certificates of deposit purchased from institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, to the extent that the amounts are so insured. However, for any amounts above the insured maximum, the certificates of deposit shall be secured by a pledge or assignment of assets of the institution, and the collateral may include loans, including interest in pools of loans, secured by first mortgage liens on real property. Certificates of deposit purchased from commercial banks shall be limited to an amount equal to twenty percent of a bank's total capital and surplus. Certificates of deposit purchased from savings and loan associations, or savings banks shall be limited to an amount equal to twenty percent of an institution's assets minus liabilities.

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

- Any investment authorized by 20 PA. Ch.73 (relating to fiduciary investments). This paragraph is limited to investments for any pension or retirement fund.
- Obligations, participations, or other instruments of any Federal agency, instrumentality, or United States government-sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
- Negotiable certificates of deposit or other evidence of deposit, with a remaining maturity of three years or less.
- Bills of exchange or time drafts drawn on or accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity.
- Commercial paper issued by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days.

All bank deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized under Pennsylvania Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposit of public funds; permitting assets to be pledged against deposit on a pooled basis and authorizing the appointment of custodians to act as the pledger of the asset.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a policy for custodial credit risk other than the provisions of Township Code. At December 31, 2022, the bank balance of the Township's has a bank balance of \$ 19,845,997. Of this balance, \$ 761,683 is covered by FDIC insurance and the remaining balance of \$ 19,084,314 is collateralized by securities held by the pledging financial institution, not in the Township's name.

Pennsylvania Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws establishing a standard rule for the types; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledger of the assets. Based on the standards outlined in Act 72, the various banks utilized by the Township have pledged collateral on a pooled basis on behalf of the Township and all other governmental depositors in the respective financial institutions.

Investments

As of December 31, 2022, the Township's investments were as followed.

Investment Type	Fair Value	Average Credit Quality Rating
U.S Treasury Notes	\$ 1,540,909	N/A
Money Market Mutual Fund	312,912	N/A

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Credit Risk – Investments

The Township has no formal investment policy that would limit its investment choices to certain credit ratings.

Interest Rate Risk – Investments

The following investments are subject to interest rate risk.

	Total Fair Value	Investment Maturities		
		Less Than 1	1-5	>5
U.S. Treasury Notes	\$ 1,540,909	\$ 1,540,909	\$ -	\$ -

The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Interest Rate Risk – Pension Investments

The investments held by the trustees of the pension plans are as follows:

	Total Fair Value	N/A	Investment Maturities		
			Less Than 1	1-5	>5
U.S Treasury Notes	\$ 908,145	\$ -	\$ 976	\$ 733,717	\$ 173,452
Agency Bonds	620,252	-	-	493,234	127,018
Corporate Bonds	1,178,515	24,505	74,688	726,423	352,899
Municipal Bonds	2,151,860	-	99,478	408,992	1,643,390
Mutual funds	1,664,296	1,664,296	-	-	-

Credit Risk – Pension Fund Investments

The Township does not have a policy that limits the credit quality rating for pension fund investments.

As of December 31, 2022 the Township’s Pension Fund investments in fixed income mutual funds and agency bonds, were rated by S&P as follows:

Rating	Percentage of Total
AAA	24.73%
AA	32.51%
A	4.54%
BBB	2.55%
BB	0.41%
B	0.13%
Below B	0.10%
NR/NA	35.03%
	<u>100.00%</u>

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements

Generally accepted accounting principles define fair value, describe a framework for measuring fair value and require disclosure about fair value measurements. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. The established framework includes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy and those investments included in each are as follows:

Level 1 – Represented by quoted prices available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products and exchange traded equities and mutual funds.

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data, such as quoted prices for similar securities and quoted prices in inactive markets and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states, and political subdivisions and certain corporate, asset backed securities, swap agreements, and life insurance contracts.

Level 3 - Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity's own assumptions about the market risk. Level 3 securities would include hedge funds, private equity securities, and those with internally developed values.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value on the statement of net position, as well as the general classifications of such instruments pursuant to the valuation hierarchy.

Bank Deposit Programs

The fair value of bank deposits is estimated using quoted active markets for identical assets. Such investments are generally classified as Level 1 of the valuation.

Money Market Funds

The fair value of money market funds is estimated using quoted active markets for identical assets. Such investments are generally classified as Level 1 of the valuation.

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments – Fair Value Measurements (Continued)

U.S. Treasury Note

The fair value of the U.S. Treasury Notes is estimated using quoted active markets for identical assets. Such investments are generally classified as Level 1 valuation.

Stocks

The fair value of the stocks is estimated using quoted active markets for identical assets. Such investments are generally classified as Level 1 of the valuation.

Exchange -Traded and Closed - End Funds

The fair value of the exchange-traded and closed-end funds is estimated using quoted active markets for identical assets. Such investments are generally classified as Level 1 of the valuation.

Agency Bonds

Agency Bonds consisting of Federal Farm Credit Banks, Federal Home Loan Mortgage Corp, Federal Home Loan Bank, Federal Home Loan Mortgage Co., Federal National Mortgage Association and Fannie Mae are generally valued at the most recent price of the equivalent quotes yield for such securities, or those of comparable maturity, quality, and type. Such investments are generally classified within Level 2 of the valuation hierarchy.

Mutual Funds

Mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and ask price on such exchange. The Township’s interests in mutual funds are categorized by type as equity, fixed income or alternative investments. Such securities are classified within Level 1 of the valuation hierarchy.

The following table sets forth by level within the fair value hierarchy, the financial assets that were accounted for at fair value on a recurring basis as of December 31, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension investments:				
Cash BDP, MMFS	\$ 1,356,507	\$ 1,356,507	\$ -	\$ -
U.S. Treasury Notes	908,145	908,145	-	-
Stocks	10,147,252	10,147,252	-	-
Exchange Traded Funds	5,499,022	5,499,022	-	-
Agency Bonds	620,252	-	620,252	-
Corporate Fixed Income	1,178,515	1,178,515	-	-
Municipal Bonds	2,151,860	-	2,151,860	-
Mutual Funds	1,664,296	1,664,296	-	-
Total Pension Investments	<u>\$ 23,525,849</u>	<u>\$ 20,753,737</u>	<u>\$ 2,772,112</u>	<u>\$ -</u>

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 3 LONG TERM DEBT

The changes in long-term debt during the year ended December 31, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Bonds						
(A) GOB Series 2016	\$ 8,360,000	\$ -	\$ (180,000)	\$ 8,180,000	\$ 185,000	\$ 7,995,000
(B) GOB Series 2020A	4,520,000	-	(985,000)	3,535,000	1,030,000	2,505,000
(C) GOB Series 2020B	1,615,000	-	(415,000)	1,200,000	345,000	855,000
(D) GOB Series 2020C	3,925,000	-	(90,000)	3,835,000	90,000	3,745,000
(E) GOB Series 2020D	6,300,000	-	(245,000)	6,055,000	255,000	5,800,000
Subtotal of Bonds	24,720,000	-	(1,915,000)	22,805,000	1,905,000	20,900,000
Direct Borrowing						
(F) 2021 Embassy Bank note	255,863	-	(42,644)	213,219	42,644	170,575
(G) Financed purchases	308,666	-	(52,701)	255,965	54,310	201,655
	564,529	-	(95,345)	469,184	96,954	372,230
Total long-term liabilities	\$ 25,284,529	\$ -	\$ (2,010,345)	\$ 23,274,184	\$ 2,001,954	\$ 21,272,230

(A) General Obligation Bonds Series of 2016 – On February 1, 2016, the Township authorized the issuance of General Obligation Bonds, Series of 2016, in the amount of \$ 13,975,000. The Bonds are dated March 7, 2016, with final maturity in the year ended 2031. The purpose of the Bond Issue is to (1) refund the General Obligation Bonds, Series of 2010, (2) provide funds to be used for certain capital projects, primarily the construction and equipping of a new public works facility. Annual principal installments vary from \$ 180,000 to \$ 1,495,000 and are due through May 15, 2031. Interest rates of the bond range from 0.63% to 4%. Interest is payable every May 15 and November 15.

(B-E) General Obligation Bonds Series of 2020A, B, C and D - On February 10, 2020, the Township authorized the issuance of four Series of General Obligation Bonds in the original aggregate principal amount of \$ 17,940,000. The purpose of the bond issue is to (1) refund the Township's General Obligation Bonds Series of 2013, (2) the General Obligation Note Series of 2018 (3) outstanding lease obligations for the purchase of various vehicles and equipment (4) to finance certain capital projects of the Township. Listed below is more information about each bond.

(B) 2020A – The original principal of this bond was \$ 4,770,000. Principal installments range from \$ 115,000 to \$ 1,085,000 and are due through November 15, 2028. Interest rates vary from 4% to 5%. Interest is payable every May 15 and November 15.

(C) 2020B – The original principal of this bond was \$ 2,230,000. Principal installments range from \$ 170,000 to \$ 415,000 and are due through November 15, 2027. Interest rates vary from 4% to 5%. Interest is payable every May 15 and November 15.

(D) 2020C – The original principal of this bond was \$ 4,080,000. Principal installments range from \$ 15,000 to \$ 1,785,000 and are due through November 15, 2032. Interest rates vary from 3% to 4%. Interest is payable every May 15 and November 15.

(E) 2020D – The original principal of this bond was \$ 6,860,000. Principal installments range from \$ 240,000 to \$ 480,000 and are due through November 15, 2039. Interest rates vary from 3% to 4%. Interest is payable every May 15 and November 15.

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 3 LONG TERM DEBT (CONTINUED)

(F) 2021 Embassy Bank Note – On May 6, 2021, the Township entered into a Promissory Note with Embassy bank in the amount of \$ 298, 507 to fund the purchase of (1) street sweeper. Fixed principal installments of \$ 42,644 are due annually through November 15, 2027. Interest rates are fixed at 3.95%. Interest is payable every May 15 and November 15.

(G) Financed Purchase – The Township entered in to 3 finance purchase agreements in 2021 with John Deere. Principal payments range from \$ 13,670 to \$ 26,666 and are due through February 26, 2027. Interest rates vary from 2.75% to 3.75% with interest being paid annually.

The Township’s bonds and notes contain provisions that in the event of default, all principal of notes and bonds outstanding may be declared or may become due and payable upon conditions provided in the agreements.

The following is a schedule by year in the aggregate of future debt principal and interest payments required at December 31, 2022. For the note, general obligation bonds and financing purchases.

	Direct Borrowing		Bonds		Financed Purchase		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 42,644	\$ 8,067	\$ 1,905,000	\$ 899,426	\$ 54,310	\$ 7,594	\$ 2,917,041
2024	42,644	6,369	1,920,000	814,076	55,969	5,935	2,844,993
2025	42,644	4,670	1,995,000	728,326	57,680	4,225	2,832,545
2026	42,644	2,972	1,985,000	648,526	43,574	2,460	2,725,176
2027	42,643	1,274	1,975,000	588,538	44,432	1,247	2,653,134
2028 - 2032	-	-	10,035,000	1,831,000	-	-	11,866,000
2033 - 2037	-	-	2,050,000	440,000	-	-	2,490,000
2038 - 2042	-	-	940,000	56,800	-	-	996,800
	<u>\$ 213,219</u>	<u>\$ 23,352</u>	<u>\$ 22,805,000</u>	<u>\$ 6,006,692</u>	<u>\$ 255,965</u>	<u>\$ 21,461</u>	<u>\$ 29,325,689</u>

NOTE 4 PROPERTY TAXES

Property Taxes

The municipal tax rate in 2022 was:

General Purposes	2.77
Parks and Recreation	2.36
Debt Service Obligations	2.22
Fire Services	0.65
Road Equipment	<u>0.25</u>
Total	<u>8.25</u> mills

The 2022 real estate assessment valuation after changes for the Township as provided by Northampton County was \$ 785,066,600.

On or before April 30	2% Discount Period
April 1 to July 1	Face Payment Period
Beginning July 2	5% Penalty Period

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 5 INTERFUND TRANSFERS / DUE TO AND DUE FROM

Net transfers between the funds for the year ended December 31, 2022 were as follows:

Transfers to	Transfers from	Amount
Fire Tax	General	\$ 150,000
Debt Service	General	500,000
Capital Reserve	General	130,000
Sewer Reserve	General	68,813
Charles Chrin Center	General	80,000
Community Swimming Pool	General	200,000
Debt Service	Fire Tax	19,395
Capital Reserve	Fire Tax	50,000
General	Solid Waste	430,801
Debt Service	Parks and Recreation	162,928
Recreation Capital Reserve	Parks and Recreation	72,990
Sewer Reserve	Sewer Revenue	1,000,000
General	ARPA	2,249,313
Debt Service	Road Equipment	219,000
Debt Service	Sewer Reserve	310,943
Police Defined Benefit	Police Post Employee Retirement	72,188

During the year the Township made transfers to funds for a number of reasons. The list below summarizes the more significant transfers:

- Transfer to Debt service for future debt payments.
- Transfer to General fund for grant related activity.
- Transfer to Sewer Capital Reserve for future projects.
- Transfer to General Fund for reimbursement for Solid waste costs.

NOTE 6 PENSION PLANS

Pension Plans

The Township maintains two defined benefit pension plans and one defined contribution plan. The defined benefit police pension plan covers all of its full-time police officers. The defined non-uniform plan covers all non-police officer employees prior to September 1, 2012. The defined contribution non-uniform pension plan covers all of the Township’s full time non-uniform employees hire on or after September 1, 2012. The assets of the plans are not comingled. Plan provisions are established by municipal ordinance with the authority for municipal contributions required by Act 205 of the Commonwealth (the Act).

Funding Standards and State Aid

The Township is required to make annual contributions to the plan pursuant to Act 205 which specifies minimum funding standards for municipal pension plans in the Commonwealth Act 205 requires the Township to budget and contribute to the plan the minimum municipal obligations, which includes both the normal cost of the plan and an amortization contribution sufficient to amortize unfunded liabilities by target dates established under the Act.

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 6 PENSION PLANS (CONTINUED)

During the year ended December 31, 2022, the Township fully funded the minimum municipal obligation in the following amounts.

	Total MMO
Police Pension- Defined Benefit plan	\$ 553,452
Non-Uniform Defined Benefit plan	<u>152,661</u>
	<u>\$ 706,113</u>

Act 205 also established a general municipal pension system state aid program, financed by a tax on the premiums of casualty and fire insurance policies sold in the Commonwealth. The Township is eligible for this aid for each of its pension plans, however, the ultimate obligation to contribute the minimum municipal obligation to the plans is the Township's.

During the year ended December 31, 2022, the Township received \$ 538,767 in state aid for the pension contributions.

Police Pension Plan

The Police Pension Plan is a single employer defined benefit pension plan controlled by the provisions of municipal ordinance adopted pursuant to Act 205.

Plan Membership

Membership of the Police Pension Plan consisted of the following at December 31, 2022

Inactive members and beneficiaries currently receiving benefits	22
Inactive members entitled to but not yet receiving benefits	1
Active plan members	<u>35</u>
Total members	<u>58</u>

Plan Administration

The plan is governed by Township's Supervisor which may amend plan provisions, subject to collective bargaining and to Act 600, *The Municipal Pension Plan Funding Standard and Recovery Act*. Township Supervisors are responsible for " the management of plan assets and has delegated the authority to manage certain plan assets to Morgan Stanley Smith Barney.

Benefits Provided

Eligibility

All full-time members of the police force join the Plan upon employment.

Normal Retirement

A member is eligible for normal retirement after attainment of age 50 and completion of 25 years of vesting service.

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 6 PENSION PLANS (CONTINUED)

Police Pension Plan (Continued)

The normal retirement pension is payable monthly during the member's lifetime, with payments continuing after the member's death to the surviving spouse, providing the surviving spouse is not remarried, or to dependent children under the age of 18, equal to 50% of the amount payable to the member at the time of the member's death.

The amount of monthly pension is equal to 50% of average monthly compensation, plus a service increment in excess of 25 years. The service increment is equal to the following:

<u>Years of Completed Service</u>	<u>Monthly Amount of Service Increment Benefit</u>
26	\$ 25
27	50
28	75
29	100
30 or more	250

Average monthly compensation is based upon the last 36 months of employment.

Late Retirement

If a member continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the benefit accrued to the late retirement date.

Disability Retirement

If an active member is disabled in the line of duty, he is eligible for a disability pension. The monthly disability pension is equal to 50% of his salary at time of disability.

Death Benefits

If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his surviving spouse, or eligible child, equal to 50% of the monthly benefit the member would have been receiving had he been retired at the time of his death. \$28,000 of whole life insurance is provided for each police officer, outside of the pension plan.

Vesting

A member's benefits vest upon completion of 12 years of service. The vested benefit is a deferred pension beginning at normal retirement equal to the benefit accrued to the date of termination.

Accrued Pension

The benefit accrued at any date other than the normal retirement date is equal to the projected normal retirement benefit multiplied by the ratio of the number of years of benefit service to date to the total number of years of benefit service projected at normal retirement.

NOTE 6 PENSION PLANS (CONTINUED)

Police Pension Plan (Continued)

Contributions

If an actuarial study shows the Plan to have sufficient assets to fund plan benefits, member contributions may be suspended.

Effective January 1, 2012, Members contribute 5.0% of pay.

Member contributions are credited with 8.0% interest.

Investment Policy

The plan's policy in regard to the allocation of invested assets is established and may be amended by Township Supervisor's by a majority vote of its members. It is the policy of the Township Supervisor's to pursue an investment strategy to obtain a reasonable diversification of investments, which have a ready market for resale. The following was the Township's adopted asset allocation policy as of December 31, 2022:

Asset Class	Target Allocation
Domestic Equity	80.00%
Fixed Income	14.00%
Cash	6.00%

Concentrations

Concentrations are defined as investments held by the Police Pension Plan, other than those issued or explicitly guaranteed by the U.S. Government, in any one organization that represent 5% or more of the plan's fiduciary net position. At December 31, 2022, the Police Pension Plan does not hold any equities or non-governmental fixed income securities that comprise more than five percent of total investments.

Rate of Return

For the year ended December 31, 2022, the annual time-weighted rate of return on pension plan investments, net of pension plan investment expense, was (16.4%). The time-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Non-Uniformed Pension Plan - Defined Benefit Plan

The Non-Uniformed Police Pension Plan is a single employer defined benefit pension plan controlled by the provisions of municipal ordinance adopted pursuant to Act 205.

Plan Membership

Membership of the Pension Plan consisted of the following at December 31, 2022. Inactive Members and Beneficiaries Currently Receiving Benefits.

Inactive members and beneficiaries currently receiving benefits	27
Inactive members entitled to but not yet receiving benefits	13
Active plan members	<u>12</u>
Total members	<u><u>52</u></u>

NOTE 6 PENSION PLANS (CONTINUED)

Non-Uniformed Pension Plan - Defined Benefit Plan (Continued)

Plan Administration

The plan is governed by Township Supervisor's which may amend plan provisions, subject to collective bargaining and to Act 600, *the Municipal Pension Plan Funding Standard and Recovery Act*. Township Supervisor's is responsible for the management of plan assets and has delegated the authority to manage certain plan assets to Morgan Stanley Smith Barney.

Benefits Provided Eligibility

All non-police officer employees scheduled to work at least 37.5 hours per week join the Plan upon the January 1 or July 1 after employment. No employee whose first day of employment is on or after September 1, 2012, shall participate in the plan.

Normal Retirement

A participant is eligible for normal retirement after attainment of age 65 and completion of 6 years of service. The normal retirement pension is payable monthly during the member's lifetime, with payments guaranteed for the first 120 months.

The amount of monthly pension is equal to 1.50% of average monthly compensation multiplied by the number of years of service completed by the member, up to a maximum of 30 years. Average monthly compensation is based upon the 5 consecutive years of highest compensation.

Late Retirement

If a participant continues working after his normal retirement date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued to the late retirement date.

Early Retirement

A participant is eligible for early retirement after attainment of age 62 and completion of 6 years of vesting service. The early retirement benefit is equal to the actuarial equivalent of the benefit accrued at the early retirement date.

Disability Retirement

If a member who has completed six years of service becomes disabled, he is eligible for a disability pension. The monthly disability retirement pension is equal to the benefit accrued to the date of disability. Disability benefits shall cease upon the earlier of death, recovery from disability or normal retirement.

Death Benefits

If a member is eligible for retirement, a death benefit is payable to his surviving spouse, provided the surviving spouse is not remarried, or to dependent children under the age of 18 equal to 50% of the benefit the member would have been receiving had he been retired at the time of his death. Payment to the surviving spouse shall cease upon death of the surviving spouse. Payment to an eligible child shall cease upon the earlier of death or age 18.

NOTE 6 PENSION PLANS (CONTINUED)

Non-Uniformed Pension Plan - Defined Benefit Plan (Continued)

Vesting

A participant's benefits vest upon completion of 6 years of service. The vested benefit is a defined pension beginning at normal retirement equal to the benefit accrued to the date of termination.

Accrued Pension

The benefit accrued at any date other than the normal retirement date is equal to the normal retirement benefit formula but based upon compensation and service to date.

Contributions

No member contributions are required or permitted.

Investment Policy

The plan's policy in regard to the allocation of invested assets is established and may be amended by Township Supervisor's by a majority vote of its members. It is the policy of the Township Supervisor's to pursue an investment strategy to obtain a reasonable diversification of investments, which have a ready market for resale. The following was the Township's adopted asset allocation policy as of December 31, 2022.

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	85.00%
Fixed Income	10.00%
Cash	5.00%

Concentrations

Concentrations are defined as investments held by the Pension Plan, other than those issued or explicitly guaranteed by the U.S. Government, in any one organization that represent 5% or more of the plan's fiduciary net position. At December 31, 2022 the Plan does not hold any equities or non-governmental fixed income securities that comprise more than five percent of total investments.

Rate of Return

For the year ended December 31, 2022, the annual time-weighted rate of return on pension plan investments, net of pension plan investment expense, was (12.9%). The time-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Non-Uniformed Pension Plan - Defined Contribution Plan

Plan Description and Contribution Information

Palmer Township determined to provide retirement benefits through a defined contribution plan for non-uniformed employees who are hired on or after September 1, 2012. All non-police employees scheduled to work at least 37.5 hours per week and employed by the Township on the last day of the Plan year are considered a participant eligible to receive a share of an employer contribution. The Township shall contribute 5% of participant's compensation and make any additional allocation amount to cover administrative expenses of the Plan.

NOTE 6 PENSION PLANS (CONTINUED)

Non-Uniformed Pension Plan - Defined Contribution Plan (Continued)

Determination of Vested Benefits

Normal Retirement – If a participant remains employed with the employer, his account is 100% vested and payable upon attainment of age 65 and completion of 6 years of service.

Early Retirement – A participant may retire early, and his account is 100% vested after he attains age 62 and completes 6 years of service.

Disability – If a participant becomes disabled and is unable to continue working, his account is 100% vested, regardless of the number of years of service.

Death – If a participant dies, 100% of his account will be paid to his beneficiaries.

Termination – If employment terminates before retirement, disability, or death, the participant’s account is subject to the following vesting schedule.

<u>Years of Service</u>	<u>Vesting Percentage</u>
0-5 Years	0.00%
6 or More Years	100.00%

The Township total contribution for the year 2022 was \$ 72,817. The value of the Plan's funds with Morgan Stanley was \$ 317,862 as of December 31, 2022. The approximate net dollar-weighted rate of return for 2022 was (21.29) %.

Plan Membership

Membership of the Defined Contribution Plan consisted of the following at December 31, 2022.

Active Plan Members	27	Annual Payroll	\$ 1,841,210
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Police Post Retirement Benefit Plan

Plan Description, Contribution Information and Funding Policies

Plan Description – Palmer Township has a single-employer defined benefit plan, administered by the Township, presented as "Other Post-Employment Benefits". The Plan provides Police retirees with defined payments to be used towards health costs by the retiree. The Plan does not issue stand-alone financial statements.

Funding Policy - The contribution requirement of plan members and the Township are established and may be amended by the Township. The required contribution is based upon an actuarial valuation.

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 6 PENSION PLANS (CONTINUED)

Police Post Retirement Benefit Plan (Continued)

Eligibility

All full-time members of the police force join the Plan upon employment. Participation under this Plan was frozen effective January 1, 2011.

Normal Retirement

A participant is eligible for normal retirement after attainment of age 50 and completion of 25 years of service.

For police officers who retire after January 1, 2011, the normal retirement pension is payable until the earlier of Medicare eligibility, 10 years of retirement, or death.

For police officers who retired prior to January 1, 2011, the normal retirement pension is payable monthly during the participant's lifetime, with payment ceasing upon death.

Amount of monthly pension is equal to the following percentage of the officer's base rate of pay at retirement.

<u>Years of Retirement</u>	<u>Benefit Percentages</u>
2005	8.00%
2006	12.00%
2007	12.00%
2008	12.00%
2009	13.50%
2010 or Later	15.00%

Late Retirement

If a participant continues working after his normal retirement date, his pension does not start until he actually retires. The late retirement benefit is the benefit accrued to the late retirement date.

Contributions

The employer pays the full cost of the plan. Employee contributions are not required.

There were no contributions required for the year ended December 31, 2022.

Summary of Plan Membership

Membership of the Plan is as follows, as of January 1, 2023:

Active Members	20
Vested Former Members	-
Retired Members	<u>13</u>
Total Members	<u><u>33</u></u>

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 7 TAX ABATEMENTS

The Township enters into property tax abatement agreements under the Pennsylvania Tax Increment Financing Act of 1990. The Act authorizes local taxing bodies to cooperate in providing financing for public facilities and residential, commercial and industrial development and revitalization in order to eliminate or prevent the development or spread of blight within their respective jurisdictions.

The Route 33 Tax Increment Financing District was established as a result of The Chrin Company desiring to develop a mix-use retail, office and industrial parcel of land it owns, which is dependent upon the construction of certain public infrastructure including a new Route 33 interchange. The TIF District will have a term not in excess of 20 years from the effective date of creation. The Tax Increment Base was set at the market value of all taxable real property located within the TIF District as of July 1, 2012. Revenues pledged for the initial five fiscal years of the Township following the establishment of the TIF District, 100% of the real estate tax revenues in excess of the Increment Base and for each of the remaining years during the term of the TIF District they pledge 80% of the real estate tax revenues in excess of the Increment Base. The total amount of net taxes abated during the 2022 year was \$ 445,599.

NOTE 8 COMMITMENTS AND CONTINGENCIES

The Township has the following open project at December 31, 2022.

	Total Estimated Costs	Total Costs Incurred	Total Cost to be Incurred
Municipal Generator project	<u>\$ 347,500</u>	<u>\$ 34,750</u>	<u>\$ 312,750</u>

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 9 GOVERNMENTAL FUNDS – FUND BALANCE

The following table provides detail of the fund balance classification, which are aggregated on the governmental funds balance sheet:

	General Fund	Escrow Fund	2020D Capital Project Fund	Debt Service Fund	Other Governmental Funds	Governmental Funds
Fund Balances						
Restricted for:						
Escrow related activity	\$ -	6,027,403	\$ -	\$ -	\$ -	\$ 6,027,403
2020D bond activity	-	-	306,676	-	-	306,676
Future debt payments	-	-	-	124,454	-	124,454
Future recreation projects	-	-	-	-	343,616	343,616
Future ARPA activity	-	-	-	-	1,371	1,371
Future recreation projects	-	-	-	-	334,741	334,741
Future road equipment	-	-	-	-	328,154	328,154
Future road projects	-	-	-	-	384,253	384,253
2020C bond activity	-	-	-	-	1,547,145	1,547,145
Future capital projects	-	-	-	-	1,504,369	1,504,369
Future police projects	-	-	-	-	36,312	36,312
	<u>-</u>	<u>6,027,403</u>	<u>306,676</u>	<u>124,454</u>	<u>4,479,961</u>	<u>10,938,494</u>
Committed for:						
Emergency use	346,710	-	-	-	-	346,710
Future capital projects	-	-	-	-	55,525	55,525
Future recreation projects	-	-	-	-	48,711	48,711
	<u>346,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,236</u>	<u>450,946</u>
Unassigned	<u>4,737,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,934)</u>	<u>4,719,105</u>
Total fund balances	<u>\$ 5,083,749</u>	<u>\$ 6,027,403</u>	<u>\$ 306,676</u>	<u>\$ 124,454</u>	<u>\$ 4,566,263</u>	<u>\$ 16,108,545</u>

PALMER TOWNSHIP
Notes to Financial Statements

NOTE 10 RISK MANAGEMENT

The Township is part of the Pennsylvania Municipal Health Insurance Cooperative (PMHIC) This trust consists of a group of municipalities that have pooled their interest together in order to establish a self-funded insurance plan in order to better control insurance rates. The Township pays a premium to PMHIC that consists of a portion for actual claim expense, administrative costs, reinsurance costs and reserve account. At year end, the actual claims of the Township are review and the reserve account is used to fund any excess claims for the Township over premiums paid during the year. If any funds remain in the reserve 15% of the total reserve balance could possibly be used to fund claim overages or the trust. A reinsurance policy is used to pay any additional excess claims. Therefore, the expense reported by the Township is limited to the premiums paid during the year. Any potential refund is calculated and received by the Township several months after year end. Total payments by the Township to PHMIC during 2022 were \$ 1,893,209. During 2022 the Township did not receive a refund from PMHIC for prior premiums paid.

NOTE 11 RESTATEMENT

As of December 31, 2021, the net position and fund balance was restated to include escrow fund as a major governmental fund and to the general fund for corrections of errors.

	Governmental Activities	General Fund
Net position/fund balance, as of December 31, 2021	\$ 12,221,443	\$ 2,000,763
Restatement of the Escrow fund	6,616,773	-
Restatement of General fund for correction of errors	<u>(33,451)</u>	<u>(33,451)</u>
Net position/fund balance, restated as of December 31, 2021	<u>\$ 18,804,765</u>	<u>\$ 1,967,312</u>

OTHER SUPPLEMENTARY INFORMATION

PALMER TOWNSHIP
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2022

	Original/Final Budgeted Amounts	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 8,939,789	\$ 11,604,718	\$ 2,664,929
Licenses and permits	474,500	480,804	6,304
Fines and forfeits	38,000	37,524	(476)
Investment earnings	650	5,724	5,074
Rents	44,391	50,776	6,385
Intergovernmental	2,734,374	3,123,044	388,670
Charges for services	286,051	264,965	(21,086)
Miscellaneous	8,000	25,585	17,585
Total revenues	<u>12,525,755</u>	<u>15,593,140</u>	<u>3,067,385</u>
Expenditures			
General government	2,188,394	2,281,654	(93,260)
Public safety	6,574,701	6,535,715	38,986
Health and human services	2,000	160	1,840
Public works - highways	2,090,397	1,879,725	210,672
Culture and recreation	30,400	28,436	1,964
Community Development	13,250	2,977,261	(2,964,011)
Miscellaneous	560,297	327,158	233,139
Total expenditures	<u>11,459,439</u>	<u>14,030,109</u>	<u>(2,570,670)</u>
Excess (deficiency) of revenues over expenditures	<u>1,066,316</u>	<u>1,563,031</u>	<u>496,715</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	1,000	2,105	1,105
Transfers in	430,801	2,680,114	2,249,313
Transfers out	(618,813)	(1,128,813)	(510,000)
Total other financing sources (uses)	<u>(187,012)</u>	<u>1,553,406</u>	<u>1,739,313</u>
Net change in fund balances	<u>\$ 879,304</u>	<u>\$ 3,116,437</u>	<u>\$ 2,236,028</u>
Fund balance - beginning		<u>1,967,312</u>	
Fund balance - ending		<u>\$ 5,083,749</u>	

PALMER TOWNSHIP
Combining Balance Sheet – Modified Cash Basis – Other Governmental Funds
December 31, 2022

	Fire Tax Fund	Parks & Recreation	ARPA Funds	Capital Reserve Fund	Recreation Capital Reserve Fund	Road Equipment Fund	Liquid Fuels Fund	2020C Capital Project Fund	Development Capital Projects Fund	Law Enforcement Fund	Total Other Governmental Funds
ASSETS											
Cash and cash equivalents	\$ (17,934)	\$ 343,616	\$ 1,371	\$ (78,543)	\$ 68,343	\$ 328,154	\$ 384,253	\$ 304,127	\$ 1,504,369	\$ 36,312	\$ 2,874,068
Investments	-	-	-	134,068	315,109	-	-	1,243,018	-	-	1,692,195
Total assets	<u>\$ (17,934)</u>	<u>\$ 343,616</u>	<u>\$ 1,371</u>	<u>\$ 55,525</u>	<u>\$ 383,452</u>	<u>\$ 328,154</u>	<u>\$ 384,253</u>	<u>\$ 1,547,145</u>	<u>\$ 1,504,369</u>	<u>\$ 36,312</u>	<u>\$ 4,566,263</u>
FUND BALANCES											
Restricted	\$ -	\$ 343,616	\$ 1,371	\$ -	\$ 334,741	\$ 328,154	\$ 384,253	\$ 1,547,145	\$ 1,504,369	\$ 36,312	\$ 4,479,961
Committed	-	-	-	55,525	48,711	-	-	-	-	-	104,236
Unassigned	(17,934)	-	-	-	-	-	-	-	-	-	(17,934)
Total fund balances	<u>\$ (17,934)</u>	<u>\$ 343,616</u>	<u>\$ 1,371</u>	<u>\$ 55,525</u>	<u>\$ 383,452</u>	<u>\$ 328,154</u>	<u>\$ 384,253</u>	<u>\$ 1,547,145</u>	<u>\$ 1,504,369</u>	<u>\$ 36,312</u>	<u>\$ 4,566,263</u>

PALMER TOWNSHIP

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Other Governmental Funds
For the Year Ended December 31, 2022**

	Fire Tax Fund	Parks & Recreation	ARPA Funds	Capital Reserve Fund	Recreation Capital Reserve Fund	Road Equipment Fund	Liquid Fuels Fund	2020C Capital Project Fund	Development Capital Projects Fund	Law Enforcement Fund	Total-Other Governmental Funds
REVENUES											
Taxes	\$ 467,697	\$ 1,698,097	\$ -	\$ -	\$ -	\$ 179,884	\$ -	\$ -	\$ -	\$ -	\$ 2,345,678
Investment earnings	160	412	717	1,263	2,657	163	355	14,542	589	54	20,912
Intergovernmental	194,831	53,353	1,128,201	-	106,570	-	681,105	-	-	31,687	2,195,747
Charges for services	7,259	17,335	-	-	-	-	-	-	-	-	24,594
Contributions	-	-	-	-	106,650	-	-	-	-	-	106,650
Total revenues	<u>669,947</u>	<u>1,769,197</u>	<u>1,128,918</u>	<u>1,263</u>	<u>215,877</u>	<u>180,047</u>	<u>681,460</u>	<u>14,542</u>	<u>589</u>	<u>31,741</u>	<u>4,693,581</u>
EXPENDITURES											
General government	9,181	33,332	-	101,390	-	3,519	89	84,567	2,880	-	234,958
Public Safety	752,896	-	-	302,345	-	-	-	42,253	-	31,572	1,129,066
Public works	-	-	-	-	-	-	490,823	28,088	-	-	518,911
Culture and recreation	-	1,497,276	-	13,904	668,654	-	-	37,990	-	-	2,217,824
Total expenditures	<u>762,077</u>	<u>1,530,608</u>	<u>-</u>	<u>417,639</u>	<u>668,654</u>	<u>3,519</u>	<u>490,912</u>	<u>192,898</u>	<u>2,880</u>	<u>31,572</u>	<u>4,100,759</u>
Excess (deficiency) of revenues over expenditures	<u>(92,130)</u>	<u>238,589</u>	<u>1,128,918</u>	<u>(416,376)</u>	<u>(452,777)</u>	<u>176,528</u>	<u>190,548</u>	<u>(178,356)</u>	<u>(2,291)</u>	<u>169</u>	<u>592,822</u>
OTHER FINANCING SOURCES (USES)											
Proceeds from sale of capital assets	-	-	-	-	-	21,224	-	-	-	-	21,224
Transfers in	150,000	-	-	180,000	72,990	-	-	-	-	-	402,990
Transfers out	(69,395)	(235,918)	(2,249,313)	-	-	(219,000)	-	-	-	-	(2,773,626)
Total other financing sources and uses	<u>80,605</u>	<u>(235,918)</u>	<u>(2,249,313)</u>	<u>180,000</u>	<u>72,990</u>	<u>(197,776)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,349,412)</u>
Net change in fund balances	(11,525)	2,671	(1,120,395)	(236,376)	(379,787)	(21,248)	190,548	(178,356)	(2,291)	169	(1,756,590)
Fund balances - beginning	(6,409)	340,945	1,121,766	291,901	763,239	349,402	193,705	1,725,501	1,506,660	36,143	6,322,853
Fund balances - ending	<u>\$ (17,934)</u>	<u>\$ 343,616</u>	<u>\$ 1,371</u>	<u>\$ 55,525</u>	<u>\$ 383,452</u>	<u>\$ 328,154</u>	<u>\$ 384,253</u>	<u>\$ 1,547,145</u>	<u>\$ 1,504,369</u>	<u>\$ 36,312</u>	<u>\$ 4,566,263</u>

PALMER TOWNSHIP
Combining Statement of Net Position - Modified Cash Basis - Other Enterprise Funds
December 31, 2022

	Community Swimming Fund	Charles Chrin Center Fund	Total Other Enterprise Funds
ASSETS			
Cash and cash equivalents	\$ (9,791)	\$ 99,378	\$ 89,587
Total assets	<u>\$ (9,791)</u>	<u>\$ 99,378</u>	<u>\$ 89,587</u>
NET POSITION			
Unrestricted	\$ (9,791)	\$ 99,378	\$ 89,587
Total net position	<u>\$ (9,791)</u>	<u>\$ 99,378</u>	<u>\$ 89,587</u>

PALMER TOWNSHIP
Combining Statement of Revenues, Expenses and Changes in Net Position - Modified
Cash Basis - Other Enterprise Funds
For the Year Ended December 31, 2022

	Community Swimming Fund	Charles Chrin Center Fund	Total Other Enterprise
Operating Revenues			
Charges for services	\$ 159,486	\$ 457,499	\$ 616,985
Total operating revenues	<u>159,486</u>	<u>457,499</u>	<u>616,985</u>
Operating Expenses			
Culture - recreation	367,746	-	367,746
Personal services	<u>-</u>	<u>492,378</u>	<u>492,378</u>
Total operating expenses	<u>367,746</u>	<u>492,378</u>	<u>860,124</u>
Operating income	<u>(208,260)</u>	<u>(34,879)</u>	<u>(243,139)</u>
Nonoperating Revenues (Expenses)			
Investment income	55	480	535
Pension state aid	<u>-</u>	<u>9,701</u>	<u>9,701</u>
Total nonoperating revenues (expenses)	<u>55</u>	<u>10,181</u>	<u>10,236</u>
Income (loss) before transfers	<u>(208,205)</u>	<u>(24,698)</u>	<u>(232,903)</u>
Transfers in	200,000	80,000	280,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(8,205)	55,302	47,097
Total net position - beginning	<u>(1,586)</u>	<u>44,076</u>	<u>42,490</u>
Total net position - ending	<u>\$ (9,791)</u>	<u>\$ 99,378</u>	<u>\$ 89,587</u>

PALMER TOWNSHIP
Combining Statement of Fiduciary Net Position
December 31, 2022

	Police Defined Benefit	Police Post Employee Retirement	Nonuniform Defined Benefit	Nonuniform Defined Contribution	Total Pension Trust Funds
ASSETS					
Cash and cash equivalents	\$ 1,050,501	\$ 21,604	\$ 281,135	\$ 3,267	\$ 1,356,507
Investments	<u>13,236,109</u>	<u>2,026,663</u>	<u>6,618,086</u>	<u>288,484</u>	<u>22,169,342</u>
Total assets	<u>\$ 14,286,610</u>	<u>\$ 2,048,267</u>	<u>\$ 6,899,221</u>	<u>\$ 291,751</u>	<u>\$ 23,525,849</u>
NET POSITION					
Restricted for pension and other post employment benefits	<u>\$ 14,286,610</u>	<u>\$ 2,048,267</u>	<u>\$ 6,899,221</u>	<u>\$ 291,751</u>	<u>\$ 23,525,849</u>
Total net position	<u>\$ 14,286,610</u>	<u>\$ 2,048,267</u>	<u>\$ 6,899,221</u>	<u>\$ 291,751</u>	<u>\$ 23,525,849</u>

PALMER TOWNSHIP
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2022

	Police Defined Benefit	Police Post Employee Retirement	Non-Uniform Defined Benefit	Non-Uniform Defined Contribution	Total Pension Trust funds
ADDITIONS					
Contributions	\$ 738,039	\$ -	\$ 152,661	\$ 72,817	\$ 963,517
Investment income	297,394	46,225	150,837	8,656	503,112
Gain (loss) in fair market value	<u>(3,060,587)</u>	<u>(408,816)</u>	<u>(1,184,421)</u>	<u>(62,439)</u>	<u>(4,716,263)</u>
Total additions	<u>(2,025,154)</u>	<u>(362,591)</u>	<u>(880,923)</u>	<u>19,034</u>	<u>(3,249,634)</u>
DEDUCTIONS					
Benefit payments	838,256	149,938	367,390	22,107	\$ 1,377,691
Administrative expenses	9,013	5,532	8,950	1,333	24,828
Investment expense	<u>106,170</u>	<u>22,581</u>	<u>55,591</u>	<u>-</u>	<u>184,342</u>
Total deductions	<u>953,439</u>	<u>178,051</u>	<u>431,931</u>	<u>23,440</u>	<u>1,586,861</u>
Transfers	72,188	(72,188)	-	-	-
Change in net position	(2,906,405)	(612,830)	(1,312,854)	(4,406)	(4,836,495)
Net position - beginning	<u>17,193,015</u>	<u>2,661,097</u>	<u>8,212,075</u>	<u>296,157</u>	<u>28,362,344</u>
Net position - ending	<u>\$ 14,286,610</u>	<u>\$ 2,048,267</u>	<u>\$ 6,899,221</u>	<u>\$ 291,751</u>	<u>\$ 23,525,849</u>

PALMER TOWNSHIP
Police Defined Benefit Pension Plan
Schedule of Township Contributions (Unaudited)
For the Year Ended December 31, 2022

Police Pension Plan	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 553,452	\$ 686,252	\$ 586,077	\$ 552,135	\$ 482,565	\$ 454,970	\$ 438,959	\$ 474,005	\$ 466,142	\$ 447,738
Contributions in relation to the actuarially determined contribution	<u>553,452</u>	<u>686,252</u>	<u>586,077</u>	<u>552,135</u>	<u>482,600</u>	<u>454,970</u>	<u>438,959</u>	<u>474,005</u>	<u>466,142</u>	<u>447,783</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (35)	\$ -	\$ -	\$ -	\$ -	\$ (45)
Covered payroll	\$ <u>3,811,873</u>	\$ <u>3,609,719</u>	\$ <u>3,591,954</u>	\$ <u>3,316,595</u>	\$ <u>3,288,225</u>	\$ <u>3,217,911</u>	\$ <u>3,147,743</u>	\$ <u>2,993,060</u>	\$ <u>2,873,513</u>	Unavailable
Contributions as a percentage of covered payroll	<u>14.52%</u>	<u>19.01%</u>	<u>16.32%</u>	<u>16.65%</u>	<u>14.68%</u>	<u>14.14%</u>	<u>13.95%</u>	<u>15.84%</u>	<u>16.22%</u>	N/A

Notes

Valuation date:

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

Methods and assumptions used to determine contribution rates including changes in actuarial assumptions:

Actuarial valuation date	1/1/2021
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Amortization period	6 years
Asset valuation method	Market value of assets as determined by the trustee
Inflation	3.00%
Salary increases	5.00%
Investment rate of return	8.00%
Retirement age	Normal Retirement Age
Mortality	PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates project generationally using Scale MP - 2020 to reflect mortality improvement.

PALMER TOWNSHIP
Non-Uniform Defined Benefit Pension Plan
Schedule of Township Contributions (Unaudited)
For the Year Ended December 31, 2022

Defined Benefit Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 152,648	\$ 208,659	\$ 197,582	\$ 208,554	\$ 144,166	\$ 148,100	\$ 161,694	\$ 145,793	\$ 145,723	\$ 295,129
Contributions in relation to the actuarially determined contribution	<u>152,661</u>	<u>208,681</u>	<u>197,736</u>	<u>208,554</u>	<u>144,166</u>	<u>148,100</u>	<u>161,694</u>	<u>145,793</u>	<u>145,773</u>	<u>295,129</u>
Contribution deficiency (excess)	<u>\$ (13)</u>	<u>\$ (22)</u>	<u>\$ (154)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50)</u>	<u>\$ -</u>
Covered payroll	\$ 1,161,541	\$ 1,156,456	\$ 1,703,443	\$ 1,757,071	\$ 1,805,370	\$ 2,000,822	\$ 1,986,648	\$ 2,027,367	\$ 2,018,145	Unavailable
Contributions as a percentage of covered payroll	13.14%	18.04%	11.61%	11.87%	7.99%	7.40%	8.14%	7.19%	7.22%	N/A

Notes

Valuation date:

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

Methods and assumptions used to determine contribution rates including changes in actuarial assumptions:

Actuarial valuation date	1/1/2019
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Amortization period	13 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value.
Inflation	3.00%
Salary increases	4.00%
Investment rate of return	7.00%
Retirement age	Normal retirement age
Mortality	Mortality rates were based on the IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuit projected 15 years using Scale AA to reflect mortality improvements.