

SALISBURY TOWNSHIP, PENNSYLVANIA
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
Salisbury Township, Pennsylvania

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Salisbury Township, Pennsylvania as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Salisbury 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 statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Salisbury 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. 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 Salisbury 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.

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 Salisbury 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but

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

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

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

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and certain pension plan schedules on pages 56 to 66 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Salisbury Township's basic financial statements. The combining individual nonmajor fund financial statements on pages 67 and 68 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Frey & Co. CPAs, LLC

Frey & Co. CPAs, LLC
Walnutport, Pennsylvania
February 12, 2024

SALISBURY TOWNSHIP, PENNSYLVANIA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 6,799,043	\$ 580,972	\$ 7,380,015
Taxes Receivable	175,805	-	175,805
Accounts Receivable, net	506,033	940,769	1,446,802
Lease Receivable, Current Portion	16,708	-	16,708
Due from (to) Other Funds	407,250	(407,250)	-
Total Current Assets	7,904,839	1,114,491	9,019,330
Lease Receivable, Net of Current Portion	108,316	-	108,316
Capital Assets, Net	11,024,662	9,031,882	20,056,544
Bond Issue Costs, Net	40,220	21,300	61,520
Total Assets	19,078,037	10,167,673	29,245,710
Deferred Outflows, Pension	3,144,838	-	3,144,838
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 22,222,875</u>	<u>\$ 10,167,673</u>	<u>\$ 32,390,548</u>

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

SALISBURY TOWNSHIP, PENNSYLVANIA
GOVERNMENT-WIDE STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Total
<u>CURRENT LIABILITIES</u>			
Accounts Payable and Accrued Expenses	\$ 399,493	\$ 707,748	\$ 1,107,241
Payroll Liabilities	100,326	12,707	113,033
Other Liabilities	18,135	-	18,135
Current Portion of Deferred Lease Revenue	17,247	-	17,247
Unearned Grant Revenue	89,716	-	89,716
Current Portion of Long-term Debt	189,720	281,480	471,200
	814,637	1,001,935	1,816,572
<u>LONG-TERM LIABILITIES</u>			
Compensated Absences	285,956	28,421	314,377
Deferred Lease Revenue, Net of Current Portion	137,974	-	137,974
Net Pension Liability	5,674,880	-	5,674,880
Long-term Debt, net of Current Portion	4,003,740	3,200,160	7,203,900
	10,102,550	3,228,581	13,331,131
Total Long-Term Liabilities	10,102,550	3,228,581	13,331,131
Total Liabilities	10,917,187	4,230,516	15,147,703
Deferred Inflows-Pension	410,299	-	410,299
	410,299	-	410,299
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	6,831,202	5,571,542	12,402,744
Restricted	1,154,035	-	1,154,035
Unrestricted	2,910,152	365,615	3,275,767
	10,895,389	5,937,157	16,832,546
Total Net Position	10,895,389	5,937,157	16,832,546
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 22,222,875	\$ 10,167,673	\$ 32,390,548

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

SALISBURY TOWNSHIP, PENNSYLVANIA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities:</u>								
General Government	\$ 2,062,579	\$ 442,754	\$ 521,337	\$ 671,488	\$ 1,635,579	\$ (427,001)	\$ -	\$ (427,001)
Public Safety	4,904,182	466,641	140,237	-	606,878	(4,297,304)	-	(4,297,304)
Public Works	3,716,481	13,519	476,906	-	490,425	(3,226,056)	-	(3,226,056)
Culture and Recreation	224,428	5,500	-	-	5,500	(218,928)	-	(218,928)
Community Development	21,243	-	-	-	-	(21,243)	-	(21,243)
Interest on Long-Term Debt	37,567	-	-	-	-	(37,567)	-	(37,567)
Total Governmental Activities	10,966,480	928,414	1,138,480	671,488	2,738,382	(8,228,098)	-	(8,228,098)
<u>Business-Type Activities:</u>	6,028,154	5,979,572	-	-	5,979,572	-	(48,582)	(48,582)
Total	\$ 16,994,634	\$ 6,907,986	\$ 1,138,480	\$ 671,488	\$ 8,717,954	(8,228,098)	(48,582)	(8,276,680)
<u>General Revenues:</u>								
Property Taxes and Local Taxes						8,286,778	-	8,286,778
Interest and Rental Earnings						75,181	12,734	87,915
Operating Transfers						392,902	(392,902)	-
Gain on Sale of Assets						145,735	-	145,735
Total General Revenues, Contributions and (Losses)						8,900,596	(380,168)	8,520,428
Changes in Net Position						672,498	(428,750)	243,748
Net Position, Beginning of Year as Previously Reported						10,024,422	6,365,907	16,390,329
Prior Period Adjustment						198,469	-	198,469
Net Position, Beginning of the Year as Restated						10,222,891	6,365,907	16,588,798
Net Position, End of Year						\$ 10,895,389	\$ 5,937,157	\$ 16,832,546

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

SALISBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF ASSETS, LIABILITIES, AND
FUND BALANCES - GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Highway Aid Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 5,628,908	\$ 377,995	-	\$ 809,445	\$ 6,816,348
Taxes Receivable	166,911	-	-	8,894	175,805
Accounts Receivable	568,650	-	-	383	569,033
Due from Other Funds	557,250	-	-	-	557,250
TOTAL ASSETS	\$ 6,921,719	\$ 377,995	\$ -	\$ 818,722	\$ 8,118,436
<u>LIABILITIES</u>					
Interfund Cash Overdraft	\$ -	\$ -	\$ 17,305	\$ -	\$ 17,305
Accounts Payable and Accrued Expenses	212,262	19,569	144,549	23,113	399,493
Payroll Liabilities	100,326	-	-	-	100,326
Other Liabilities	18,135	-	-	-	18,135
Unearned Grant Revenues	89,716	-	-	-	89,716
Deferred Tax Revenues	33,301	-	-	-	33,301
Deferred Revenues	302,991	-	-	-	302,991
Due to Other Funds	-	-	150,000	-	150,000
TOTAL LIABILITIES	756,731	19,569	311,854	23,113	1,111,267
<u>FUND BALANCES</u>					
Restricted	-	358,426	-	795,609	1,154,035
Committed	-	-	(311,854)	-	(311,854)
Unassigned	6,164,988	-	-	-	6,164,988
TOTAL FUND BALANCES	6,164,988	358,426	(311,854)	795,609	7,007,169
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,921,719	\$ 377,995	\$ -	\$ 818,722	\$ 8,118,436

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

SALISBURY TOWNSHIP, PENNSYLVANIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

Fund Balances - Total Governmental Funds	\$ 7,007,169
<p>Amounts reported for governmental activities in the government wide statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds Capital Assets - Net of Accumulated Depreciation	11,024,662
Lease Receivable is not a current resource and there for are not reported in the funds	125,024
Deferred Lease income related to leases receivable is included in the statement of net positon	(155,221)
Compensated Absences related to accrued vacation and sick time is included in the statement of net position	(285,956)
Deferred revenue will be collected in the future, but are not available to pay for the current period's expenditures and therefore are not recognized as revenue on the governmental fund financial statements	302,991
Deferred tax revenue will be collected in the future, but are not available to pay for the current period's expenditures and therefore are not recognized as revenue on the governmental fund financial statements	33,301
Bond issue costs, net will be amortized over the life of the bond issue in the government wide financial statements and recorded as an expense in the fund	40,220
Allowance for doubtful accounts is related to accounts receivable balances after the 60 day collection period and is not recognized in the governmental fund financial statements	(63,000)
Deferred outflows of resources related to the net pension liability is included in the statement of net position	3,144,838
Deferred inflows of resources related to the net pension liability included in the statement of net position	(410,299)
Long-term obligations are not due and payable in the current period and therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Long-Term Debt including current portion	(4,193,460)
Net Pension Liability	(5,674,880)
Net Position of Governmental Activities	\$ 10,895,389

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

SALISBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Highway Aid Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>					
Taxes	\$ 7,835,147	\$ -	\$ -	\$ 455,064	\$ 8,290,211
Intergovernmental	1,183,063	441,716	-	-	1,624,779
Licenses and Permits	239,106	-	-	-	239,106
Charges for Services	563,206	-	-	-	563,206
Interest, Rents and Royalties	67,313	973	-	4,144	72,430
Fines and Forfeits	110,662	-	-	-	110,662
Other Income	150,000	-	-	-	150,000
 Total Revenues	 10,148,497	 442,689	 -	 459,208	 11,050,394
<u>EXPENDITURES</u>					
Current:					
General Government	1,634,066	-	299,994	-	1,934,060
Public Safety	4,379,077	-	194,677	234,379	4,808,133
Public Works	2,686,803	657,282	1,045,208	-	4,389,293
Culture and Recreation	127,394	-	219,483	86,099	432,976
Community Development	21,243	-	-	-	21,243
Other	211,355	-	-	-	211,355
 Total Expenditures	 9,059,938	 657,282	 1,759,361	 320,478	 11,797,059
 Excess of Revenues over (under) Expenditures	 1,088,559	 (214,593)	 (1,759,361)	 138,730	 (746,665)
<u>OTHER FINANCING SOURCES (USES)</u>					
Bond Proceeds	2,441,000	-	-	-	2,441,000
Proceeds from Sale of Assets	147,613	-	-	-	147,613
Operating Transfers In	392,902	-	1,891,056	254,827	2,538,785
Operating Transfers Out	(1,874,429)	-	(222,827)	(48,627)	(2,145,883)
Bond Issue Costs	(26,471)	-	-	-	(26,471)
Debt Service - Principal	-	-	-	(185,260)	(185,260)
Debt Service - Interest	-	-	-	(37,567)	(37,567)
 Other Financing Sources (Uses), net	 1,080,615	 -	 1,668,229	 (16,627)	 2,732,217
 Changes in Fund Balances	 2,169,174	 (214,593)	 (91,132)	 122,103	 1,985,552
 Fund Balances - Beginning of the year	 3,995,814	 573,019	 (220,722)	 673,506	 5,021,617
 Fund Balances - End of Year	 \$ 6,164,988	 \$ 358,426	 \$ (311,854)	 \$ 795,609	 \$ 7,007,169

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

SALISBURY TOWNSHIP, PENNSYLVANIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Changes in Fund Balances - Total Governmental Funds		\$ 1,985,552
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures and sale proceeds as revenues. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense and when an asset is sold only the gain or loss is recognized.</p>		
Current year depreciation and amortization	(533,785)	
Capitalization of assets	1,780,221	
Proceeds from Sale of Assets	(147,613)	
Gain on Sale of Assets	<u>145,735</u>	
		1,244,558
Taxes receivable is only recognized when measurable and available therefor accounts receivable balances not collected after 60 days are not recognized as revenue until the period collected in the Governmental Funds		(1,878)
Governmental funds report lease income as received in the statement of activities rental income is amortized over the life of the lease		95
Accounts receivable, other is only recognized when measurable and available therefor accounts receivable balances not collected after 60 days and six months for grants are not recognized as revenue until the period collected in the Governmental Funds		44,287
Bad debt expense is only recognized on Accounts receivable balances not collected after 60 and are not recognized as expense in the Governmental Funds		(10,000)
<p>The repayment and (proceeds) of long-term and related issuance costs debt is an other financing use in the Governmental Funds but the payment and proceeds reduces (increases) long-term liabilities in the Statement of Net Position. The effect of these activities are as follows:</p>		
Repayment of bond and note principal		185,260
Amortization of bond issue costs, bond discounts bond premium, net		(1,238)
Payment of bond issue costs		26,471
Bond Proceeds		<u>(2,441,000)</u>
In the statement of activities, certain operating expenses - pension, are measured by the amounts contributed towards future retirement during the current year. In the governmental funds, however, expenditures are measured by the amount of financial resources used. This amount represents the change in the net pension liability and deferred outflows and inflows of resources during the current period.		(356,611)
In the statement of activities, certain operating expenses - compensated absences, are measured by the amounts earned during the year. In the governmental funds, however expenditures are measured by the amount of financial resources used. This amount represents between the amount earned and used.		<u>(2,998)</u>
Changes in Net Position of Governmental-Wide Activities		<u>\$ 672,498</u>

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

SALISBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2022

	Water Fund	Sewer Fund	Refuse and Recycling Fund	Total Proprietary Funds
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 511,438	\$ 1,237,886	\$ 191,994	\$ 1,941,318
Accounts Receivable, Net	364,283	486,949	89,537	940,769
 Total Current Assets	 875,721	 1,724,835	 281,531	 2,882,087
Capital Assets, Net	5,573,684	3,458,198	-	9,031,882
Bond Issue Costs, Net	15,975	5,325	-	21,300
 TOTAL ASSETS	 <u>\$ 6,465,380</u>	 <u>\$ 5,188,358</u>	 <u>\$ 281,531</u>	 <u>\$ 11,935,269</u>
 <u>LIABILITIES</u>				
Current Liabilities:				
Interfund Cash Overdraft	\$ 1,360,346	\$ -	\$ -	\$ 1,360,346
Accounts Payable and Accrued Expenses	227,192	338,123	\$ 142,433	\$ 707,748
Payroll Liabilities	5,893	5,893	921	12,707
Compensated Absences	11,963	11,963	4,495	28,421
Due to Other Funds	291,000	116,250	-	407,250
Current Portion of Long Term Debt	223,985	57,495	-	281,480
 Total Current Liabilities	 2,120,379	 529,724	 147,849	 2,797,952
Long Term Debt, Net of Current Portion	2,587,095	613,065	-	3,200,160
 TOTAL LIABILITIES	 4,707,474	 1,142,789	 147,849	 5,998,112
 <u>NET POSITION</u>				
Invested in Capital Assets, Net of Related Debt	2,778,579	2,792,963	-	5,571,542
Unrestricted	(1,020,673)	1,252,606	133,682	365,615
 Total Net Position	 1,757,906	 4,045,569	 133,682	 5,937,157
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 6,465,380</u>	 <u>\$ 5,188,358</u>	 <u>\$ 281,531</u>	 <u>\$ 11,935,269</u>

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

SALISBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water Fund	Sewer Fund	Refuse and Recycling Fund	Total Proprietary Funds
OPERATING REVENUES	\$ 1,978,955	\$ 2,079,488	\$ 1,921,129	\$ 5,979,572
OPERATING EXPENDITURES	(2,188,393)	(1,934,026)	(1,850,576)	(5,972,995)
OPERATING INCOME (LOSS)	(209,438)	145,462	70,553	6,577
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	4,693	7,499	542	12,734
Interest Expense	(43,425)	(11,734)	-	(55,159)
Operating Transfers Out	(153,584)	(153,584)	(85,734)	(392,902)
Non-Operating Expenses, Net	(192,316)	(157,819)	(85,192)	(435,327)
CHANGES IN NET POSITION	(401,754)	(12,357)	(14,639)	(428,750)
NET POSITION - BEGINNING	2,159,660	4,057,926	148,321	6,365,907
NET POSITION - ENDING	\$ 1,757,906	\$ 4,045,569	\$ 133,682	\$ 5,937,157

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

SALISBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water Fund	Sewer Fund	Refuse and Recycling Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received for services	\$ 2,010,544	\$ 2,115,805	\$ 1,962,513	\$ 6,088,862
Cash paid to employees and related benefits	(627,057)	(628,070)	(98,699)	(1,353,826)
Cash paid for materials and services	(148,704)	(1,186,463)	(1,987,229)	(3,322,396)
Net Cash Provided By (Used In) Operating Activities	<u>1,234,783</u>	<u>301,272</u>	<u>(123,415)</u>	<u>1,412,640</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash received for interest	<u>4,693</u>	<u>7,499</u>	<u>542</u>	<u>12,734</u>
Cash Provided by Investing Activities	<u>4,693</u>	<u>7,499</u>	<u>542</u>	<u>12,734</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating Transfers Out	<u>(153,584)</u>	<u>(153,584)</u>	<u>(85,734)</u>	<u>(392,902)</u>
Cash Used in Non-Capital Financing Activities	<u>(153,584)</u>	<u>(153,584)</u>	<u>(85,734)</u>	<u>(392,902)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Long-term Debt Proceeds	850,000	-	-	850,000
Cash paid for Capital Assets	(1,218,049)	(233,704)	-	(1,451,753)
Principal Payments on Long-Term Debt	(218,855)	(56,085)	-	(274,940)
Cash paid for interest	(43,425)	(11,734)	-	(55,159)
Net Cash Flows Used In Capital and Related Financing Activities	<u>(630,329)</u>	<u>(301,523)</u>	<u>-</u>	<u>(931,852)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	455,563	(146,336)	(208,607)	100,620
CASH AND CASH EQUIVALENTS - Beginning	<u>55,875</u>	<u>1,384,222</u>	<u>400,601</u>	<u>1,840,698</u>
CASH AND CASH EQUIVALENTS - Ending	<u>\$ 511,438</u>	<u>\$ 1,237,886</u>	<u>\$ 191,994</u>	<u>\$ 1,941,318</u>

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

SALISBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	Water Fund	Sewer Fund	Refuse and Recycling Fund	Total Proprietary Funds
Operating Income (Loss)	\$ (209,438)	\$ 145,462	\$ 70,553	\$ 6,577
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and Amortization	115,854	169,486	-	285,340
Changes in assets and liabilities:				
Accounts Receivable, net	31,589	36,317	41,384	109,290
Accounts Payable and Accrued Expenses	(58,804)	(45,229)	(235,369)	(339,402)
Payroll Liabilities	(1,107)	(1,107)	41	(2,173)
Interfund Cash Overdraft	1,360,346	-	-	1,360,346
Compensated Absences	(3,657)	(3,657)	(25)	(7,339)
Net Cash Provided By Operating Activities	<u>\$ 1,234,783</u>	<u>\$ 301,272</u>	<u>\$ (123,415)</u>	<u>\$ 1,412,640</u>

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

SALISBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022

	Police Pension Trust Fund	Escrow Fund
ASSETS:		
Cash and Cash Equivalents	\$ 432,576	\$ 157,887
Investments, at Fair Value	6,692,399	-
Accrued Interest and Dividends	12,065	-
TOTAL ASSETS	\$ 7,137,040	\$ 157,887
LIABILITIES AND NET POSITION		
Escrow Liability	\$ -	\$ 157,074
NET POSITION:		
Net Position	-	813
Held-in-Trust for Pension Benefits	7,137,040	-
TOTAL LIABILITES AND NET POSITION	\$ 7,137,040	\$ 157,887

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

SALISBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Police Pension Trust Fund</u>	<u>Escrow Fund</u>
ADDITIONS:		
Contributions:		
Pennsylvania State Aid	\$ 186,496	\$ -
Employer	235,850	-
Plan Members	<u>62,565</u>	<u>-</u>
Total Contributions	<u>484,911</u>	<u>-</u>
INVESTMENT INCOME:		
Investment Income and Losses, Net	(1,252,287)	280
Less: Investment Expenses	<u>(43,749)</u>	<u>-</u>
Investment Loss, net	<u>(1,296,036)</u>	<u>280</u>
Total Additions and Losses, net	(811,125)	280
DEDUCTIONS:		
Distributions to Participants	<u>(311,786)</u>	<u>-</u>
TOTAL DEDUCTIONS	(311,786)	-
CHANGES IN NET POSITION	<u>(1,122,911)</u>	<u>280</u>
NET POSITION - Beginning	<u>8,259,951</u>	<u>533</u>
NET POSITION - Ending	<u>\$ 7,137,040</u>	<u>\$ 813</u>

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

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Salisbury Township of Lehigh County, (the “Township”), which was founded in 1753, operates under the First-Class Township code of the Commonwealth of Pennsylvania. The Township has an approximate population of 13,621 based on a 2020 census report, living within an area of 11.1 square miles. The Township has an elected five-member Board of Commissioners, and provides the following services to its residents: public safety, sanitation, highways and streets, culture and recreation, community development, and general administration.

Principles Determining Scope of Reporting Entity

The accompanying financial statements present the primary government. In evaluating the Township (the primary government) as a reporting entity, all potential component units that may or may not fall within the financial accountability of the Township have been addressed. Financial accountability is present if the Township appoints a voting majority of a component unit’s governing body and has the ability to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township.

The Township has determined that no outside agency meets the above criteria; therefore, no other agency has been included in the Township’s financial statements. In addition, the Township is not aware of any entity which would exercise such oversight that would result in the Township being considered a component unit of the entity.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues, with the exception of intergovernmental revenue

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(grant revenue) to be available if collected within sixty (60) days of the end of the calendar year. Grant revenue is recognized as revenue when the grant requirements have been fulfilled and when available. Grant revenue collected within 6 months of year end is considered available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. Property taxes, local taxes, and garbage collection fees associated with the current fiscal period are all considered to be subject to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Government-Wide Financial Statements

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

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

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

A Proprietary Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Proprietary Funds are charges to customers for sales and services. Operating expenses for the Proprietary Funds include the cost of sales and services as well as administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the statement of assets, liabilities and fund balances. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers operating revenues to be available if they are collected within sixty (60) days and grant revenues within six (6) months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. Property taxes, local taxes, and garbage collection fees associated with the current fiscal period are all considered to be subject to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government reports the following major governmental funds:

- **General Fund (Major Fund)** is the general operating fund of the Township. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.
- **Highway Aid Fund (Major Fund)** is used to account for the revenues and expenditures funded by the Pennsylvania Department of Transportation to aid in certain costs associated with the Township's roadways.
- **Capital Projects Fund (Major Fund)** account for financial resources to be used for the acquisition or construction of certain major capital expenditures which are not financed by the Proprietary or General Funds.
- **Other Governmental Funds (Non-major Funds)** are special revenue funds used to account for specific revenue sources that are restricted to expenditures for specified purposes.

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

- **Proprietary Funds** - The focus of the Proprietary Fund measurement is upon determination of net income and cash flows. Accrual basis accounting principles applicable are similar to those used by businesses in the private sector.

The Proprietary Fund includes the Township's Water Fund, Sewer Fund, and Refuse and Recycling Fund which distinguish operating revenues and expenditures from non-operating items. Operating revenues and expenditures generally result from providing goods and services. The principal operating revenues of these funds are charges to customers for services.

Operating expenditures for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- **Fiduciary Funds** - Trust Funds are used to account for assets held by the Township in a trustee capacity. This includes the Pension Trust Fund and Escrow Fund. The Pension Trust Fund is used to account for the Township sponsored police retirement pension plan. The Pension Trust Fund is accounted for in essentially the same manner as the Proprietary Fund since capital maintenance is critical. The non-uniformed pension plan is not included in the fiduciary fund because the plan assets are maintained and held in the name of the Commonwealth of Pennsylvania. The Escrow Fund is established to administer resources received and held by the Township in a custodial nature. This Fund accounts for the deposits of developer escrows.

Budgets and Budgetary Accounting

The Township adopts annual budgets for required funds in accordance with the First-Class Township Code. All budget amounts included in the required supplementary information are as originally adopted or as amended by the Board of Commissioners. Appropriations not expended lapse at the end of each fiscal year. The Township uses traditional, program and performance budgeting methods to develop the operating budget, which includes proposed expenditures and the means to finance them. Once adopted, the budget is not revised or amended.

Encumbrances

No provisions are made for the recording of encumbrances.

Cash and Cash Equivalents

For the purpose of the statement of cash flows for proprietary funds, cash includes all demand and savings accounts and certificates of deposit or with an original maturity of three months or less.

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Board of Commissioners is authorized by statutes to invest its funds as defined in the Township Code.

Authorized types of investments include the following:

- A. U.S. Treasury Bills.
- B. Short-term obligations of the U.S. Government or its agencies or instrumentalities.
- C. Insured savings and checking accounts and certificates of deposit in bank, savings and loan associations, and credit unions.
- D. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision.
- E. Shares of mutual funds, whose investments are restricted to the above categories.

Investments of pension trust funds are pursuant to the guidelines established by the Pension Board.

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

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

Capital Assets

Capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions and construction costs are reflected as expenditures in governmental funds. In the government wide financial statements, these assets are capitalized and depreciated using the straight-line method over the estimated useful life. Fixed assets in the Proprietary Fund are stated at historical cost. Depreciation of equipment in the Proprietary Fund is computed using the straight-line method over the estimated useful life of the equipment.

General Fixed Assets purchased are recorded as expenditures at the time of purchase. General Fixed Assets are stated at historical cost when determinable, or estimated historical cost based on appraisals or other acceptable methods when historical cost is not available. Donated fixed assets are stated at their fair value as of the date of gift.

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported assets, deferred inflows, liabilities and deferred outflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ materially from those estimates.

Interfund Transactions

In the process of aggregating the financial information for the Government-wide Financial Statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental fund categories is reported as follows in the fund financial statements:

- **Interfund loans** - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- **Interfund reimbursements** - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
- **Interfund transfers** - Flows of assets from one fund to another where repayment is not expected are reported as transfers in and out.
- **Interfund cash overdraft** – The Township’s main operating bank account is utilized to record the activity of governmental and business-type activities and the cash and related activity is allocated to the proper fund. This has resulted in a negative cash balance for several funds and transfers will be made in 2023 to restore the negative balances.

Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities (if any) columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.

Transfers - legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers. Transfers to the pension funds are quasi-external transactions and are not treated as operating transfers.

Government-wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

- Internal balances - Amounts reported in the fund financial statements as interfund receivables, payables and interfund overdraft are eliminated in the governmental and business-type activities (if any) columns of the Statement of Net Position, except for the net residual amounts due between governmental and business - type activities, which are reported as Internal Balances.
- Transfers legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers. Transfers to the pension funds are quasi-external transactions and are not treated as operating transfers.

Classification of Net Position

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

- Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents the net position of the Township, which are not restricted for any project or other purpose.

Fund Balances

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

The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted Fund Balance - Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- Committed Fund Balance - Amounts that can be used only for specific purposes determined by the passage of a resolution by the Board of Commissioners.
- Unassigned Fund Balance - All amounts not included in other spendable classifications.

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

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' column of the statement of net position. The Township's long-term debt consists of general obligation bonds and notes. In the fund financial statements, the Governmental Funds report the face amount of debt issued as other financing sources and payment of principal and interest is reported as expenditures. Governmental Funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS

The Township, under the Pennsylvania Township Code Act of 1933, as amended, is authorized to invest in direct obligations of the United States government, obligations guaranteed by the United States government, obligations of the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth of Pennsylvania, savings or time deposits and time certificates of deposit. The deposit and investment policy of the Township adheres to state statutes and prudent business practice.

There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Township. To the extent the Township's deposits with financial institutions are not insured by the Federal Deposit Insurance Corporation, assets have been pledged by the financial institutions. The fair market value of pledged assets exceeded the carrying amount of deposits at December 31, 2022.

Custodial credit risk

Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2022, the Township's carrying amount of deposits was \$7,537,902 (excluding the police pension trust fund) and the bank balances were \$7,540,232. Of the bank balance, \$551,827 was covered by federal depository insurance; \$6,988,405 exceeded depository insurance and was exposed to custodial credit risk because the deposits were uninsured yet collateralized with securities held by the pledging institution's trust department or agent but not in the Township's name.

Investments - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Township will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Township's investment policy prefers that all security transactions that are exposed to custodial credit risk are processed with the underlying investments held by a third party custodian.

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Interest rate risk

The Township’s investment policy does not limit investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit risk

Credit risk for investments is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The Township’s investment policy seeks to minimize credit risk by requiring investments in securities allowed under the investment policy.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2022, \$7,137,040 of pension investments is held by the investment’s counterparties, not in the name of the Township.

Pension Trust Fund Investments

At December 31, 2022 the Township’s Police Pension Trust funds have the following asset allocations:

<u>Asset Type</u>	<u>Fair Market Value</u>	<u>Input Level</u>
Cash and Cash Equivalents	\$ 432,576	N/A
Fixed Income	1,925,551	2
Mutual Funds	4,156,772	1
Common Stocks	610,076	1
Accrued Interest and Dividends	12,065	N/A
 Total Police Pension Fund	 <u>\$ 7,137,040</u>	

NOTE 3 PROPERTY TAXES

The total tax on real estate in 2022 was 2.92 mills (\$2.92 per \$1,000 of assessed valuation).

The current portion of real estate taxes is collected by the Township. Delinquent real estate taxes are collected by the County of Lehigh and are remitted to the Township. The Lehigh County’s Tax Assessor Office is responsible for establishing assessed values.

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 3 PROPERTY TAXES (CONTINUED)

The schedule for real estate taxes levied each year is as follows:

May 1	Levy date
May 1- May 31	2.0% discount period
June 1 - July 31	Face payment period
August 1 - December 31	10% penalty period
January 1	Lien date

Delinquent real estate taxes receivable at December 31, 2022 were approximately \$35,013. The Township has not set an allowance for doubtful accounts based on history of delinquent tax collections.

Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within the fiscal year and are distributed within 60 days after the fiscal year-end. The amounts that are not received by the township within 60 days is recorded as deferred revenue in the fund financial statements. The balance recorded as deferred revenue at December 31, 2022 related to real estate taxes is \$33,301. Also included in taxes receivable are property taxes and transfer taxes collected in December by the tax collector remitted in January.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable for the Governmental Activities consist of the following at December 31, 2022:

Governmental Activities:

	Gross Receivable	Allowance for Doubtful Accounts	Net
Utility Lien Costs Receivable	\$ 103,391	\$ 73,050	\$ 30,341
Grants Receivable	129,644	-	129,644
Salisbury School District Receivable	143,443	-	143,443
Cable Franchise Fees Receivable	56,679	-	56,679
Fines, Fees and Other Receivables	208,926	63,000	145,926
	<u>\$ 642,083</u>	<u>\$ 136,050</u>	<u>\$ 506,033</u>

The Township has established an allowance for doubtful accounts equal to 75% of the Utility Lien Costs receivable that have been turned over for collection and 30% of fines, fees and other receivables. The allowance is based on prior collection history. There has not been an allowance established for the other receivables as the Township management believes they are fully collectible.

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 ACCOUNTS RECEIVABLE (CONTINUED)

The following have been reported as deferred revenue in the governmental fund financial statements since the funds were not collected within 60 days and are not considered as available in the fund financial statements.

Deferred Revenues:	<u>December 31, 2022</u>
Grants Receivable	\$ 115,702
Fines, Fees and Other Receivables	<u>187,289</u>
	<u>\$ 302,991</u>

In the Government Wide Financial Statements, Governmental Activities an allowance for Doubtful Accounts has been established totaling \$63,000, which is approximately 30% of the fines, fees and other receivables balances not collected within 60 days.

Accounts receivable for the Business-Type Activities consist of the following at December 31, 2022:

Business Type Activities:

	<u>Gross Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net</u>
Water Service Receivable	\$ 364,283	\$ -	\$ 364,283
Sewer Fees Receivable	507,498	20,549	486,949
Refuse and Recycling Fees Receivable	<u>120,959</u>	<u>31,422</u>	<u>89,537</u>
	<u>\$ 992,740</u>	<u>\$ 51,971</u>	<u>\$ 940,769</u>

The Township has established an allowance for doubtful accounts equal to 26% liens assessed for delinquent sewer and refuse and recycling fees. The allowance is based on prior collection history. There has not been an allowance established for the water service receivables as the Township management believes they are fully collectible.

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 CAPITAL ASSETS

Governmental Activities

The following is a summary of major fixed assets (property, plant, and equipment) recorded at December 31, 2022 for governmental activities:

	<u>Beginning Balance</u>	<u>Transfer/ Increases</u>	<u>Transfer/ Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land and land improvements	\$ 6,529,601	\$ -	\$ -	\$ 6,529,601
Construction in Progress	102,681	238,852	(93,543)	247,990
Total Capital Assets, not being depreciated	<u>6,632,282</u>	<u>238,852</u>	<u>(93,543)</u>	<u>6,777,591</u>
Capital Assets, being depreciated				
Buildings and building improvements	9,112,721	105,548	-	9,218,269
Infrastructure	687,404	829,266	-	1,516,670
Traffic signals	244,011	-	-	244,011
Vehicles and transportation equipment	2,637,892	152,020	(50,000)	2,739,912
Office equipment	153,147	21,824	(45,395)	129,576
Operating equipment	1,700,965	526,254	(174,499)	2,052,720
Total Capital Assets, being depreciated	<u>14,536,140</u>	<u>1,634,912</u>	<u>(269,894)</u>	<u>15,901,158</u>
Total Capital Assets	<u>21,168,422</u>	<u>1,873,764</u>	<u>(363,437)</u>	<u>22,678,749</u>
Less Accumulated Depreciation	<u>(11,388,073)</u>	<u>(533,785)</u>	<u>267,771</u>	<u>(11,654,087)</u>
Total Capital Assets, Net	<u>\$ 9,780,349</u>	<u>\$ 1,339,979</u>	<u>\$ (95,666)</u>	<u>\$ 11,024,662</u>

Depreciation expense for 2022 amounted to \$533,785 which was charged to their respective Functional Classifications in the Governmental Activities section of the Government-wide Statement of Activities.

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 CAPITAL ASSETS (CONTINUED)

Business-Type Activities

The following is a summary of major fixed assets (property, plant, and equipment) recorded at December 31, 2022 for Business Type Activities:

	Beginning Balance	Transfer/ Increases	Transfer/ Decreases	Ending Balance
Capital Assets, not being depreciated				
Construction in Progress	\$ 48,580	\$ -	\$ (48,580)	\$ -
Total Capital Assets, not being depreciated	48,580	-	(48,580)	-
Capital Assets, being depreciated				
Water collection system	6,441,664	1,135,671	-	7,577,335
Sewer collection system	11,158,940	102,751	-	11,261,691
Vehicles and equipment	843,774	261,910	-	1,105,684
Total Capital Assets, being depreciated	18,444,378	1,500,332	-	19,944,710
Total Capital Assets	18,492,958	1,500,332	(48,580)	19,944,710
Less Accumulated Depreciation	(10,629,263)	(283,565)	-	(10,912,828)
Total Capital Assets, Net	<u>\$ 7,863,695</u>	<u>\$ 1,216,767</u>	<u>\$ (48,580)</u>	<u>\$ 9,031,882</u>

Total depreciation expense for business-type activities is \$283,565 for the year ended December 31, 2022.

NOTE 6 LONG-TERM OBLIGATIONS

Series of 2021 General Obligation Bonds - Governmental Type Debt

Original Issue of \$2,031,600, payable in varying bi-annual interest installments of 1.75% and annual principal installments until December 2036, the maturity date of the bond. These bond proceeds were used to refund the 2016 General Obligation Bond. The bond had disbursements of \$600,000 that were drawn down for certain capital projects in 2022. The bonds are secured by the tax revenue of the township.

Series of 2022 General Obligation Bonds - Governmental Type Debt

Original Issue of \$1,841,000 payable in semi-annual fixed interest payments for 2023 and then payable in annual principal and semi-annual fixed interest at 3.35% until December 2029 and then will be adjusted to a variable rate not to exceed 4.25% until December 2042, the maturity date of the bond. These bond proceeds were used for a property acquisition and various other capital projects. The bond had disbursements of \$1,841,000 that were drawn down for certain capital projects in 2022. The bonds are secured by the tax revenue of the township.

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Changes in Long-Term Obligations for Governmental Activities for the period ended December 31, 2022 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Maturities
Series of 2021	\$ 1,937,720	\$ 600,000	\$ (185,260)	\$ 2,352,460	\$ 189,720
Series of 2022	-	1,841,000	-	1,841,000	-
Total	\$ 1,937,720	\$ 2,441,000	\$ (185,260)	\$ 4,193,460	\$ 189,720

Annual debt service requirements for Governmental Type Activities are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 189,720	\$ 103,478	\$ 293,198
2024	269,080	100,444	369,524
2025	275,440	93,703	369,143
2026	282,900	87,619	370,519
2027	288,320	81,356	369,676
2028-2032	1,286,520	355,953	1,642,473
2033-2037	994,480	223,964	1,218,444
2038-2042	607,000	84,330	691,330
Total	\$ 4,193,460	\$ 1,130,847	\$ 5,324,307

Series of 2021 General Obligation Bonds - Business Type Debt

Original Issue of \$3,047,700 payable in annual varying principal and semi-annual interest payments 1.75% until December 2036, the maturity date of the bonds. The Bond proceeds were used to refund the 2016 General Obligation Bond. The bond had disbursements of \$850,000 that were drawn down for certain capital projects in 2022. The bonds are secured by the tax revenue of the township.

Changes in Long-Term Obligations for Business Type Activities for the period ended December 31, 2022 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Maturities
Series of 2021	\$ 2,906,580	\$ 850,000	\$ (274,940)	\$ 3,481,640	\$ 281,480

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Annual debt service requirements for Business Type Activities are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 281,480	\$ 61,104	\$ 342,584
2024	285,020	57,378	342,398
2025	291,560	51,190	342,750
2026	298,200	46,088	344,288
2027	301,680	40,869	342,549
2028-2032	1,276,680	128,514	1,405,194
2033-2036	747,020	28,910	775,930
Total	<u>\$ 3,481,640</u>	<u>\$ 414,053</u>	<u>\$ 3,895,693</u>

Annual debt service requirements Government Wide are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 471,200	\$ 164,582	\$ 635,782
2024	554,100	157,822	711,922
2025	567,000	144,893	711,893
2026	581,100	133,707	714,807
2027	590,000	122,225	712,225
2028-2032	2,563,200	484,467	3,047,667
2033-2037	1,741,500	252,874	1,994,374
2038-2042	607,000	84,330	691,330
Total	<u>\$ 7,675,100</u>	<u>\$ 1,544,900</u>	<u>\$ 9,220,000</u>

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables are primarily a result of one fund paying an expense or receiving revenues on behalf of another fund. These funds are primarily transferred within a few weeks from the time the transaction occurred. The following is a summary of the interfund receivables and payables at December 31, 2022.

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 557,250	\$ -
Capital Projects Fund	-	150,000
Water Fund	-	291,000
Sewer Fund	-	116,250
	<u> </u>	<u> </u>
Total	<u>\$ 557,250</u>	<u>\$ 557,250</u>

Interfund transfers occur when a fund transfers or receives money from another fund and the money does not need to be repaid. The following is a summary of the interfund transfers for the year ended December 31, 2022.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 392,902	\$ 1,874,429
Capital Projects Fund	1,891,056	222,827
Fire Protection Fund	-	48,627
Debt Service Fund	222,827	-
Recreation Fund	32,000	-
Water Fund	-	153,584
Sewer Fund	-	153,584
Refuse and Recycling Fund	-	85,734
	<u> </u>	<u> </u>
Total	<u>\$ 2,538,785</u>	<u>\$ 2,538,785</u>

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 PENSION PLANS

Plans Description

The Township has one single-employer cash balance pension plan covering non-uniformed employees (the “non-uniformed plan”) and one single-employer defined benefit pension plan covering police (the “police pension plan”). The police pension plan provides retirement, disability and death benefits to its members and their beneficiaries. The plans are subject to Pennsylvania Act 205 as follows:

PENNSYLVANIA ACT 205 OF 1984

Pennsylvania Act 205 of 1984 (“Act 205”), the Municipal Pension Plan Funding Standard and Recovery Act, initiated actuarial funding requirements for municipal pension plans. Under Act 205 provisions, a municipal budget must provide for the full payment of the minimum municipal obligation (MMO) to each employee pension fund of the municipality. Act 189 of 1990 amended Act 205 and redefined the calculation used to determine the MMO to employee pension funds.

The MMO is now defined as the total financial requirements to the pension fund, less funding adjustments and estimated member contributions.

Act 205 also requires:

- The filing of Biennial Actuarial Valuation Reports for defined benefit plans;
- The funding of pension plans from state aid, members’ contributions, and municipal contributions (if necessary);
- The actual amount of state aid allocated to a municipality cannot exceed a plan’s pension costs;
- A prior cost estimate before the adoption of any benefit plan modification; and
- The municipality to provide information contained in actuarial valuation reports to plan members of benefit recipients.

The Township’s pension plans are eligible for state aid. Pennsylvania received funding for Act 205 through the imposition of a two percent (2%) foreign casualty insurance premiums tax, that portion of the foreign fire insurance tax designated for paid firefighters, and investment income earned on those taxes.

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

PENNSYLVANIA ACT 205 OF 1984 (Continued)

For the year 2022 the Township received \$362,632 of state aid, which was allocated to the pension as follows:

Uniformed	\$	186,496
Non-Uniformed		176,136
 Total	 \$	 <u>362,632</u>

A. EMPLOYEES RETIREMENT PLAN- NON-UNIFORMED PENSION PLAN

1. PLAN DESCRIPTION

a. Plan Administration

Salisbury Township’s pension plan is a single-employer cash balance pension plan controlled by the provisions of Ordinance No. 102 adopted pursuant to Act 15 of 1974. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). The CAFR is available on the PMRS website and can be obtained by contacting the PMRS accounting office. The PMRS issued reports the following information is for the year ending December 31, 2022.

b. Plan Membership

Inactive Plan Member Currently Receiving Benefits		36
Inactive Plan Members Entitled to but not yet Receiving Benefits		5
Active employees		26
 Total		 <u>67</u>

c. Benefit Provisions

The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living allowances are provided at the discretion of the plan.

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

A. EMPLOYEES RETIREMENT PLAN- NON-UNIFORMED PENSION PLAN (Continued)

1. **PLAN DESCRIPTION (Continued)**

d. **Summary of Significant Accounting Policies**

Basis of Accounting - The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments are reported at fair value. The plan's assets with PMRS are pooled for investment purposes and, therefore, do not represent specific identifiable investment securities. Disclosures required by Statement No. 3 of the Governmental Accounting Standards Board for aggregate PMRS investments are included in PMRS's separately issued CAFR.

e. **Long-Term Expected Rate of Return on Plan Assets**

The PMRS System's long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation; are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return, by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022 are summarized in the table below labeled "System Nominal and Real Rates of Return by Asset Class." There are three steps to the method:

- 1) Expected future real rates of return are based primarily on the 20 year nominal rates of return as reflected by applicable return indexes and may be adjusted for specific asset classes if, in the Board's opinion, any such asset classes are expected in the future to significantly vary from its 20 year returns.
- 2) The nominal rates of return by asset class are adjusted by the System's investment expenses and an expected future annual inflation rate of 2.2% to produce the long-term expected real rates of return.
- 3) The long-term expected real rates of return are further adjusted by weighting each asset class using the PMRS portfolio target asset allocations. The results from steps 1 through 3 are shown in the table labeled "System Nominal and Real Rates of Return by Asset Class."

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

A. EMPLOYEES RETIREMENT PLAN NON-UNIFORMED PENSION PLAN (Continued)

1. **PLAN DESCRIPTION (Continued)**

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

e. **Long-Term Expected Rate of Return on Plan Assets (Continued)**

System Nominal and Real Rates of Return by Asset Class:

Based on the three part analysis, the Board established the System's Long-Term Expected Rate of Return at 7.43%. In addition to determining the System's Long-Term Expected Rate of Return, the PMRS Board, under the laws of the Commonwealth of Pennsylvania (Act 15 of 1974), is obligated to develop and apply the Regular Interest Rate to each of the individual participating municipalities' actuarial asset accounts held by PMRS. The rationale for the difference between the System's Long-Term Expected Rate of Return and the individual participating municipalities' Regular Interest Rate is described in the following section "Discount Rate." As of December 31, 2022, this is equal to 5.25%.

The Board has determined the minimum acceptable confidence level for achieving the Regular Interest Rate to be 60%. The table below labeled "Confidence Levels for System Nominal and Real Rates of Return" identifies simulated portfolio returns at various confidence levels based on the most recent asset allocation study conducted by the Boards' investment consultant, Marquette Associates.

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

A. EMPLOYEES RETIREMENT PLAN NON-UNIFORMED PENSION PLAN (Continued)

1. **PLAN DESCRIPTION (Continued)**

e. **Long-Term Expected Rate of Return on Plan Assets (Continued)**

Confidence Levels for System Nominal and Real Rates of Return

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

f. **Discount Rate**

While it is often common practice to establish an actuarial Discount Rate that is equal to the Long-Term Expected Rate of Return, PMRS is required by law (Act 15 of 1974) to establish a Discount Rate equal to the Regular Interest Rate (Regular Interest Rate/Discount Rate). The PMRS Board establishes the Regular Interest Rate/Discount Rate on the basis of expected stable and consistent earnings on investments to be applied to the accounts of the individual participating municipalities and includes the accounts of plan participants, municipalities, and plan retirees each year. As a starting point, the Board considers the following five quantitative factors in establishing the Regular Interest Rate/Discount Rate:

- Plan liability as a percentage of total Plan liability,
- Active Plan participant liability as a percentage of total Plan liability,
- Smoothed Pension Benefit Guarantee Corporation (PBGC) annuity rates as a proxy for annuity purchase rates,
- PMRS System Long-Term Expected Rate of Return, and
- PMRS investment expenses

The formula using these factors is as follows:

$$\text{Regular Interest Rate/Discount Rate} = (\text{Retiree Liability Percentage} \times \text{Smoothed PBGC Annuity Rates}) + (\text{Active Employee Liability Percentage} \times \text{System Long-Term Expected Rate of Return}) - (\text{Investment Expenses as a percentage of assets})$$

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

A. EMPLOYEES RETIREMENT PLAN NON-UNIFORMED PENSION PLAN (Continued)

f. **Discount Rate (Continued)**

The Board then adjusts the Regular Interest Rate/Discount Rate derived from the above formula by a variety of qualitative factors such as the desire to minimize Regular Interest Rate/Discount Rate volatility, varying levels of asset allocation and liquidity, trending of PBGC annuity rates/ total PMRS actuarial and market value funding ratios, feedback from existing PMRS municipalities, and recommendations from the System's investment and actuarial consultants. The Regular Interest Rate/Discount Rate adopted by the Board and used to measure the individual participating municipalities' total pension liability was 5.25% as of December 31, 2022.

The Regular Interest Rate/Discount Rate will likely be less than the System Long-Term Expected Rate of Return. Should the System experience a prolonged period of investment returns in excess of the Regular Interest Rate/Discount Rate, the Board is authorized to allocate any applicable portion of any such excess in accordance with Board policies in the form of Excess Interest as provided for in the law.

The projection of cash flows for each underlying municipal plan, used to determine if any adjustment to the Regular Interest Rate/Discount Rate was required ("depletion testing"), used the following assumptions: 1) member contributions will be made at the current contribution rate, 2) participating plan sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate, and 3) the System's Long-Term Expected Rate of Return will be used in the depletion testing of projected cash flows. Based on those assumptions, the PMRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

g. **Net Pension Liability**

The net pension liability represents the liability for employees' for projected pension payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service less the amount of the pension plan's fiduciary net position.

The Pennsylvania Municipal Retirement System (PMRS) is an agent multiple-employer defined benefit pension plan. The Measurement Date for the Net Pension Liability (NPL) is December 31, 2022, which is no earlier than the end of the employer's prior fiscal year as allowed by Paragraph 20 of GASB 68. The table below provides a summary of the key results during this measurement period:

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

A. EMPLOYEES RETIREMENT PLAN NON-UNIFORMED PENSION PLAN (Continued)

g. **Net Pension Liability (Continued)**

	12/31/2022	12/31/2021
Net Pension Liability	\$ 3,473,333	\$ (962,897)
Deferred Inflows	-	2,686,402
Deferred Outflows	(1,956,133)	(434,969)
Net Impact on Statement of Net Position	\$ 1,517,200	1,288,536
Total Payroll	\$ 2,120,060	\$ 2,226,254
Total Pension Expense (\$ Amount)	\$ 968,863	\$ (228,761)
Total Pension Expense (% of Payroll)	45.70%	-10.28%

Any employer contributions made between the Measurement Date and the Reporting Date would be reported as deferred outflows to offset the cash outflow reported. The Total Pension Liability (TPL) for the Employer is measured as of December 31, 2020 based on the actuarial valuation of the same date. The beginning of year TPL as of December 31, 2021 is based on the actuarial valuation as of January 1, 2021 and then the actuarial valuation date of January 1, 2023 was used to determine the balances out to December 31, 2022. This TPL reflects any plan changes identified in the prior year's report. It is our understanding that there were no other significant changes during this projection period, in alternating years, the beginning of year TPL will be based on the actuarial valuation on the same date, and the end of year TPL will be based on the actuarial valuation one year prior and then projected to the measurement date. A breakdown of the components of the net pension expense is shown later in the report.

h. **Determination of Discount Rate**

The determination of the discount rate is based on the Long-Term Expected Rate of Return for individual participating municipalities, which PMRS develops and is also referred to as the Regular Interest Rate. For more information, please refer to the Long-Term Expected Rate of Return on Plan Assets for the December 31, 2022 measurement.

Based on the assumptions outlined in this publication, the plan fiduciary net position was determined to be available to make all projected benefit payments of current plan members based on the assumption that all MMO payments as determined and required under Act 205 will be paid accordingly. Therefore, the municipal long-term expected rate of return for municipal and member accounts was applied to all periods of projected benefit payments to determine the total pension liability.

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

A. EMPLOYEES RETIREMENT PLAN NON-UNIFORMED PENSION PLAN (Continued)

i. Changes in Net Pension Liability

The table below shows the changes in the Total Pension Liability, the Plan Fiduciary Net Position (i.e., fair value of Plan assets), and the Net Pension Liability as of the measurement Date:

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2021	\$ 19,664,365	\$ 20,627,262	\$ (962,897)
Changes for the year:			
Service Cost	354,486	-	354,486
Interest	1,021,978	-	1,021,978
Changes of assumptions	-	-	-
Differences between expected and actual experience	1,281,388	-	1,281,388
Contributions - employer	-	738,759	(738,759)
Contributions - PMRS assessment	-	1,440	(1,440)
Contributions - employee	-	53,001	(53,001)
PMRS investment income	-	909,344	(909,344)
Market value investment income *	-	(3,431,435)	3,431,435
Benefit payments	(1,119,540)	(1,119,540)	-
PMRS administrative expense	-	(1,440)	1,440
Additional administrative expense	-	(48,047)	48,047
Net Changes	<u>1,538,312</u>	<u>(2,897,918)</u>	<u>4,436,230</u>
Balances 12/31/2022	<u>\$ 21,202,677</u>	<u>\$ 17,729,344</u>	<u>\$ 3,473,333</u>

*Reflects the net Investment Income/ (loss) of (3,570,723) and the income/ (loss) due to the difference between expected and actual asset values of \$139,288, which includes the impact from allocation of assets in support of the underlying retiree liabilities.

This report does not reflect changes in benefits or assumptions after January 1, 2022 because the beginning and end of year TPL are based upon different actuarial valuation dates, there is a difference between expected and actual experience reported this year, per GASB 68 paragraph 22. The beginning of year TPL is based upon the January 1, 2022 actuarial valuation, with liabilities measured at December 31, 2021. The end of year TPL is based upon the same actuarial valuation with liabilities rolled forward to December 31, 2022. Except as noted below, the TPL as of December 31, 2022 was based upon the data, actuarial methods and assumptions, and plan provisions. According to Governmental Accounting Standards Board (GASB) Statements No. 67 and 68, PMRS is required to allocate/distribute all funds to the respective participating employers for financial reporting purposes, to determine the respective employer "plan fiduciary net position." PMRS has determined that net investment income or loss and

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

A. EMPLOYEES RETIREMENT PLAN NON-UNIFORMED PENSION PLAN (Continued)

i. **Changes in Net Pension Liability (Continued)**

administrative expenses will be allocated to the employer/municipality accounts pro-rata based on their beginning Fiduciary Net Position balance adjusted for cash flows throughout the year. The "Additional administrative expenses" are the expenses in excess of the "PMRS administrative expense" (i.e. \$20 per participant expense paid by each plan). The "PMRS investment income" is based upon the regular and excess interest used to credit accounts manually. The "Market value investment income" reflects the investment income/loss during the year net of PMRS investment income and the income/loss due to the difference between expected and actual asset values, including the impact from allocation of assets in support of the underlying retiree liabilities.

j. **Sensitivity of Net Pension Liability to Changes in Discount Rate**

Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to the discount rate with two additional measures, plus and minus one percent from the rate used for disclosure.

	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total Pension Liability	\$23,687,979	\$21,202,677	\$19,094,458
Plan Fiduciary Net Position	17,729,344	17,729,344	17,729,344
Net Pension Liability (Asset)	\$ 5,958,635	\$ 3,473,333	\$ 1,365,114
 Plan Fiduciary Net Position as percentage of the Total Pension Liability	74.85%	83.62%	92.85%

k. **Deferred Outflows and Deferred Inflows of Resources**

The impact of investment gains or losses for expensing is recognized over a period of five years. The impact of experience gains or losses and assumption changes on the TPL are recognized in the collective pension expense over the average expected remaining service life of all active and inactive members of the Plan, as provided below. There were experience gains or losses between the beginning of year and end

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

A. EMPLOYEES RETIREMENT PLAN NON-UNIFORMED PENSION PLAN (Continued)

k. **Deferred Outflows and Deferred Inflows of Resources (Continued)**

of year liabilities because the liabilities are based upon two different actuarial valuation dates. Also, assumption changes as of the Measurement Date have been reflected.

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,037,660
Changes in assumptions	-	88,067
Net difference between projected and actual earnings on pension plan investments	-	830,406
Total	\$ -	\$ 1,956,133

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

Year Ended December 31:	
2023	\$ 36,905
2024	371,696
2025	604,969
2026	942,563
Total	\$ 1,956,133

I. **Calculation of Collective Pension Expense**

The annual pension expense recognized can be calculated two different ways. First, it is the change in the amounts reported on for the Employer's Statement of Net Position that relate to the plan and are not attributable to employer contributions. That is, it is the change in NPL plus the changes in deferred outflows and deferred inflows plus employer contributions. Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table below, we believe it helps to understand the level and volatility of pension expense.

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

A. EMPLOYEES RETIREMENT PLAN NON-UNIFORMED PENSION PLAN (Continued)

1. Calculation of Collective Pension Expense (Continued)

	Measurement Date as of	
	<u>12/31/2022</u>	<u>12/31/2021</u>
Change in Net Pension Liability	\$ 4,436,230	\$ (1,999,607)
Change in Deferred Outflows	(1,521,164)	334,353
Change In Deferred Inflows	(2,686,402)	613,276
Employer Contributions	<u>740,199</u>	<u>823,217</u>
Pension Expense	<u>\$ 968,863</u>	<u>\$ (228,761)</u>
Pension Expense as % of Payroll	45.70%	-10.28%
Operating Expenses		
Service Cost	\$ 354,486	\$ 372,242
Employee Contributions	(53,001)	(44,525)
PMRS Administrative Expense	1,440	1,460
Additional Administrative Expense	<u>48,047</u>	<u>49,511</u>
Total Operating Expenses	<u>\$ 350,972</u>	<u>\$ 378,688</u>
Financing Expenses		
Interest Costs	\$ 1,021,978	\$ 1,007,062
Expected Return on Assets	<u>(909,344)</u>	<u>(874,164)</u>
Total Financing Expenses	<u>\$ 112,634</u>	<u>\$ 132,898</u>
Changes		
Recognition of Assumption Changes	\$ 88,068	\$ 88,068
Recognition of liability gains and losses	502,562	246,285
Recognition of Investment Gains and Losses	<u>(85,373)</u>	<u>(1,074,700)</u>
Total Changes	<u>\$ 505,257</u>	<u>\$ (740,347)</u>
Pension Expense	<u>\$ 968,863</u>	<u>\$ (228,761)</u>

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

B. EMPLOYEES RETIREMENT POLICE PENSION PLAN

1. PLAN DESCRIPTION

The Salisbury Township Police Pension Plan (the “Plan”) is a single-employer defined benefit pension plan covering the full-time police officers. The Plan is governed by the Board of Township Commissioners. The Board of Township Commissioners has delegated the authority to manage Plan assets to PNC Institutional Asset Management.

Salisbury Township filed an actuarial valuation report Form 201C with Public Employee Retirement Commission. The report dated January 1, 2022, was the most recently certified by the municipality's chief administrative officer. This report indicated the municipality maintains a pension plan to provide pension or retirement benefits for Uniform employees. The Actuarial information was rolled forward to January 1, 2023 in accordance with GASB 67 and 68.

a. Plan Membership

As of January 1, 2022 and 2023, the following employees were covered by the benefit terms:

	2023	2022
Active employees	18	20
Retirees and beneficiaries currently receiving benefits	11	10
Terminated employees entitled to benefits but not yet receiving them	1	1
Total	30	31

b. Benefits Provided

The following is a summary of the Plan benefit provisions:

1. Eligibility Requirements

- A. All full-time policemen working at least forty (40) hours per week at a definite salary.
- B. Normal Retirement Date - A participant may retire upon the attainment of age fifty (50) and completion of twenty-five (25) years of service.
- C. Disability Retirement Date - The existence of a permanent and total disability from performing police work provided the police officer was honorably discharged as a result of the disability.

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

B. EMPLOYEES RETIREMENT POLICE PENSION PLAN (Continued)

1. PLAN DESCRIPTION (CONTINUED)

2. Retirement Benefit

- A. Normal Retirement Benefit - Fifty percent (50%) of the participant's average monthly salary during the last thirty-six (36) months of employment. Effective 1/02/07, a service increment equal to one hundred dollars (\$100) per month for each full year of service in excess of twenty-five (25) years shall be added to the normal retirement benefit. The maximum service increment shall be live hundred dollars (\$500) per month.
- B. Disability Retirement Benefit - In the event of a permanent service-related injury, the benefit shall be equal to 75% of the average monthly salary during the last thirty-six (36) months of employment or if greater, 50% of the participant's monthly salary at the time of disability. The benefit would be payable as if the date of disability had been his normal retirement date. This benefit is reduced by any benefits or payments received by such participant under the Social Security Administration for the same injury.

3. Survivor Benefit:

- A. Pre-Retirement - The widow of a participant who was vested or was still employed after having met the age and service requirements shall receive 50% of the pension the participant would have received had he been retired at the time of his death.
- B. Post-Retirement Survivors Benefit - The widow of a participant who has attained eligibility for retirement, or a participant who retired on pension, shall receive during the spouse's lifetime, fifty percent (50%) of the pension the participant was receiving or would have been receiving had he been retired at the time of his death.
- C. If no such widow survives, or if the spouse survives and subsequently dies or remarries, then the children under the age of eighteen (18) [or are attending college and have not yet attained age twenty three (23)], shall be entitled to the same benefit described above.

4. Members Contributions:

- A. Each participant shall contribute to the fund not less than five percent (5%) or more than eight percent (8%). The Township may, on an annual basis, reduce or eliminate participant contributions to the fund. These contributions will be made in accordance with IRC Section 414(h)(2).

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

B. EMPLOYEES RETIREMENT POLICE PENSION PLAN (Continued)

1. **PLAN DESCRIPTION (CONTINUED)**

c. **Actuarial Methods and Assumptions**

Actuarial Methods

Liabilities-all plan benefits are valued using the entry age normal cost valuation method

Actuarial Assumptions

- Investment Return- 7% per annum, net of investment expenses.
- Salary Increases- 5% - compounded annually. Demographic Assumptions
- Mortality -
 - Pre-Retirement -None
 - Post-Retirement - PUBS-2010 Healthy Retiree Mortality projected 5 years past the valuation date using Scale MP-2020
- Termination- none assumed
- Disability- none assumed
- Retirement Age - normal retirement age, or age on valuation date if greater.
- Marital Status- 80% of active members are assumed to be married. Female spouse is assumed to be 3 years younger than male spouse.
- Form of Annuity - 50% joint and survivor.

d. **Contributions**

Act 205 requires that annual contributions to the Plan be based upon the Plan's Minimum Municipal Obligation (MMO), which is based on the Plan's biennial actuarial valuation, in accordance with the Plan's governing document, employees are required to contribute 3.04% of compensation to the Plan. The Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of employee contributions and state aid must be paid by the municipality in accordance with Act 205.

Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

B. EMPLOYEES RETIREMENT POLICE PENSION PLAN (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - POLICE PENSION FUND

a. Basis of Accounting

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

b. Valuation of Investments

The pension Plan's assets are valued at fair market value.

c. Investment Policy

The pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. The investment policy of the Plan is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among various investments in domestic equity securities, international equity, securities, domestic fixed income instruments and other asset classes as may be deemed prudent.

The Plan's investment policy establishes that the portfolio may be invested in the following asset classes with the following target asset allocation:

Asset Class	Target	Asset Class	Target
Domestic Equity		International Equity	9%
Large Cap	33%	Fixed Income	27%
Mid Cap	19%	Cash	6%
Small Cap	6%		

d. Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -15.52 percent. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

B. EMPLOYEES RETIREMENT POLICE PENSION PLAN (Continued)

3. PENSION LIABILITY

a. Net Pension Liability

The components of the net pension liability of the municipality as of December 31, 2022 were as follows:

Total Pension Liability	\$ 9,338,587
Plan Fiduciary Net Position	7,137,040
Net Pension Liability	\$ 2,201,547
 Plan Fiduciary Net Position as	76.4%

b. Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2021. Update procedures were used to roll forward to the Plan's fiscal year ending December 31, 2022. This report was based upon the Plan's actuarial assumptions, asset valuation method and cost method.

c. Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.45%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target	Asset Class	Target
Domestic Equity		International Equity	6.22%
Large Cap	5.37%	Fixed Income	2.09%
Mid Cap	6.53%	Real Estate	4.87%
Small Cap	6.53%	Cash	-0.45%

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

EMPLOYEES RETIREMENT POLICE PENSION PLAN (Continued)

3. PENSION LIABILITY (CONTINUED)

d. Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contributions will be made at rates equal to the difference between actuarially determined contribution rates 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.

e. Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net position liability would be if it were calculated using a different rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset)	\$3,387,462	\$2,201,547	1,207,576

f. Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period:

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

EMPLOYEES RETIREMENT POLICE PENSION PLAN (Continued)

f. Changes in Net Pension Liability (Continued)

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Pension	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2021	\$ 8,681,978	\$ 8,259,951	\$ 422,027
Service Cost (Beginning of year)	347,261	-	347,261
Interest (Includes interest on service cost)	621,134	-	621,134
Benefit Payments	(311,786)	(311,786)	-
Changes of Assumptions	-	-	-
Difference Between Expected and Actual Experience	-	-	-
Contributions - Employer	-	235,850	(235,850)
Contributions - State Aid	-	186,496	(186,496)
Contributions - Member	-	62,565	(62,565)
Net Investment income	-	(1,294,986)	1,294,986
Administrative Expenses	-	(1,050)	1,050
Net Changes	656,609	(1,122,911)	1,779,520
Balances 12/31/2022	\$ 9,338,587	\$ 7,137,040	\$ 2,201,547

g. Pension Expense

Pension expense for the year ending December 31, 2022 is summarized below:

Service Cost	\$ 347,261
Interest (Includes interest on service cost)	621,134
Differences Between Expected and Actual Experience	(85,715)
Changes in Assumption	39,147
Employee Contributions	(62,565)
Projected Earnings on Pension Plan Investments	(576,828)
Differences Between Projected and Actual Earnings on Investments	266,809
Administrative Expenses	1,050
Total Pension Expense	<u>\$ 550,293</u>

h. Deferred Outflows and Inflows of Resources

For the year ended December 31, 2022 the township recognized pension expense of \$550,293. At December 31, 2021 the township reported deferred outflows and inflows of resources related to the police pension fund as summarized below:

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 8 PENSION PLANS (CONTINUED)

EMPLOYEES RETIREMENT POLICE PENSION PLAN (Continued)

h. Deferred Outflows and Inflows of Resources (Continued)

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ (410,299)
Changes in Assumptions	237,055	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	951,650	-
	\$ 1,188,705	\$ (410,299)

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

Year Ended December 31:		
2023	\$	72,633
2024		169,687
2025		202,109
2026		344,475
2027		(29,887)
Thereafter		19,389
Total	\$	778,406

NOTE 9 UNFAVORABLE BUDGET VARIANCES

The following fund unfavorable budget variances were all a result revenues not rising to expected levels and increased costs due to inflation:

Highway Fund	\$	565
Capital Projects Fund	\$	91,132
Water Fund	\$	273,918

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE 10 FUND BALANCES

The following is a summary of the governmental-fund balances of the Township at December 31, 2022:

General Fund		
Unassigned		\$6,164,988
Highway Aid Fund		
Restricted for Township Roads		358,426
Capital Projects Fund		
Committed to Capital Outlays		(311,854) ***
Other Governmental Funds		
Restricted for:		
Fire Safety		416,592
Library Services		70,082
Recreation		150,618
Other Restricted Contributions		<u>158,317</u>
Total Other Governmental Funds		<u>795,609</u>
Total Governmental Fund Balances		<u>\$7,007,169</u>

*** Negative fund balance is a result of liabilities greater than assets and will be funded by a general fund operating transfer in 2023.

NOTE 11 IMPLEMENTATION OF NEW ACCOUNTING STANDARD - GASB 87 LEASES

During 2022 the Township adopted the Governmental Accounting Standards Board (GASB) Statement No. 87, "Leases". Prior to the adoption of this standard, leases were classified as either operating or capital leases. Under GASB 87, all leases are treated as financing arrangements, requiring recognition of a lease liability and an intangible right-to-use lease asset (for lessees) or a lease receivable and a deferred inflow of resources (for lessors).

The implementation of GASB 87 required the Township to review all contracts that could potentially be identified as leases under the new standard. The township identified leases based on the right to control the use of identified property, plant, and equipment (PPE) for a period in exchange for consideration. Lease agreements that transferred ownership, were short-term (12 months or less and did not include an option to purchase the underlying asset that the lessee is

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

**NOTE 11 IMPLEMENTATION OF NEW ACCOUNTING STANDARD- GASB 87
LEASES (CONTINUED)**

reasonably certain to exercise), or were associated with financed purchases were excluded from the scope of GASB 87. The Township determined that there was not any significant lease arrangement to be recorded as a lease liability. However, as a lessor of land for cell tower use a lease receivable and deferred inflows of resources (deferred lease revenues) were recorded in the current financial statements.

Lease receivables and deferred lease revenues were measured at the present value of lease payments expected to be made during the lease term. The township used the government's incremental borrowing rate (5.5%) at the commencement of the lease term to discount lease payments.

Implementation Impact on Beginning Net Position

The adoption of GASB 87 resulted in calculating the lease receivable and deferred lease revenue from the inception of the lease through December 31, 2021. The balances at December 31, 2021 which were not reported in the prior period financial statement reflected \$142,176 of lease receivables and \$172,468 of deferred inflows of resources (deferred lease revenues) related to cell tower future lease payments. GASB 87 required retroactive implantation which resulted in a restatement of beginning net position totaling \$30,292.

Summary of Leasing Agreement

The Township entered into a lease agreement with a cell phone company, effective January 1, 2011, for the rental of a parcel of land for a cell tower. The lease has a term of five years and includes an option to renew for four additional terms. The total monthly rent for 2022 was \$2,717, which was subsequently increased to \$2,793 during 2023. The lease agreement stipulates an annual increase of approximately .78% until its expiration in 2031. Rental income related to this in the fund financial statements was \$32,609 for the year ending December 31, 2022.

In accordance with GASB Statement No. 87, "Leases," the Township evaluated the lease contract and the renewal option and determined that the lessee will more than likely renew the lease. This assessment was based on factors such as the strategic value of the leased assets to the lessee, existing market conditions, and the cost and significance of leasehold improvements made by the lessees.

For this lease, the lease term has been extended to include the renewal periods, impacting the measurement of lease receivables and deferred inflows of resources. The lease receivables are measured at the present value of the expected lease payments to be received over the extended lease term, using the rate charged by the lessor at the commencement of the lease.

In the government-wide financial statements of December 31, 2022, the total lease receivable was \$125,024 and the associated deferred lease revenues was \$155,221, which reflects the inclusion of renewal periods that are more than likely to be exercised. The recognition of lease revenue is aligned with the reduction of deferred lease revenue over the lease term, providing a systematic

SALISBURY TOWNSHIP, PENNSYLVANIA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

**NOTE 11 IMPLEMENTAION OF NEW ACCOUNTING STANDARD- GASB 87 LEASES
 (CONTINUED)**

Summary of Leasing Agreement (continued)

and rational reflection of our leasing activities. Rental income in the government-wide financial statements for the year ended December 31, 2022 was \$17,247 and interest income related to the lease was \$15,458.

The following is a summary of the future minimum lease payments:

Year December 31,		
2023	\$	33,512
2024		33,774
2025		34,029
2026		36,061
2027		37,596
2028-2031		<u>130,640</u>
Total lease payments		305,612
Less amount representing interest		<u>180,588</u>
Present value of future minimum lease payments		125,024
Current Portion		<u>(16,708)</u>
Long-term Portion	\$	<u>108,316</u>

NOTE 12 PRIOR PERIOD ADJUSTMENTS

The Township had several prior period adjustments which in total increased net position by \$198,469. The most significant adjustment was related to Non-Uniform Pension plan GASB 67 and GASB 68 information. In previous periods the reports from PMRS were not available before the release of the audit and the financial statements were prepared based on data that was a year old, and the audit report was qualified accordingly. For the year ending December 31, 2022 both the 2021 and 2022 PMRS reports were available and the December 31, 2021 net position was restated to properly reflect the assets and liabilities of the pension plan at December 31, 2021.

In addition the beginning net position was restated as a result of implementation of GASB 87. (See note 11) Listed below is a summary of the prior period adjustments which in total increased beginning net position of the Government-Wide Statement of Net Assets:

SALISBURY TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12 PRIOR PERIOD ADJUSTMENTS (CONTINUED)

	Increase (Decrease) in Net Position
Net Pension Liability, Non-Uniform	\$ 1,999,607
Deferred Outflows, Pension Non-Uniform	(1,157,570)
Deferred Inflows, Pension Non-Uniform	(613,276)
Lease Receivable	142,176
Deferred Lease Revenue	(172,468)
 Prior Period Adjustment - Net Position	 \$ 198,469

NOTE 13 SUBSEQUENT EVENTS

The Township has evaluated subsequent events through February 12, 2024 which is the date the financial statements are available to be issued. There are no subsequent events that require adjustment or disclosure.

SALISBURY TOWNSHIP, PENNSYLVANIA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (UNAUDITED)
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Taxes	\$ 7,001,000	\$ 7,835,147	\$ 834,147
Intergovernmental	1,809,846	1,183,063	(626,783)
Licenses and Permits	238,050	239,106	1,056
Charges for Service	539,158	563,206	24,048
Interest, Rents and Royalties	59,803	67,313	7,510
Fines and Forfeits	64,000	110,662	46,662
Other	174,900	150,000	(24,900)
Total Revenues	9,886,757	10,148,497	261,740
<u>Expenditures:</u>			
General Government	1,439,832	1,634,066	(194,234)
Public Safety	4,265,533	4,379,077	(113,544)
Public Works	2,894,472	2,686,803	207,669
Culture and Recreation	147,086	127,394	19,692
Community Development	-	21,243	(21,243)
Other	214,000	211,355	2,645
Total Expenditures	8,960,923	9,059,938	(99,015)
<u>Other Financing Sources (Uses):</u>			
Bond Proceeds	600,000	2,441,000	2,441,000
Proceeds from Sale of Assets	30,000	147,613	117,613
Bond Issue Cost	-	(26,471)	(26,471)
Operating Transfers In	561,150	392,902	(168,248)
Operating Transfers Out	(1,779,000)	(1,874,429)	(95,429)
Total Other Financing Sources, Net	(587,850)	1,080,615	2,268,465
Net Changes in Fund Balance	\$ 337,984	\$ 2,169,174	\$ 2,431,190

See Independent Auditors' Report

SALISBURY TOWNSHIP, PENNSYLVANIA
 BUDGETARY COMPARISON SCHEDULE - HIGHWAY AID FUND (UNAUDITED)
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Intergovernmental	\$ 435,672	\$ 441,716	\$ 6,044
Interest, Rents and Royalties	300	973	673
Total Revenues	435,972	442,689	6,717
<u>Expenditures:</u>			
Public Works	650,000	657,282	(7,282)
Total Expenditures	650,000	657,282	(7,282)
Net Changes in Fund Balance	\$ (214,028)	\$ (214,593)	\$ (565)

See Independent Auditors' Report

SALISBURY TOWNSHIP, PENNSYLVANIA
 BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND (UNAUDITED)
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Actual	Variance with Budget
<u>Revenues:</u>			
Interest and Rents	\$ -	\$ -	\$ -
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	1,838,135	1,891,056	52,921
Operating Transfers Out	(190,000)	(222,827)	(32,827)
Bond Interest Payments	-	-	-
Other Financing Sources, Net	1,648,135	1,668,229	20,094
<u>Expenditures:</u>			
General Government	335,000	299,994	35,006
Public Safety	144,135	194,677	(50,542)
Public Works	1,034,000	1,045,208	(11,208)
Culture and Recreation	135,000	219,483	(84,483)
Total Expenditures	1,648,135	1,759,361	(111,226)
Net Changes in Fund Balance	\$ -	\$ (91,132)	\$ (91,132)

See Independent Auditors' Report

SALISBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET TO ACTUAL - WATER FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
OPERATING REVENUES	\$ 2,208,300	\$ 1,978,955	\$ (229,345)
OPERATING EXPENDITURES	<u>(2,082,256)</u>	<u>(2,188,393)</u>	<u>(106,137)</u>
OPERATING INCOME (LOSS)	<u>126,044</u>	<u>(209,438)</u>	<u>(335,482)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	120	4,693	4,573
Interest Expense	(60,000)	(43,425)	16,575
Operating Transfers Out	<u>(194,000)</u>	<u>(153,584)</u>	<u>40,416</u>
Non-operating Expenses, Net	<u>(253,880)</u>	<u>(192,316)</u>	<u>61,564</u>
CHANGES IN NET POSITION	<u>\$ (127,836)</u>	<u>\$ (401,754)</u>	<u>\$ (273,918)</u>

See Independent Auditors' Report

SALISBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET TO ACTUAL - SEWER FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Actual	Variance with Budget
OPERATING REVENUES	\$ 2,126,000	\$ 2,079,488	\$ (46,512)
OPERATING EXPENDITURES	(2,113,906)	(1,934,026)	179,880
OPERATING INCOME	12,094	145,462	133,368
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	360	7,499	7,139
Interest Expense	(18,000)	(11,734)	6,266
Operating Transfers Out	(194,000)	(153,584)	40,416
Non-operating Expenses, Net	(211,640)	(157,819)	53,821
CHANGES IN NET POSITION	\$ (199,546)	\$ (12,357)	\$ 187,189

See Independent Auditors' Report

SALISBURY TOWNSHIP, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - BUDGET TO ACTUAL - REFUSE AND RECYCLING FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Actual	Variance with Budget
OPERATING REVENUES	\$ 1,946,560	\$ 1,921,129	\$ (25,431)
OPERATING EXPENDITURES	(1,839,248)	(1,850,576)	(11,328)
OPERATING INCOME	107,312	70,553	(36,759)
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	120	542	422
Operating Transfers Out	(173,000)	(85,734)	87,266
Non-operating Expenses, Net	(172,880)	(85,192)	87,688
CHANGES IN NET POSITION	\$ (65,568)	\$ (14,639)	\$ 50,929

See Independent Auditors' Report

SALISBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS (UNAUDITED)
NON-UNIFORM PENSION PLAN
DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service Cost (Beginning of year)	\$ 354,486	\$ 372,242	\$ 398,946	\$ 392,266	\$ 410,952	\$ 375,947	\$ 317,511	\$ 326,459	\$ 309,455	N/A
Interest (Includes interest on service cost)	1,021,978	1,007,062	970,891	950,884	867,205	842,578	806,791	768,776	737,497	N/A
Changes of benefit terms	-	-	-	-	-	-	-	-	-	N/A
Differences between expected and actual experience	1,281,388	-	50,203	-	1,168,669	-	473,976	(1,232)	142,072	N/A
Changes of assumptions	-	-	352,271	-	-	-	416,583	208,095	-	N/A
Transfers	-	-	-	-	-	-	54,954	-	-	N/A
Benefit payments, including refunds of member contributions	(1,119,540)	(1,036,400)	(1,076,346)	(863,895)	(805,344)	(764,071)	(678,566)	(583,305)	(687,496)	N/A
Net Changes In Total Pension Liability	1,538,312	342,904	695,965	479,255	1,641,482	454,454	1,391,249	718,793	501,528	N/A
Total Pension Liability - Beginning	19,664,365	19,321,461	18,625,496	18,146,241	16,504,759	16,050,305	14,659,056	13,940,263	13,438,735	N/A
Total Pension Liability - Ending	21,202,677	19,664,365	19,321,461	18,625,496	18,146,241	16,504,759	16,050,305	14,659,056	13,940,263	N/A
Plan Fiduciary Net Position										
Contributions - Employer	\$ 738,759	\$ 821,757	\$ 668,355	\$ 692,908	\$ 505,948	\$ 486,159	\$ 407,248	\$ 391,296	\$ 264,342	N/A
Contributions - PMRS assessment	1,440	1,460	1,480	1,480	1,480	1,500	1,460	1,400	-	N/A
Contributions - Member	53,001	44,525	37,179	24,226	-	-	-	-	-	N/A
PMRS Investment income	909,344	874,164	807,490	773,180	717,729	686,956	696,996	690,377	696,043	N/A
Market Value Investment income	(3,431,435)	1,687,976	1,166,366	2,177,045	(1,173,093)	1,515,206	(24,004)	(610,438)	(49,673)	N/A
Transfers	-	-	-	-	-	-	54,954	-	-	N/A
Benefit payments, including refunds of member contributions	(1,119,540)	(1,036,400)	(1,076,346)	(863,895)	(805,344)	(764,071)	(678,566)	(583,305)	(687,496)	N/A
PMRS Administrative expense	(1,440)	(1,460)	(1,480)	(1,480)	(1,460)	(1,420)	(1,380)	(1,400)	(1,240)	N/A
Additional Administrative expense	(48,047)	(49,511)	(35,182)	(26,726)	(32,029)	(31,592)	(34,147)	(28,780)	(26,693)	N/A
Net Change in Plan Fiduciary Net Position	(2,897,918)	2,342,511	1,567,862	2,776,738	(786,769)	1,892,738	422,561	(140,850)	195,283	N/A
Plan Fiduciary Net Position - Beginning	20,627,262	18,284,751	16,716,889	13,940,151	14,726,920	12,834,182	12,411,621	12,552,471	12,357,188	N/A
Plan Fiduciary Net Position - Ending	17,729,344	20,627,262	18,284,751	16,716,889	13,940,151	14,726,920	12,834,182	12,411,621	12,552,471	N/A
Net Pension Liability - Ending	\$ 3,473,333	\$ (962,897)	\$ 1,036,710	\$ 1,908,607	\$ 4,206,090	\$ 1,777,839	\$ 3,216,123	\$ 2,247,435	\$ 1,387,792	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.62%	104.90%	94.63%	89.75%	76.82%	89.23%	79.96%	84.67%	90.04%	N/A
Covered Employee Payroll	\$ 2,120,060	\$ 2,226,254	\$ 2,478,644	\$ 2,437,143	\$ 2,584,504	\$ 2,364,361	\$ 2,220,762	\$ 2,111,508	\$ 1,966,279	N/A
Plans Net Pension Liability as a Percentage of the Covered Employee Payroll	163.83%	-43.25%	41.83%	78.31%	162.74%	75.19%	144.82%	106.44%	70.58%	N/A

Notes to Schedule:

Assumption Changes - None

Benefit Changes - None

* Information from 2013 is not available

See Independent Auditors' Report

SALISBURY TOWNSHIP, PENNSYLVANIA
 SCHEDULE OF EMPLOYER CONTRIBUTIONS AND RELATED RATIOS (UNAUDITED)
 NON-UNIFORM PENSION PLAN
 DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 740,199	\$ 823,217	\$ 669,835	\$ 694,388	\$ 507,408	\$ 487,579	\$ 408,628	\$ 392,556	\$ 264,322	N/A
Contribution in Relation to the Actuarially Determined Contribution*	740,199	823,217	669,835	694,388	507,428	487,659	408,708	392,696	264,342	N/A
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ (20)	\$ (80)	\$ (80)	\$ (140)	\$ (20)	N/A
Participant Payroll**	\$ 2,120,060	\$ 2,226,254	\$ 2,478,644	\$ 2,437,143	\$ 2,584,504	\$ 2,364,361	\$ 2,220,762	\$ 2,111,508	\$ 1,966,279	N/A
Contributions as a Percentage of Participant Payroll	34.91%	36.98%	27.02%	28.49%	19.63%	20.63%	18.40%	18.60%	13.44%	N/A

* Information provided by PMRS and not reconciled to determine the cause of any deviation from the Actuarially Determined Contribution
 **Beginning in 2015, amount is actual payroll. In 2014, amount is excepted payroll based on the most recent actuarial valuation. These amounts may not match to the MMO Payroll.

Notes to Schedule:

Actuarial Standards of Practice. The Actuarially Determined Contribution provided is based upon the Minimum Municipal Obligation as defined in ACT 205 which confirms to these standards.

Valuation Date

Actuarially determined contribution rates are calculated as of January 1 for the odd valuation year at least two years prior to the end of the fiscal year in which the contributions were reported. Therefore, the Actuarially Determined Contribution for the calendar year 2020 is based upon the January 1, 2019 actuarial valuation.

A summary of the key assumptions and methods used to determine the 2022 contribution rates:

- Actuarial Cost Method: Entry age
- Amortization Period: Level dollar based upon the amortization periods in Act 205
- Asset Valuation Method: Based upon the municipal reserves
- Discount Rate: 5.25%
- Inflation: 2.8%
- Salary Increases: Age related scale with merit and inflation component
- COLA Increases: 2.8% for those eligible for a COLA
- Pre-Retirement Mortality: Males - RP 2000 non-annuitant male table projected 15 years with scale AA, Females - RP 2000 non-annuitant female table projected 15 years with scale AA, setback five years
- Post-Retirement Mortality: Males RP 2000 annuitant male table projected 5 years with scale AA, Females - RP2000 annuitant female table projected 10 years with scale AA

Plan Changes

For a summary of the key provisions of the Plan please refer to the 2023 Act 205 filing.

Assumption Changes

Actuarial assumptions were updated for the January 1, 2021 actuarial valuations, which is used to determine the Minimum Municipal Obligations for 2020 and 2021, based on the PMRS experience study for the five-year period of January 1, 2014 - December 31, 2018 and the annual board's review of the Regular Interest Rate.

See Independent Auditors' Report

SALISBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF CHANGES IN PLAN'S NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS (UNAUDITED)
POLICE PENSION PLAN
DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability										
Service Cost (Beginning of year)	\$ 347,261	\$ 330,725	\$ 322,713	\$ 307,346	\$ 272,466	\$ 259,491	\$ 257,073	\$ 244,831	N/A	N/A
Interest (Includes interest on service cost)	621,134	576,919	525,359	487,760	481,760	448,639	428,582	401,553	N/A	N/A
Differences between expected and actual experience	-	(143,205)	-	(450,360)	-	(162,888)	-	-	N/A	N/A
Changes of assumptions	-	304,873	-	-	-	19,604	-	-	N/A	N/A
Benefit payments, including refunds of member contributions	(311,786)	(273,281)	(289,084)	(257,603)	(248,457)	(247,440)	(269,072)	(275,931)	N/A	N/A
Net Changes In Total Pension Liability	656,609	796,031	558,988	87,143	505,769	317,406	416,583	370,453	N/A	N/A
Total Pension Liability - Beginning	8,681,978	7,885,947	7,326,959	7,239,816	6,734,047	6,416,641	6,000,058	5,629,605	N/A	N/A
Total Pension Liability - Ending	9,338,587	8,681,978	7,885,947	7,326,959	7,239,816	6,734,047	6,416,641	6,000,058	N/A	N/A
Plan Fiduciary Net Position										
Contributions - Employer	235,850	223,351	194,892	\$ 200,184	203,489	175,330	182,209	166,980	N/A	N/A
Contributions - State Aid	186,496	182,297	196,953	184,338	175,633	156,001	139,989	133,308	N/A	N/A
Contributions - Member	62,565	71,792	54,937	40,181	50,664	48,520	44,578	31,519	N/A	N/A
Net Investment Income	(1,294,986)	1,146,554	560,387	847,447	(362,364)	522,646	301,548	13,984	N/A	N/A
Benefit payments, including refunds of member contributions	(311,786)	(273,281)	(289,084)	(257,603)	(248,457)	(247,440)	(269,072)	(275,931)	N/A	N/A
Administrative expense	(1,050)	(6,100)	(750)	(6,025)	(925)	(6,115)	(750)	(5,875)	N/A	N/A
Net Change in Plan Fiduciary Net Position	(1,122,911)	1,344,613	717,335	1,008,522	(181,960)	648,942	398,502	63,985	N/A	N/A
Plan Fiduciary Net Position - Beginning	8,259,951	6,915,338	6,198,003	5,189,481	5,371,441	4,722,499	4,323,997	4,260,012	N/A	N/A
Plan Fiduciary Net Position - Ending	7,137,040	8,259,951	6,915,338	6,198,003	5,189,481	5,371,441	4,722,499	4,323,997	N/A	N/A
Net Pension Liability - Ending	2,201,547	422,027	970,609	1,128,956	2,050,335	1,362,606	1,694,142	1,676,061	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.43%	95.14%	87.69%	84.59%	71.68%	79.77%	73.60%	72.07%	N/A	N/A
Covered Employee Payroll	1,674,000	1,910,000	1,806,000	1,675,000	1,637,000	1,483,000	1,418,760	1,418,760	N/A	N/A
Plans Net Pension Liability as a Percentage of the Covered Employee Payroll	131.51%	22.10%	53.74%	67.40%	125.25%	91.88%	119.41%	118.14%	N/A	N/A

Notes to Schedule:

Assumption Changes - In 2017 the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 using Scale AA to the Blue Collar RP-2000 table projected to 2017 using Scale AA.

Benefit Changes - None

* Information from 2013 and 2014 is not available

See Independent Auditors' Report

SALISBURY TOWNSHIP, PENNSYLVANIA
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND RELATED RATIOS (UNAUDITED)
POLICE PENSION PLAN
DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 422,346	\$ 405,648	\$ 391,845	\$ 384,522	\$ 379,122	\$ 331,331	\$ 322,198	\$ 300,288	\$ 295,572	\$ 262,000
Contribution made	422,346	405,648	391,845	384,522	379,122	331,331	322,198	300,288	295,572	262,000
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,674,000	\$ 1,910,000	\$ 1,806,000	\$ 1,675,000	\$ 1,637,000	\$ 1,483,000	\$ 1,418,269	\$ 1,418,760	\$ 1,338,311	\$ 1,238,387
Contributions as a percentage of covered-employee payroll	25.23%	21.24%	21.70%	22.96%	23.16%	22.34%	22.72%	21.17%	22.09%	21.16%

Notes to Schedule:

Assumption Changes - In 2017 the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 using Scale AA to the Blue Collar RP-2000 table projected to 2017 using Scale AA.

Benefit Changes - None

See Independent Auditors' Report

SALISBURY TOWNSHIP, PENNSYLVANIA
 SCHEDULE OF INVESTMENT RETURNS
 LAST 10 FISCAL YEARS (UNAUDITED)
 POLICE PENSION PLAN
 DECEMBER 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money - weighted rate of return, net of investment expenses	-15.52%	16.35%	8.93%	16.08%	-6.63%	10.92%	6.92%	0.37%	N/A	N/A

Notes to schedule:
 None.

* Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See Independent Auditors' Report

SALISBURY TOWNSHIP, PENNSYLVANIA
 COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES -
 OTHER GOVERNMENTAL FUNDS (UNAUDITED)
 DECEMBER 31, 2022

	Fire Protection Fund	Library Fund	Recreation Contribution Fund	Other Contribution Fund	Debt Service Fund	Total Other Governmental Funds
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 431,897	\$ 68,613	\$ 150,618	\$ 158,317	\$ -	\$ 809,445
Taxes Receivable	7,425	1,469	-	-	-	8,894
Other Receivables	383	-	-	-	-	383
TOTAL ASSETS	\$ 439,705	\$ 70,082	\$ 150,618	\$ 158,317	\$ -	\$ 818,722
<u>LIABILITIES</u>						
Accounts Payable	\$ 23,113	\$ -	\$ -	\$ -	\$ -	\$ 23,113
Deferred Revenue	-	-	-	-	-	-
TOTAL LIABILITIES	23,113	-	-	-	-	23,113
<u>FUND BALANCES</u>						
Restricted	416,592	70,082	150,618	158,317	-	795,609
TOTAL FUND BALANCES	416,592	70,082	150,618	158,317	-	795,609
TOTAL LIABILITIES AND FUND BALANCES	\$ 439,705	\$ 70,082	\$ 150,618	\$ 158,317	\$ -	\$ 818,722

See Independent Auditors' Report

SALISBURY TOWNSHIP, PENNSYLVANIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS (UNAUDITED)
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Fire Protection Fund	Library Fund	Recreation Contribution Fund	Other Contribution Fund	Debt Service Fund	Total Other Governmental Funds
<u>REVENUES</u>						
Taxes	\$ 377,070	\$ 77,994	\$ -	\$ -	\$ -	\$ 455,064
Interest, Rents and Royalties	3,277	286	273	308	-	4,144
Total Revenues	380,347	78,280	273	308	-	459,208
<u>EXPENDITURES</u>						
Current:						
Public Safety	234,379	-	-	-	-	234,379
Culture and Recreation	-	86,099	-	-	-	86,099
Total Expenditures	234,379	86,099	-	-	-	320,478
Excess of Revenues over (under) Expenditures	145,968	(7,819)	273	308	-	138,730
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating Transfers In	-	-	32,000	-	222,827	254,827
Operating Transfers Out	(48,627)	-	-	-	-	(48,627)
Debt Service - Principal	-	-	-	-	(185,260)	(185,260)
Debt Service - Interest	-	-	-	-	(37,567)	(37,567)
Total Other Financing Uses, net	(48,627)	-	32,000	-	-	(16,627)
Net Change in Fund Balances	97,341	(7,819)	32,273	308	-	122,103
Fund Balances - Beginning of Year,	319,251	77,901	118,345	158,009	-	673,506
Fund Balances - End of Year	\$ 416,592	\$ 70,082	\$ 150,618	\$ 158,317	\$ -	\$ 795,609

See Independent Auditors' Report