

TOWNSHIP OF CUMRU

**FINANCIAL STATEMENTS,
SUPPLEMENTARY AND OTHER INFORMATION**

Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Commissioners
Township of Cumru
Mohnton, Pennsylvania**

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Cumru, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township of Cumru'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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Cumru, as of December 31, 2022, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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 the Township of Cumru, 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.

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1 and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Cumru's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 the Township of Cumru's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township of Cumru's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Cumru's basic financial statements. The combining modified cash basis - nonmajor governmental funds financial statements and combining modified cash basis - fiduciary funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining modified cash basis - nonmajor governmental funds and fiduciary funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Herbein + Company, Inc.

Reading, Pennsylvania
July 17, 2023

TOWNSHIP OF CUMRU

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

December 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 21,016,188	\$ 4,809,333	\$ 25,825,521
Restricted escrow deposits	202,019	37,320	239,339
Internal balances	(37,132)	37,132	-
Capital assets, not being depreciated	-	2,616,231	2,616,231
Capital assets, net of depreciation	-	6,952,896	6,952,896
TOTAL ASSETS	21,181,075	14,452,912	35,633,987
LIABILITIES			
Payroll tax withholdings	12,442	-	12,442
Funds held in escrow	202,019	37,320	239,339
TOTAL LIABILITIES	214,461	37,320	251,781
NET POSITION			
Investment in capital assets	-	9,569,127	9,569,127
Restricted for:			
Public safety	2,056,724	-	2,056,724
Public works - sanitation	269,073	-	269,073
Public works - highways and streets	58,252	-	58,252
Culture and recreation	28,107	-	28,107
Capital projects	12,897,293	-	12,897,293
Debt service	2,865	-	2,865
Unrestricted	5,654,300	4,846,465	10,500,765
TOTAL NET POSITION	\$ 20,966,614	\$ 14,415,592	\$ 35,382,206

TOWNSHIP OF CUMRU

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 2,622,505	\$ 368,695	\$ 12,394	\$ -	\$ (2,241,416)	\$ -	\$ (2,241,416)
Public safety:							
Police	4,827,604	73,682	36,903	-	(4,717,019)	-	(4,717,019)
Fire, ambulance, and rescue	1,956,480	38,091	106,318	-	(1,812,071)	-	(1,812,071)
Other (planning, zoning, etc.)	171,855	226,106	-	-	54,251	-	54,251
Public works - sanitation	1,168,962	1,168,825	24,289	-	24,152	-	24,152
Public works - highways and streets	4,147,264	4,788	496,405	-	(3,646,071)	-	(3,646,071)
Culture and recreation	77,715	-	-	-	(77,715)	-	(77,715)
Community development	50,000	-	-	-	(50,000)	-	(50,000)
Employer paid benefits and other	1,007,369	-	319,704	-	(687,665)	-	(687,665)
Debt - principal	315,000	-	-	-	(315,000)	-	(315,000)
Debt - interest, agent fees	429,920	-	-	-	(429,920)	-	(429,920)
Total Governmental Activities	<u>16,774,674</u>	<u>1,880,187</u>	<u>996,013</u>	<u>-</u>	<u>(13,898,474)</u>	<u>-</u>	<u>(13,898,474)</u>
Business-Type Activities:							
Wastewater/sewage treatment and collection	4,025,496	4,946,208	41,500	-	-	962,212	962,212
Total Primary Government	<u>\$ 20,800,170</u>	<u>\$ 6,826,395</u>	<u>\$ 1,037,513</u>	<u>\$ -</u>	<u>(13,898,474)</u>	<u>962,212</u>	<u>(12,936,262)</u>
General Revenues							
Taxes:							
Property taxes					5,987,933	-	5,987,933
Earned income taxes					2,942,871	-	2,942,871
Real estate transfer and other taxes					1,042,825	-	1,042,825
Grants not restricted for specific programs					815,947	-	815,947
Host municipality benefit fee					521,379	-	521,379
Investment earnings					213,955	46,998	260,953
Miscellaneous income					45,428	4,193	49,621
Total General Revenues					<u>11,570,338</u>	<u>51,191</u>	<u>11,621,529</u>
Change in Net Position					<u>(2,328,136)</u>	<u>1,013,403</u>	<u>(1,314,733)</u>
Net Position - Beginning of Year					<u>23,294,750</u>	<u>13,402,189</u>	<u>36,696,939</u>
Net Position - End of Year					<u>\$ 20,966,614</u>	<u>\$ 14,415,592</u>	<u>\$ 35,382,206</u>

See accompanying notes.

TOWNSHIP OF CUMRU

BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS

December 31, 2022

	General	Fire Protection	Capital Projects	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,591,523	\$ 1,660,285	\$13,075,856	\$ 688,524	\$ 21,016,188
Restricted escrow deposits	140,728	51,591	-	9,700	202,019
Interfund receivable	4,368	25,295	-	2,035	31,698
TOTAL ASSETS	\$ 5,736,619	\$ 1,737,171	\$13,075,856	\$ 700,259	\$ 21,249,905
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Interfund payable	\$ 68,830	\$ -	\$ -	\$ -	\$ 68,830
Payroll tax withholdings	12,442	-	-	-	12,442
Funds held in escrow	140,728	51,591	-	9,700	202,019
TOTAL LIABILITIES	222,000	51,591	-	9,700	283,291
FUND BALANCES					
Restricted for:					
Public safety	10,775	1,685,580	-	360,369	2,056,724
Public works - sanitation	-	-	-	269,073	269,073
Public works - highways and streets	-	-	-	58,252	58,252
Culture and recreation	28,107	-	-	-	28,107
Capital projects	-	-	12,897,293	-	12,897,293
Debt service	-	-	-	2,865	2,865
Assigned	1,336,807	-	178,563	-	1,515,370
Unassigned	4,138,930	-	-	-	4,138,930
TOTAL FUND BALANCES	5,514,619	1,685,580	13,075,856	690,559	20,966,614
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,736,619	\$ 1,737,171	\$13,075,856	\$ 700,259	\$ 21,249,905

See accompanying notes.

TOWNSHIP OF CUMRU

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2022

	General	Fire Protection	Capital Projects	Nonmajor Funds	Total Governmental Funds
REVENUES					
Real estate taxes	\$ 4,069,440	\$ 1,076,727	\$ -	\$ 841,766	\$ 5,987,933
Earned income taxes	2,942,871	-	-	-	2,942,871
Other taxes	1,042,825	-	-	-	1,042,825
Licenses, permits, and fines	186,274	-	-	-	186,274
Interest and rent	201,505	2,714	144,168	916	349,303
Intergovernmental	1,183,499	106,319	-	520,693	1,810,511
Charges for services	767,825	7,900	-	1,182,911	1,958,636
Special assessments	-	-	-	70,147	70,147
Other	42,338	6,172	-	658	49,168
TOTAL REVENUES	10,436,577	1,199,832	144,168	2,617,091	14,397,668
EXPENDITURES					
Current:					
General government	1,202,096	-	1,420,409	-	2,622,505
Public safety:					
Police	4,708,591	-	119,013	-	4,827,604
Fire, ambulance, and rescue	9,495	1,747,843	-	199,142	1,956,480
Other (planning, zoning, etc.)	114,647	-	-	57,208	171,855
Public works - sanitation	-	-	-	1,168,962	1,168,962
Public works - highways and streets	2,057,624	-	1,204,225	885,415	4,147,264
Culture and recreation	77,715	-	-	-	77,715
Community development	50,000	-	-	-	50,000
Employer paid benefits and other	1,007,369	-	-	-	1,007,369
Debt service - principal	-	-	-	315,000	315,000
Debt service - interest, agent fees	-	-	-	429,920	429,920
TOTAL EXPENDITURES	9,227,537	1,747,843	2,743,647	3,055,647	16,774,674
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,209,040	(548,011)	(2,599,479)	(438,556)	(2,377,006)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	20,970	27,900	-	-	48,870
Transfers in	-	-	1,365,135	10,000	1,375,135
Transfers out	(1,375,135)	-	-	-	(1,375,135)
TOTAL OTHER FINANCING SOURCES (USES)	(1,354,165)	27,900	1,365,135	10,000	48,870
NET CHANGE IN FUND BALANCES	(145,125)	(520,111)	(1,234,344)	(428,556)	(2,328,136)
FUND BALANCES - BEGINNING OF YEAR	5,659,744	2,205,691	14,310,200	1,119,115	23,294,750
FUND BALANCES - END OF YEAR	\$ 5,514,619	\$ 1,685,580	\$ 13,075,856	\$ 690,559	\$ 20,966,614

See accompanying notes.

TOWNSHIP OF CUMRU

STATEMENT OF NET POSITION - MODIFIED CASH BASIS -
PROPRIETARY FUND

December 31, 2022

	<u>Sewer Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 4,809,333
Restricted escrow deposits	37,320
Interfund receivable	41,500
CAPITAL ASSETS	
Capital assets, not being depreciated	2,616,231
Sewer systems, net of accumulated depreciation	<u>6,952,896</u>
TOTAL ASSETS	<u>14,457,280</u>
LIABILITIES	
CURRENT LIABILITIES	
Interfund payable	4,368
Funds held in escrow	<u>37,320</u>
TOTAL LIABILITIES	<u>41,688</u>
NET POSITION	
Investment in capital assets	9,569,127
Unrestricted - board-designated - City of Reading contract	1,742,701
Unrestricted	<u>3,103,764</u>
TOTAL NET POSITION	<u>\$ 14,415,592</u>

TOWNSHIP OF CUMRU

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUND**

For the Year Ended December 31, 2022

	Sewer Fund
OPERATING REVENUES	
Charges for services:	
Sanitation charges	\$ 4,859,741
Connection fees	47,599
Other	38,868
	4,946,208
TOTAL OPERATING REVENUES	4,946,208
 OPERATING EXPENSES	
Personnel services	935,883
Maintenance, operations, and contract services	2,600,704
Professional fees	91,661
Materials and supplies	31,774
Depreciation	362,066
Miscellaneous expense	3,408
	4,025,496
TOTAL OPERATING EXPENSES	4,025,496
NET OPERATING INCOME	920,712
 NONOPERATING REVENUES	
Intergovernmental revenue	41,500
Interest income	46,998
Other revenue	4,193
	92,691
TOTAL NONOPERATING REVENUES	92,691
CHANGE IN NET POSITION	1,013,403
 NET POSITION - BEGINNING OF YEAR	13,402,189
NET POSITION - END OF YEAR	\$ 14,415,592

TOWNSHIP OF CUMRU

**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS -
PROPRIETARY FUND**

For the Year Ended December 31, 2022

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,946,208
Payments to employees	(935,883)
Payments to suppliers	(2,727,547)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,282,778
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating revenues	8,561
Escrow deposits received	32,800
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	41,361
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(2,010,069)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	46,998
NET DECREASE IN CASH	(638,932)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,485,585
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,846,653
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 920,712
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	362,066
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,282,778
The components of cash and cash equivalents are as follows:	
Cash and investments	\$ 4,809,333
Restricted escrow deposits	37,320
Cash and cash equivalents	\$ 4,846,653

See accompanying notes.

TOWNSHIP OF CUMRU

STATEMENT OF NET POSITION - MODIFIED CASH BASIS -
FIDUCIARY FUNDS

December 31, 2022

Pension
Trust
Funds

ASSETS

Cash and investments

\$ 18,612,446

NET POSITION

Net position held in trust for pension benefits

\$ 18,612,446

TOWNSHIP OF CUMRU

**STATEMENT OF CHANGES IN NET POSITION -
MODIFIED CASH BASIS - FIDUCIARY FUNDS**

For the Year Ended December 31, 2022

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Township and Commonwealth	\$ 968,838
Employee	134,839
Other	296
Investment income:	
Interest and dividends	348,883
Investment gain (loss)	<u>(3,154,448)</u>
TOTAL ADDITIONS	(1,701,592)
DEDUCTIONS	
Benefit payments, including tax withheld	1,238,717
Administrative expenses	<u>164,664</u>
TOTAL DEDUCTIONS	1,403,381
CHANGE IN NET POSITION	(3,104,973)
TOTAL NET POSITION - BEGINNING OF YEAR	<u>21,717,419</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 18,612,446</u></u>

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

The Township of Cumru (the "Township"), Berks County, Pennsylvania, is a first class township created in 1737. The Township is governed by five (5) elected commissioners in accordance with laws of the Commonwealth of Pennsylvania. The commissioners must be residents and registered voters who are elected every two years, on a staggered basis, for a four-year term. The commissioners have the power to establish policies to be carried out by the Township. The commissioners appoint a manager who is responsible for the execution of all actions of the commissioners. The manager manages the Township with the assistance of the Township secretary and the director of public services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As described further in Note 1D., these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

A. Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township (the primary government) and its component units.

The Township used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the Township has determined it has two fiduciary component units. The Township's defined benefit pension plans are considered fiduciary component units and are reported as pension trust funds in the fiduciary fund financial statements.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds which are reported only in the fund financial statements. The government-wide statements include separate columns and distinguish between the governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange receipts. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services.

The statement of activities demonstrates the level to which the direct expenses of a given function of the Township are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) taxes and grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items not includable in program revenues are reported as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as one column (nonmajor funds) on the fund financial statements.

The Township Reports the Following Major Governmental Funds:

General Fund - This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax receipts and other sources of receipts used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The Township Reports the Following Major Governmental Funds - continued:

Special Revenue Funds - These funds are established to account for the cash receipts of specific sources other than expendable trusts or major capital projects that are legally restricted to disbursements for specified purposes.

The Township's only major special revenue fund is:

- Fire Protection Fund - This fund is used to account for the proceeds from the real estate assessment of 1.23 mills for assisting with fire related public safety expenses.

Capital Projects Fund - This fund is used to account for financial resources set aside for future capital asset needs of the Township and to account for debt issued in relation to the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The Township's Nonmajor Governmental Funds Are:

Special Revenue

- Ambulance Fund - This fund is used to account for the proceeds from the real estate assessment of 0.27 mills for assisting with ambulance safety expenditures.
- Sewage Management Fund - This fund is used to account for sewage management program assessments and fees used for the inspection and enforcement of regulations of on-lot sewage disposal systems.
- Refuse Collection Fund - This fund is used to account for refuse collection and recycling fees and grants.
- Liquid Fuels Fund - This fund is used to account for the proceeds from the State Motor License Fund. Under the act of June 1, 1956, P.O. 1944, No. 145, this fund must be kept separate from all other funds and no other funds shall be commingled with this fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations.
- Storm Water Fund - This fund is used to account for fees paid by developers to be used for storm water inspections and improvements.

Debt Service Fund - This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from enterprise funds. A real estate tax levy of 0.7 mills is assessed for this fund.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The Township has the Following Major Proprietary (Enterprise) Fund:

Enterprise Funds - These funds are used to account for business-like activities provided to the general public. Activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The Township's only major enterprise fund is the following:

- Sewer Fund - is used to account for the operation of the sewer collection system which is operated as a public utility and not included as a regular function in the general fund.

Additionally, the Township Reports the Following Fund Types:

Fiduciary Funds - The Township's fiduciary funds are trust funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and, therefore, are not available to support the Township's own programs. The Township's pension trust funds include:

- *Cumru Township Police Defined Benefit Pension Fund* - This fund was established to provide pension benefits to Township police employees.
- *Cumru Township Nonuniformed Defined Benefit Pension Fund* - This fund was established to provide pension benefits to Township employees.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting

The accounting and financial treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

1. Measurement Focus

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.
- The fiduciary funds utilize an economic resources measurement focus within the limitations of the modified cash basis of accounting. All assets and liabilities (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting - continued

2. Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, payroll taxes withheld, developer escrows, and capital assets for enterprise funds.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from cash transactions or events are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value, except investments which are reported at fair value.

If the Township utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary and fiduciary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

E. Financial Position

1. Cash and Cash Equivalents

For purposes of reporting cash flows, the proprietary fund type considers all cash accounts which are not subject to withdrawal restrictions or penalties, and all highly-liquid debt investments purchased with a maturity of three months or less to be cash and cash equivalents.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

2. Investments

The Township commissioners are authorized by statutes to invest its funds as defined in the Township Code. When making investments, commissioners can combine monies from more than one fund under the commissioners' control for the purchase of a single investment and join with other political subdivisions in the purchase of a single investment.

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

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.

3. Restricted Escrow Deposits

The restricted escrow deposits represent cash received by the Township from developers to cover the Township's cost of reviewing and approving development plans and as security deposits to ensure the related developments are completed in accordance with approved plans.

4. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivable/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statement as "internal balances."

5. Capital Assets

In the government-wide and fund financial statements, capital assets arising from cash transactions are recorded as capital outlay expenditures (expenses) upon acquisition for governmental activities.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

5. Capital Assets - continued

The business-type funds (proprietary funds) use the modified cash basis of accounting for capital assets for both the government-wide statements of net position and the fund statements. Capital assets resulting from cash transactions are set up as assets and depreciation is reported as necessary. All business-type capital assets are valued at historical cost. Major improvements are capitalized, while maintenance and repairs of property and equipment and infrastructure costs are charged to operations. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the amounts and a gain or loss is included in operations. Depreciation expense is recorded using the straight-line method of depreciation. A capitalization threshold of \$2,500 is used to report business-type capital assets. Estimated useful lives are as follows:

Leasehold improvements	20 - 50 years
Wastewater collection systems	40 years
Machinery and equipment	7 - 15 years
Vehicles	5 years

6. Long-Term Debt

Governmental fund debt proceeds are reported as other financing sources in the fund financial statements and as general revenues in the government-wide financial statements. Payment of principal and interest are reported as expenditures (expenses).

7. Net Position/Fund Balance Classifications

Government-Wide Statements, Proprietary Funds, and Fiduciary Funds

Net position is classified and displayed in three components:

Investment in capital assets - This component groups all capital assets into one component of net position. Accumulated depreciation reduces the balance in this component.

Restricted - This component 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 - This component represents net positions of the Township, which are not restricted for any project or other purpose.

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

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Financial Position - continued

7. Net Position/Fund Balance Classifications - continued

Governmental Fund Financial Statements

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed - Amounts that can be used only for a specific purpose determined by a formal action (resolution) of the Township commissioners, the government's highest level of decision-making authority. The formal action to commit fund balance to a specific purpose must occur prior to the end of the reporting period, but the amount which will be subject to the constraint may be determined in the subsequent period. Committed funds may only be changed or lifted by the same formal action taken to commit them.

Assigned - Amounts that the Township commissioners intend to use for a specific purpose. Assignments of fund balance are made by the Township commissioners.

Unassigned - Amounts that are not included within any other classification noted. Unassigned amounts are the portion of fund balance not obligated or specifically designated and is available for any purpose.

Fund Balance Policies

Spending Policy

The Township does not have a formal fund balance policy regarding the use of restricted resources; therefore, the default policy from the government accounting standards will be used. Any disbursement incurred for a purpose in which restricted and unrestricted fund balance amounts are available are satisfied through restricted fund balance amounts before unrestricted fund balance amounts. When an expenditure is incurred for a purpose in which unrestricted fund balance amounts are available under committed, assigned, or unassigned fund balances, the fund balance is consumed as follows: committed, assigned, and unassigned.

Minimum Fund Balance Policy

The Township has no formal minimum fund balance policies or any formal stabilization arrangements in place.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Revenues, Expenditures, and Expenses

1. Program Revenues

In the statement of activities, revenues that are derived directly from each activity or from parties outside the Township's taxpayers are reported as program revenues. The Township has the following program revenues in each activity:

General Government - Charges for services include receipts for licenses, franchise fees, fines, and permits. Operating grants include various grant revenues received.

Public Safety - Charges for services include receipts for fines, permits, and sewage management charges. Operating grants include foreign fire insurance tax distribution from the Commonwealth of Pennsylvania, state pension aid allocation, State reimbursement for Police Academy tuition, and contributions.

Public Works: Sanitation - Charges for services include fees charged for refuse collection. Operating grants include recycling grants from the Commonwealth of Pennsylvania.

Public Works: Highways and Streets - Charges for services include traffic impact fees and storm water fees from developers. Operating grants include proceeds from the State Motor License Fund through the Commonwealth of Pennsylvania.

Employer Paid Benefits and Insurance - Includes general municipal pension system state aid from the Commonwealth of Pennsylvania not allocated to other governmental activities.

All other governmental revenues are reported as general revenue. All taxes are classified as general revenues even if restricted for a specific purpose. Also included in general revenues are the host municipality benefit fees received.

2. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 sewer fund are charges to customers for waste disposal treatment. Operating expenses for the sewer fund include personnel, maintenance, operations, contracted services, professional fees, materials and supplies, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Revenues, Expenditures, and Expenses - continued

3. Property Taxes

Property taxes are levied on March 1 and are payable on or before June 30. The tax levy ordinance for the 2022 calendar year levied taxes on March 1, 2022, at 6.845 mills (4.645 mills for general operating purposes, 0.7 mills for debt service, 0.27 mills for ambulance, and 1.23 mills for fire protection). Taxes paid prior to April 30 are payable at a 2% discount, and taxes paid after June 30 are assessed at a 10% penalty. Taxes not paid as of January 15 are considered delinquent and are turned over to the Berks County Tax Claim Bureau for collection. The taxes are levied based on assessed values on property. Assessed values are an approximation of market value. All taxable real property was assessed at \$887,971,800.

4. Compensated Absences

Compensated absences for vacation and sick leave are recorded when paid.

5. Other Postemployment Benefits

The Township provides certain benefits for its retired employees. The cost of such benefit is charged to expense as the premiums are paid.

G. Use of Estimates

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

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

The Township adopts an annual operating budget, which can be amended by the commissioners throughout the year. Formal budgetary accounting is employed as a management control for all funds of the Township. However, legal budgets are adopted only for the general fund. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the cash basis. For this reason, no reconciliation will be needed between budgeted and actual amounts.

The Township follows the procedures outlined below in establishing the budgetary data reflected in the financial statements:

1. Prior to December 1, the Township manager submits to the Township commissioners a proposed operating budget for the fiscal year commencing the following January. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at the Township meeting to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted through passage of an ordinance.

Excess of Expenditures Over Appropriations

For the year ended December 31, 2022, no individual fund which had a legally adopted budget had an excess of expenditures over appropriations.

NOTE 3 - CASH AND INVESTMENTS

Under Section 1705.1 of the Commonwealth of Pennsylvania First Class Township Code, the Township is permitted to invest funds in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

Cash and investments in the financial statements at December 31, 2022, are summarized as follows:

Petty cash	\$	1,475
Deposits		2,273,792
Pooled cash and investments (PLGIT)		18,931,416
Money market mutual funds		4,858,177
Pension cash and investments		18,612,446
	\$	44,677,306

Cash

Custodial Credit Risk - Deposit

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of December 31, 2022, the carrying amount of the Township's deposits was \$2,273,792 and the bank balance was \$2,445,703. Of the balance, \$250,000 was covered by federal depository insurance and \$2,195,703 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

Investments

As of December 31, 2022, the Township had the following pooled cash and investments:

	Fair Value	Carrying Value
<u>Pooled Cash and Investments</u>		
PA Local Government Investment Trust (PLGIT):		
Prime	\$ 6,881,249	\$ 6,881,249
Class	20,314	20,314
Term	12,033,508	12,033,508
Less: reconciling items		(3,655)
Total pooled cash		18,931,416
<u>Investments</u>		
Money market mutual funds	4,858,177	4,858,177
Total pooled cash and investments		\$ 23,789,593

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Investments - continued

Pooled Cash and Investments

Certain external pool investments held by the Township, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and the participating government levels consistent with GASB Statement No. 79. The Township measures those investments, which include \$18,935,071 (PLGIT), at amortized cost.

A portion of the Township's deposits were in the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT acts like a money market mutual fund in that the objective is to maintain a stable net asset value of \$1 per share, is rated by nationally recognized statistical rating organization, and is subject to an independent annual audit.

PLGIT invests primarily in U.S. Treasury and federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money-market funds as contained in Rule 2a-7 of the Investment Company Act of 1940.

PLGIT/PRIME - A variable rate investment portfolio rated AAAM by Standard & Poor's which requires no minimum balance and no minimum investment. This option limits redemptions or exchanges to two per calendar month.

PLGIT/Class Shares are a flexible option within the PLGIT fund which requires no minimum balance, no minimum initial investments, and a one-day minimum investment period. Dividends are paid monthly.

PLGIT/Term is a fixed term investment portfolio with a maturity of up to one year, depending upon termination date of any particular series within the PLGIT/Term portfolio. This option requires a minimum initial investment of \$100,000, a minimum investment period of 60 days, and has a premature withdrawal penalty.

The Township's cash equivalent investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. The fair value of the Township's position in the external investment pool is the same as the value of the pool shares. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

The Township's investments of \$4,858,177 as of December 31, 2022 are held in an overnight investment sweep account in a money market portfolio that is comprised of U.S. Government and U.S. Treasury securities.

As of December 31, 2022, the entire PLGIT book balance of \$18,931,416 and the investment carrying balance of \$4,858,177 is considered to be a cash equivalent for presentation on the government-wide and fund financial statements.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Investments - continued

Pension Trust Funds

The pension trust funds' investments are held separately from those of other Township funds. Assets in the pension trust funds are stated at fair value. Any premiums or discounts are recognized as a gain or loss upon disposition. The Township maintains investment policies that summarize the investment philosophy of the Township and establishes investment guidelines and performance objectives for both the Police and Nonuniformed Pension Plans.

As of December 31, 2022, the Township had the following cash and investments in its pension trust funds:

<u>Cash or Investment Type</u>	<u>Fair Market Value</u>	<u>Level</u>
Mutual funds - pooled investments	\$ 1,659,323	2
Mutual funds - publicly traded	570,435	1
Common stocks	9,841,366	1
Government bonds	2,352,422	2
Fixed income bonds	2,694,768	2
	<u>17,118,314</u>	
Cash	<u>1,494,132</u>	N/A
Total pension cash and investments	<u>\$ 18,612,446</u>	

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.

An investment company holds the Township's pooled investments in diversified and balanced portfolios consisting of mutual funds. These investments are valued based on the quoted market prices for shares held. The fair value of the Township's pooled investments has been established utilizing the net asset value of the units allocated to the Township.

Interest Rate Risk

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

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Investments - continued

Credit Risk

The risk that an issuer or other counterparty to an investment will not fulfill its obligation is called credit risk. The pension trust funds have no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2022, the pension trust funds' investment in corporate bonds range in ratings from AAA to BBB - by Standard and Poor's.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer. There were no investments in the Police Pension Plan or the Nonuniformed Plan that constituted more than 5% of any of the plan net assets available for benefits at December 31, 2022. In addition, the plans did not have any investment transactions with related parties during the year.

Custodial Credit Risk

For investments, 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 entity. The Township does not hold any investments subject to custodial credit risk.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following is a summary of interfund receivables and payables at December 31, 2022:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 4,368	\$ 68,830
Fire fund	25,295	-
Nonmajor fund - refuse collection fund	2,035	-
Sewer fund	41,500	4,368
	<u>\$ 73,198</u>	<u>\$ 73,198</u>

Interfund receivables and payables exist as a result of the time lag between dates when payments between funds are made. These amounts will be repaid within one year.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS - CONTINUED

The following is a summary of the interfund transfers at December 31, 2022:

	Transfers In	Transfers Out
General fund	\$ -	\$ 1,375,135
Capital projects	1,365,135	-
Nonmajor fund - debt service	10,000	-
	\$ 1,375,135	\$ 1,375,135

The transfers from general fund were to fund future capital needs and debt service requirements.

NOTE 5 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2022, were as follows:

	Balance 1/1/22	Additions	Deletions/ Transfer	Balance 12/31/22
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 285,330	\$ -	\$ -	\$ 285,330
Construction in progress	3,222,456	1,975,219	(2,866,774)	2,330,901
Total capital assets not being depreciated	3,507,786	1,975,219	(2,866,774)	2,616,231
Capital assets being depreciated:				
Leasehold improvements	1,074,826	-	-	1,074,826
Wastewater collection systems	8,163,284	-	2,866,774	11,030,058
Machinery and equipment	1,118,579	34,850	-	1,153,429
Vehicles	653,830	-	-	653,830
Total capital assets being depreciated	11,010,519	34,850	2,866,774	13,912,143
Accumulated depreciation	(6,597,181)	(362,066)	-	(6,959,247)
Total capital assets being depreciated, net	4,413,338	(327,216)	2,866,774	6,952,896
Total capital assets, net	\$ 7,921,124	\$ 1,648,003	\$ -	\$ 9,569,127

Depreciation expense recorded in the proprietary fund is \$362,066 for the year ended December 31, 2022.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 6 - LONG-TERM DEBT

The Township issues general obligation bonds to provide resources for major capital improvements and equipment needs. The bonds and direct obligations are issued on a pledge of the full faith and credit of the Township. Bonds payable are as follows at December 31, 2022:

General Obligation Bonds, Series of 2020 (Governmental Activities)

On October 29, 2020, the Township issued \$15,475,000 in General Obligation Bonds to currently refund the Township's General Obligation Bond, Series of 2013 and General Obligation Note, Series of 2020, to fund certain capital projects located within the Township, to capitalize interest on the Bonds, and to pay debt issuance costs. Principal payments are due annually on September 15 of each year, while interest is due semi-annually on March 15 and September 15 of each year. Final payment of the outstanding principal and accrued interest is due on September 15, 2050. The bond bears interest at rates ranging from 2.00% to 5.00%.

Maturity on long-term debt is as follows:

Year Ending December 31	2020 GOB	
	Principal	Interest
2023	\$ 330,000	\$ 410,070
2024	340,000	393,570
2025	365,000	376,570
2026	380,000	358,320
2027	400,000	339,320
2028-2032	2,300,000	1,390,900
2033-2037	2,625,000	1,065,600
2038-2042	2,895,000	791,620
2043-2047	3,225,000	465,390
2048-2050	2,115,000	97,980
	<u>\$ 14,975,000</u>	<u>\$ 5,689,340</u>

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 6 - LONG-TERM DEBT - CONTINUED

The following is a summary of the Township's long-term debt transactions for the year ended December 31, 2022:

	General Obligation Bonds Series of 2020
Debt outstanding - 12/31/21	\$ 15,290,000
Repayment of debt	<u>(315,000)</u>
Debt outstanding - 12/31/22	<u>\$ 14,975,000</u>

Funds to satisfy the 2020 General Obligation Bonds will be provided by future tax revenues with payments made by the Debt Service Fund. Total interest expense paid during the year was \$425,820.

The bonds are secured by the pledged full-faith, credit and taxing power of the Township. The bonds are issued in accordance with provisions of the Local Government Unit Debt Act, Act No. 177 of December 19, 1996 (the "Act"). In the event of failure of the Township to pay or cause to be paid the interest on or principal of the Bonds, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing a civil action in the Court of Common Pleas in the county in which the Township is located. The Act provides that any judgment shall have an appropriate priority upon the money next coming into the treasury of the Township.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 7 - PENSION PLANS

The Township of Cumru administers and contributes to the Cumru Township Police Pension Plan (PPP), which is a defined benefit plan, and the Cumru Township Nonuniformed Pension Plan (NUPP), which is a cash balance plan with a defined contribution. The NUPP also has a defined benefit component that was frozen December 31, 2012. Both plans are single employer, public employee retirement plans. The assets of the plans are invested separately, and each plan's assets may be used only for the payment of benefits to the members of the plan, in accordance with the terms of the plan. The defined contribution component of the NUPP no longer qualifies as a fiduciary component unit or a fiduciary fund and therefore is not included in the Township's financial statements.

Plan Descriptions

PPP is a single-employer defined benefit plan that covers all full-time members of the police force upon completion of a probationary period. PPP provides for retirement, disability, and death benefits to plan members and their beneficiaries. A member may retire after reaching age 50 and completion of 25 years of service. Benefits vest after 12 years of service. Employees who retire after reaching age 50 are entitled to monthly pension payments for the remainder of their lives equal to 50% of the average monthly pay based on the last 36 months of employment, plus \$100 for each year of service over 25 years with a maximum of \$500 per month. Payments continue after participant's death to the surviving spouse, providing not remarried, or to dependent children to age 18. For post January 1, 2000 retirees, an annual cost of living adjustment is made to retirees with a maximum total cost-of-living increase of 30% and a maximum pension benefit of 75% of the salary used for computing retirement benefit. The Plan was amended in 2004 to include the Deferred Retirement Option Program provision.

If active and killed in line of duty, a monthly death benefit is paid to the spouse or eligible child equal to 100% of monthly salary at time of death. Pension provisions include death benefits whereby the beneficiary is entitled to receive a death benefit equal to 50% of the benefit the member would have been receiving had he/she been retired at the time of death. In addition, \$26,000 in death benefits are provided by insurance policies held outside the Plan.

A disabled employee is entitled to receive disability benefits as long as the disability continues. Disability pension to equal 50% of the average monthly pay.

The Cumru Township Nonuniformed Pension Plan provides pension benefits, early or late optional retirement benefit provisions, and death and disability benefits. Effective December 31, 2012, Cumru Township elected to discontinue the accrual of service impacting the defined benefit provisions of the plan. In addition, the Township elected to provide 100% vesting for all plan participants at December 31, 2012. Effective January 1, 2013, the defined contribution plan was initiated. This Plan was adopted by an ordinance on June 17, 2014.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 7 - PENSION PLANS - CONTINUED

Plan Descriptions - continued

Under the defined benefit plan in place through December 31, 2012, a member may retire after reaching age 65. Benefits vest after seven years of service. Employees who retire after reaching age 65 with seven or more years of service are entitled to monthly pension benefits for the remainder of their lives equal to 1.5% of average monthly pay multiplied by years of service. Average monthly pay is based on the last five calendar years ending prior to the date of retirement. A member is eligible for early retirement after attainment of age 55 and completion of 10 years of service. The accrued benefit is reduced by 6-2/3% for each year up to 5 years that early retirement precedes normal retirement and by 3-1/3% for each year between 5 and 10 years early.

Under the defined contribution plan in place as of January 1, 2013, a member may retire after reaching age 65. Benefits vest after seven years of service. A member is eligible for early retirement after attainment of age 55 and completion of 10 years of service.

Funding Policy

The contribution requirements of plan members and the Township are established and may be amended by the Township commissioners. Police and Nonuniformed Pension Plan members are required to contribute 5.0% and 3.0% of compensation, respectively. The contributions required of the Township under the defined benefit plans are based on actuarial valuation and are expressed as a percentage of annual covered payroll during the period for which the amount is determined. For the fiscal year ended December 31, 2022, the rate of Township contributions for the Police Pension Plan and the Nonuniformed Pension Plan was 23.3% and 1.3% of covered payroll, respectively. The contributions required of the Township under the cash balance component of the Nonuniformed Pension Plan are 2% of each covered employee's annual compensation, but not less than \$3,100 or more than the maximum permissible amount as provided by law. The total Township, employee, and other contributions to the Police Pension Plan for the years ended December 31, 2022, 2021, and 2020 were \$1,019,536, \$1,175,807, and \$1,001,629, respectively, which are equal to or exceed the required contribution for each year. The total Township contributions to the Nonuniformed Defined Benefit Pension Plan for the years ended December 31, 2022, 2021, and 2020 were \$84,437, \$65,460, and \$67,606, respectively, which are equal to or exceed the required contribution for the year. The total Township and employee contributions to the Nonuniformed Defined Contribution Pension Plan for the years ended December 31, 2022, 2021, and 2020 were \$211,504, \$184,170, and \$170,890, respectively, which are equal to or exceed the required contribution for each year.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Township administers a single-employer defined benefit healthcare plan (the Police Other Postemployment Benefits Plan). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Township's health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiation with the Township and the unions representing the Township's employees. The Police Other Postemployment Benefits Plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements are negotiated between the Township and union representatives. The required contribution is based on pay-as-you-go financing. For all employees upon attainment of age 55 that were retired or disabled in the line of duty (an officer is eligible for retirement upon attainment of age 50 and completion of 25 years of service), the Township pays the premium determined for the member's health, prescription drug, dental, and vision insurance only at the time of retirement. The member is responsible for any additional premium due to increases in the premium after retirement or coverage of a spouse and any eligible dependents. Their benefits are for their life plus one surviving spouse and eligible dependents to receive medical, prescription drug, dental, and vision until the earlier of three years, death, remarriage, or attaining eligibility for coverage under another plan.

The retired plan member may elect to continue coverage for themselves and their dependents until the retired plan member reaches Medicare age. If coverage from alternative employment is lost, coverage with the Township shall be reinstated. For the fiscal year ended December 31, 2022, the Township made no contribution to the plan related to retirees.

NOTE 9 - DEFERRED COMPENSATION PLAN

Effective January 1, 1996, the Township implemented a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to those employees who meet eligibility requirements set forth in the plan, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, disability, or unforeseeable emergency. The Township has no liability for losses under the plan arising from expense charges of any kind or from depreciation or shrinkage in the value of assets of the plan, but does have the duty of executing due care that would be required of an ordinary prudent investor. Contributions to the plan are voluntary employee deductions, with the Township making no contributions.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 10 - FUND BALANCE

Details of the Township's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended December 31, 2022, are as follows:

General Fund: The general fund has restricted funds of \$10,775 for police items, \$28,107 for culture and recreation consisting of unspent fees in lieu of open space, an assigned fund balance of \$1,336,807 which is the appropriation of fund balance for the 2023 budget, and an unassigned fund balance of \$4,138,930.

Fire Protection Fund: The fire protection fund has restricted funds of \$1,685,580, consisting primarily of unspent real estate tax millage assessed for public safety - fire protection.

Capital Projects Fund: The capital projects fund has restricted funds of \$12,897,293 of unspent bond funds and assigned funds of \$178,563 consisting primarily of transfers from the general fund to be used for future capital purchases.

Nonmajor Governmental Funds

Ambulance Fund: The ambulance fund has restricted funds of \$105,339, consisting primarily of unspent real estate tax millage assessed for public safety - emergency medical services.

Sewage Management Fund: The sewage management fund has restricted funds of \$255,030, consisting primarily of unspent sewage management program fees for public safety - other.

Refuse Fund: The refuse fund has restricted funds of \$269,073, consisting primarily of unspent dwelling unit charges for public works - sanitation.

Liquid Fuels Fund: The liquid fuels fund has restricted funds of \$51,358 consisting primarily of unspent state highways and streets funds for public works - highways and streets.

Storm Water Fund: The storm water fund has restricted funds of \$6,894, consisting primarily of unspent developer highways and streets storm water fees for public works - highways and streets.

Debt Service: The debt service fund has restricted funds of \$2,865, consisting of unspent real estate tax millage assessed for debt service payments.

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 11 - EMERGENCY MEDICAL SERVICES - COMMITMENTS

The Township entered into an agreement with TowerDIRECT for the period December 1, 2020 through December 31, 2021, with automatic one year renewals, at an annual fee of \$165,425. In order to properly fund this service, the Township has levied .27 mills on each dollar of assessed value in the 2022 calendar year. The agreement has automatically renewed through December 31, 2023.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Various claims and lawsuits are pending against the Township. In the opinion of the Township management and solicitor, the outcome of these claims and lawsuits will not have a material adverse effect on the accompanying financial statements.

A Sewer Agreement with the City of Reading is still pending. Township management has designated \$1,742,701 in sewer fund net position to cover potential costs once the new agreement is signed.

Lease Purchase Agreements

The Township is financing the acquisition of a fire engine and a fire pumper truck through lease purchase agreements entered on June 22, 2021 and November 28, 2022, respectively. Per the agreements, the Township has the option at the end of each lease to buyout at a price included in the commitment amount, refinance the balloon payment amount, or to return the equipment and enter into a new agreement with the vendor. Annual payments for the engine are \$68,383 with a balloon payment of \$176,259 due June 22, 2031. The interest rate is 3.15%. Annual payments for the pumper truck are \$97,031 with a balloon payment of \$184,262 due November 28, 2033. The interest rate is 4.69%.

Maturities on lease purchase agreements are as follows:

Year Ending December 31	Fire Engine		Pumper Truck		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 49,158	\$ 19,225	\$ -	\$ 38,262	\$ 49,158	\$ 57,487
2024	50,706	17,677	58,769	38,262	109,475	55,939
2025	52,303	16,080	61,527	35,504	113,830	51,584
2026	53,951	14,432	64,411	32,620	118,362	47,052
2027	55,650	12,733	67,432	29,599	123,082	42,332
2028-2032	348,567	32,841	387,671	97,484	736,238	130,325
2033	-	-	176,008	8,255	176,008	8,255
	<u>\$ 610,335</u>	<u>\$ 112,988</u>	<u>\$ 815,818</u>	<u>\$ 279,986</u>	<u>\$ 1,426,153</u>	<u>\$ 392,974</u>

TOWNSHIP OF CUMRU

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

NOTE 12 - COMMITMENTS AND CONTINGENCIES - CONTINUED

The Township has entered into various contracts related to capital projects. Commitments outstanding at December 31, 2022 are as follows:

	<u>Contract Amount</u>	<u>Commitment Remaining</u>
Reed Street utility	\$ 3,668,888	\$ 774,681
Flying Hills pump station	138,600	7,178
Township Building Boiler and HVAC	<u>62,000</u>	<u>62,000</u>
	<u>\$ 3,869,488</u>	<u>\$ 843,859</u>

Subsequent to year end, the Township awarded a contract in the amount of \$202,108 for the emergency culvert replacement.

The commitments will be funded through cash on hand in the sewer fund and capital project fund.

NOTE 13 - CONDUIT DEBT

The Township is involved in a conduit debt transaction for which the Township issued but retained no obligation for the repayment of the debt. The responsibility for repayment belongs to Cedar Crest College. The balance of the conduit debt at December 31, 2022 is \$12,895,000 for Revenue Notes, Series of 2014, Series A of 2015, and Series B of 2015.

NOTE 14 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all areas for which the Township retains risk of loss. There were no reductions in insurance coverages for the 2022 year and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF CUMRU

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS -
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2022

	Ambulance	Sewage Management	Refuse Collection	Liquid Fuels	Storm Water	Debt Service	Totals
ASSETS							
Cash and investments	\$ 105,339	\$ 255,030	\$ 267,038	\$ 51,358	\$ 6,894	\$ 2,865	\$ 688,524
Restricted escrow deposits	-	-	-	-	9,700	-	9,700
Interfund receivable	-	-	2,035	-	-	-	2,035
TOTAL ASSETS	<u>\$ 105,339</u>	<u>\$ 255,030</u>	<u>\$ 269,073</u>	<u>\$ 51,358</u>	<u>\$ 16,594</u>	<u>\$ 2,865</u>	<u>\$ 700,259</u>
LIABILITIES							
Funds held in escrow	\$ -	\$ -	\$ -	\$ -	\$ 9,700	\$ -	\$ 9,700
FUND BALANCES							
Restricted for:							
Public safety	105,339	255,030	-	-	-	-	360,369
Public works - sanitation	-	-	269,073	-	-	-	269,073
Public works - highways and streets	-	-	-	51,358	6,894	-	58,252
Debt service	-	-	-	-	-	2,865	2,865
TOTAL FUND BALANCES	<u>105,339</u>	<u>255,030</u>	<u>269,073</u>	<u>51,358</u>	<u>6,894</u>	<u>2,865</u>	<u>690,559</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 105,339</u>	<u>\$ 255,030</u>	<u>\$ 269,073</u>	<u>\$ 51,358</u>	<u>\$ 16,594</u>	<u>\$ 2,865</u>	<u>\$ 700,259</u>

TOWNSHIP OF CUMRU

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2022

	Ambulance	Sewage Management	Refuse Collection	Liquid Fuels	Storm Water	Debt Service	Totals
REVENUES							
Real estate taxes	\$ 236,382	\$ -	\$ -	\$ -	\$ -	\$ 605,384	\$ 841,766
Interest and rent	168	230	373	71	-	74	916
Intergovernmental	-	-	24,288	496,405	-	-	520,693
Charges for services	-	14,085	1,168,826	-	-	-	1,182,911
Special assessments	-	70,147	-	-	-	-	70,147
Other	-	-	658	-	-	-	658
TOTAL REVENUES	236,550	84,462	1,194,145	496,476	-	605,458	2,617,091
EXPENDITURES							
Public safety - fire, ambulance, and rescue	199,142	-	-	-	-	-	199,142
Public safety - other (planning, zoning, etc.)	-	57,208	-	-	-	-	57,208
Public works - sanitation	-	-	1,168,962	-	-	-	1,168,962
Public works - highways and streets	-	-	-	885,407	8	-	885,415
Debt service - principal	-	-	-	-	-	315,000	315,000
Debt service - interest, agent fees	-	-	-	-	-	429,920	429,920
TOTAL EXPENDITURES	199,142	57,208	1,168,962	885,407	8	744,920	3,055,647
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	37,408	27,254	25,183	(388,931)	(8)	(139,462)	(438,556)
OTHER FINANCING SOURCES							
Transfers in	-	-	-	-	-	10,000	10,000
NET CHANGE IN FUND BALANCES	37,408	27,254	25,183	(388,931)	(8)	(129,462)	(428,556)
FUND BALANCES - BEGINNING OF YEAR	67,931	227,776	243,890	440,289	6,902	132,327	1,119,115
FUND BALANCES - END OF YEAR	\$ 105,339	\$ 255,030	\$ 269,073	\$ 51,358	\$ 6,894	\$ 2,865	\$ 690,559

TOWNSHIP OF CUMRU

COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS -
FIDUCIARY FUNDS

December 31, 2022

	Police Pension Fund	Nonuniformed Pension Fund	Total Pension Trust Funds
ASSETS			
Cash and investments	<u>\$ 16,953,123</u>	<u>\$ 1,659,323</u>	<u>\$ 18,612,446</u>
NET POSITION			
Net position held in trust for pension benefits	<u><u>\$ 16,953,123</u></u>	<u><u>\$ 1,659,323</u></u>	<u><u>\$ 18,612,446</u></u>

TOWNSHIP OF CUMRU

**COMBINING STATEMENT OF CHANGES IN NET POSITION -
MODIFIED CASH BASIS - FIDUCIARY FUNDS**

For the Year Ended December 31, 2022

	Police Pension Fund	Nonuniformed Pension Fund	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Township and Commonwealth	\$ 884,401	\$ 84,437	\$ 968,838
Employee	134,839	-	134,839
Other	296		296
Investment income:			
Interest and dividends	348,883	-	348,883
Investment gain (loss)	(2,811,705)	(342,743)	(3,154,448)
TOTAL ADDITIONS	(1,443,286)	(258,306)	(1,701,592)
DEDUCTIONS			
Benefit payments, including tax withheld	990,917	247,800	1,238,717
Administrative expenses	155,914	8,750	164,664
TOTAL DEDUCTIONS	1,146,831	256,550	1,403,381
CHANGE IN NET POSITION	(2,590,117)	(514,856)	(3,104,973)
TOTAL NET POSITION - BEGINNING OF YEAR	19,543,240	2,174,179	21,717,419
TOTAL NET POSITION - END OF YEAR	\$ 16,953,123	\$ 1,659,323	\$ 18,612,446

OTHER INFORMATION

TOWNSHIP OF CUMRU

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND - MODIFIED CASH BASIS

(UNAUDITED)

For the Year Ended December 31, 2022

	*		
	Budget	Actual	Variance
REVENUES			
Real estate taxes	\$ 4,102,360	\$ 4,069,440	\$ (32,920)
Earned income taxes	2,600,000	2,942,871	342,871
Other taxes	780,000	1,042,825	262,825
Licenses, permits, and fines	201,600	186,274	(15,326)
Interest and rent	142,518	201,505	58,987
Intergovernmental	347,372	1,183,499	836,127
Charges for services	703,059	767,825	64,766
Other	150,000	42,338	(107,662)
TOTAL REVENUES	9,026,909	10,436,577	1,409,668
EXPENDITURES			
Current:			
General government	1,282,570	1,202,096	80,474
Public safety:			
Police	4,967,760	4,708,591	259,169
Fire, ambulance, and rescue	14,179	9,495	4,684
Other (planning, zoning, etc.)	96,433	114,647	(18,214)
Public works - highways and streets	2,130,302	2,057,624	72,678
Culture and recreation	85,256	77,715	7,541
Community development	-	50,000	(50,000)
Employer paid benefits and other	960,859	1,007,369	(46,510)
TOTAL EXPENDITURES	9,537,359	9,227,537	309,822
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(510,450)	1,209,040	1,719,490
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	20,970	20,970
Transfers out	(539,260)	(1,375,135)	(835,875)
TOTAL OTHER FINANCING SOURCES (USES)	(539,260)	(1,354,165)	(814,905)
NET CHANGE IN FUND BALANCE	\$ (1,049,710)	(145,125)	\$ 904,585
FUND BALANCE - BEGINNING OF YEAR		5,659,744	
FUND BALANCE - END OF YEAR		\$ 5,514,619	

* Original and Final Budget are the same.

TOWNSHIP OF CUMRU

**POLICE AND NONUNIFORMED DEFINED BENEFIT PENSION PLANS
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
(In Accordance with PA Act 205)**

(UNAUDITED)

SCHEDULES OF FUNDING PROGRESS*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
POLICE PENSION PLAN						
01/01/21	\$ 17,390,945	\$ 18,213,226	\$ 822,281	95.5%	\$ 2,227,660	36.9%
01/01/19	12,394,554	16,277,220	3,882,666	76.1%	2,040,111	190.3%
01/01/17	11,098,005	14,611,949	3,513,944	76.0%	1,823,506	192.7%
NONUNIFORMED PENSION PLAN						
01/01/21	\$ 2,064,847	\$ 2,678,879	\$ 614,032	77.1%	\$ 1,345,174	45.6%
01/01/19	1,682,612	2,478,907	796,295	67.9%	1,302,214	61.1%
01/01/17	1,828,283	2,413,085	584,802	75.8%	1,302,380	44.9%

SCHEDULES OF EMPLOYER CONTRIBUTIONS

Fiscal Year	Annual Required Contribution	Percentage Contributed
POLICE PENSION PLAN		
2022	\$ 884,401	100%
2021	1,041,790	100%
2020	893,385	100%
2019	871,707	100%
2018	659,944	100%
2017	643,819	100%
NONUNIFORMED PENSION PLAN		
2022	\$ -	100%+
2021	23,692	100%+
2020	42,490	100%+
2019	40,585	100%+
2018	2,762	100%+
2017	1,993	100%+

* Schedules prepared in accordance with actuarial valuations performed under PA Act 205. These valuations are utilized to determine funding requirements for the plans.

TOWNSHIP OF CUMRU

**POLICE AND NONUNIFORMED DEFINED BENEFIT PENSION PLANS
SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS
(In Accordance with GASB 68)**

(UNAUDITED)

Measurement Date	Plan Fiduciary Net Position (a)	Total Pension Liability (TPL)(b)	Net Pension Liability (NPL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	NPL as a Percentage of Covered Payroll ((b-a)/c)
POLICE PENSION PLAN						
12/31/22	\$ 16,953,123	\$ 19,939,271	\$ 2,986,148	85.0%	\$ 2,813,669	106.1%
12/31/21	19,543,240	18,947,423	(595,817)	103.1%	2,499,404	-23.8%
12/31/20	17,381,945	17,520,367	138,422	99.2%	2,227,660	6.2%
12/31/19	15,211,549	16,660,022	1,448,473	91.3%	2,277,043	63.6%
12/31/18	12,394,554	16,381,843	3,987,289	75.7%	2,040,111	195.4%
12/31/17	12,944,772	15,457,940	2,513,168	83.7%	2,091,188	120.2%
NONUNIFORMED PENSION PLAN						
12/31/22	\$ 1,659,323	\$ 2,633,407	\$ 974,084	63.0%	\$ 1,212,535	80.3%
12/31/21	2,174,179	2,688,837	514,658	80.9%	1,309,544	39.3%
12/31/20	2,064,847	2,514,009	449,162	82.1%	1,345,174	33.4%
12/31/19	1,922,200	2,512,166	589,966	76.5%	1,241,468	47.5%
12/31/18	1,682,612	2,457,978	775,366	68.5%	1,302,214	59.5%
12/31/17	1,958,506	2,439,804	481,298	80.3%	1,317,091	36.5%

Schedules prepared in accordance with actuarial valuations performed in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*. GASB 68 requires the liability of employers contributing to employees defined benefit pensions to be measured on the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to the employees past period of service, less the cost of the plan's fiduciary net position.

TOWNSHIP OF CUMRU

**OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS**

(UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/22	\$ -	\$ 986,073	\$ 986,073	0.0%	\$ 2,677,283	36.8%
01/01/20	-	1,064,514	1,064,514	0.0%	2,552,467	41.7%
01/01/18	-	1,444,385	1,444,385	0.0%	2,330,773	62.0%
01/01/16	-	1,098,375	1,098,375	0.0%	2,152,875	51.0%
01/01/13	-	1,113,550	1,113,550	0.0%	1,990,118	56.0%

The 1/1/22, 1/1/20 and 1/1/18 actuarial valuations were performed under GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaced the requirements for GASB 45. This statement established new standards for measuring the other postemployment benefits liabilities which resulted in changes to the actuarial valuation assumptions.

TOWNSHIP OF CUMRU

**OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:					
Service cost	\$ 87,088	\$ 64,523	\$ 79,903	\$ 84,075	\$ 65,818
Interest	25,608	36,260	55,055	47,376	48,879
Difference between expected and actual experience	(321,603)	-	(520,356)	-	39,755
Changes in assumptions	(26,295)	127,272	45,007	(56,597)	55,782
Benefit payments	(40,342)	(30,952)	(60,394)	(53,940)	(38,211)
	<u>(275,544)</u>	<u>197,103</u>	<u>(400,785)</u>	<u>20,914</u>	<u>172,023</u>
Total OPEB liability, beginning	<u>1,261,617</u>	<u>1,064,514</u>	<u>1,465,299</u>	<u>1,444,385</u>	<u>1,272,362</u>
Total OPEB liability, ending	<u><u>\$ 986,073</u></u>	<u><u>\$ 1,261,617</u></u>	<u><u>\$ 1,064,514</u></u>	<u><u>\$ 1,465,299</u></u>	<u><u>\$ 1,444,385</u></u>
Covered Employee Payroll	<u><u>\$ 2,677,283</u></u>	<u><u>\$ 2,552,467</u></u>	<u><u>\$ 2,552,467</u></u>	<u><u>\$ 2,330,773</u></u>	<u><u>\$ 2,330,773</u></u>
Total OPEB liability as a percentage of covered employee payroll	36.83%	49.43%	41.71%	62.87%	61.97%

Changes of Assumptions

Significant changes in assumptions for the January 1, 2022 measurement date are as follows:

- The discount rate changed from 1.93% to 2.25%.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20-Year High Grade Index.
- The healthcare cost trend assumption was updated for the January 1, 2018 and January 1, 2020 measurement dates.
- The mortality assumption was updated for the January 1, 2020 measurement date.

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