

MIDDLE SMITHFIELD TOWNSHIP
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2021

MIDDLE SMITHFIELD TOWNSHIP
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As at December 31, 2021

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John J. Riley, CPA (Founder/1969-2012)

Paul V. Conforti, CPA
Scott A. Miller, CPA, CFE, CVA
Mary R. Frentz, SHRM-SCP
Debra A. Borger, CPA, CGFM
Olga Rivenbark, CPA

Mail: P.O. Box 1049, Stroudsburg, PA 18360
Office: 1290 N. 9th Street, Stroudsburg, PA 18360
(570) 424-0667
Fax: (888)-839-8616
www.rileyandcompany.com
e-mail: info@rileyandcompany.com

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Middle Smithfield Township
East Stroudsburg, Pennsylvania

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Middle Smithfield Township, Monroe County, Pennsylvania, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
Business-Type Activities	Unmodified
General Fund	Unmodified
Liquid Fuels Fund	Unmodified
Sewer Fund	Unmodified
Golf Fund	Unmodified

Unmodified Opinions

In our opinion, the financial statements for the Business-Type Activities, General Fund, Liquid Fuels Fund, Sewer Fund, and Golf Fund present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of Middle Smithfield Township, Monroe County, Pennsylvania, as of and for the year ended December 31, 2021, 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.

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on Governmental Activities” paragraph, the statements of net position and activities referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of Middle Smithfield Township, Monroe County, Pennsylvania, as of December 31, 2021, and the changes in financial position thereof for the year then ended.

Adverse Opinion on the Reporting Entity

In our opinion, because of the omission of the information described in the “Basis for Adverse Opinion on Reporting Entity” paragraph, the basic financial statements do not present fairly the financial position of the reporting entity of Middle Smithfield Township as of December 31, 2021 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 1 to the financial statements, management has not recorded certain general infrastructure assets related to governmental activities that should be reported in the statement of net position and, accordingly, has not recorded depreciation expense on those assets in the statement of activities. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the Township’s governmental activities. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities is not reasonably determinable.

Basis for Adverse Opinion on the Reporting Entity

The Pension Fund financial statements have not been included in the Township's financial statements due to the reporting policies of its Pension Administrator, Pennsylvania Municipal Retirement System. Accounting principles generally accepted in the United States of America require that the Pension Fund be presented as a fiduciary fund included in Middle Smithfield Township's basic financial statements. The amounts that would have been reported in the Pension Fund statement of fiduciary net position and statement of changes in fiduciary net position, have not been determined.

Responsibilities of Management for the Financial Statements

Middle Smithfield Township's management is responsible for the preparation and fair presentation of these 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 Middle Smithfield Township's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Middle Smithfield Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Middle Smithfield Township's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted Management's 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 for 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 comparisons in Schedules 1 and 2 and the pension information in schedules 3 and 4 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.

Riley and Company, Inc.

Stroudsburg, PA
May 3, 2022

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MIDDLE SMITHFIELD TOWNSHIP
Statement of Net Position
As at December 31, 2021

Exhibit A
Page 1

	Governmental Activities	Business- Type Activities	Total
Assets:			
Current Assets:			
Cash and equivalents	\$3,950,719	\$1,792,738	\$5,743,457
Restricted cash	1,009,991	294,658	1,304,649
Accounts receivable - Net	0	1,184,886	1,184,886
Taxes receivable	472,935	0	472,935
Due from joint venture	158,797	0	158,797
Other receivables	58,176	0	58,176
Inventory	0	4,365	4,365
Prepaid expenses	191,210	0	191,210
Total Current Assets	5,841,828	3,276,647	9,118,475
Capital Assets:			
Land	686,793	2,981,271	3,668,064
Right of way	0	7,500	7,500
Furniture and equipment	0	248,213	248,213
Sewer system	0	12,441,541	12,441,541
Machinery and equipment	1,358,270	247,272	1,605,542
Vehicles	1,297,688	0	1,297,688
Buildings and building improvements	6,938,112	3,005,442	9,943,554
Purchased capacity	0	7,061,196	7,061,196
Golf cart paths	0	160,026	160,026
Park improvements	156,354	0	156,354
Less: Accumulated depreciation	<u>(3,009,037)</u>	<u>(11,862,213)</u>	<u>(14,871,250)</u>
Total Capital Assets	7,428,180	14,290,248	21,718,428
Other Assets:			
Due from other funds	4,030,877	(4,030,877)	0
Liquor license	0	3,163	3,163
Total Other Assets	4,030,877	(4,027,714)	3,163
Total Assets	17,300,885	13,539,181	30,840,066
Deferred Outflows of Resources:			
Deferred loss on refunding	\$0	\$220,172	\$220,172

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
Statement of Net Position
As at December 31, 2021

Exhibit A
Page 2

	Governmental Activities	Business- Type Activities	Total
Liabilities:			
Current Liabilities:			
Accounts payable	\$47,948	\$29,724	\$77,672
Accrued interest on bonds	0	52,414	52,414
Current portion of long-term debt	104,789	289,236	394,025
Prepaid user fees	0	27,575	27,575
Accrued payroll and taxes payable	18,619	46,554	65,173
Unearned grant revenue	209,746	0	209,746
Customer security deposits	411,427	8,177	419,604
Total Current Liabilities	792,529	453,680	1,246,209
Long-Term Liabilities			
Bonds and notes payable	2,502,469	7,677,338	10,179,807
Total Liabilities	3,294,998	8,131,018	11,426,016
Deferred Inflows of Resources:			
Deferred rental revenue	980,000	0	980,000
Net Position:			
Net investment in capital assets	4,820,922	6,323,674	11,144,596
Restricted	417,468	294,658	712,126
Unrestricted	7,787,497	(989,997)	6,797,500
Total Net Position	\$13,025,887	\$5,628,335	\$18,654,222

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
Statement of Activities
For the Year Ended December 31, 2021

Exhibit B

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General government	(\$1,790,349)	\$164,243	\$7,287	\$0	(\$1,618,819)	\$0	(\$1,618,819)
Public safety	(806,001)	259,210	110,738	0	(436,053)	0	(436,053)
Public works - sanitation	(254,512)	30,557	0	23,151	(200,804)	0	(200,804)
Public works - highways and streets	(2,191,112)	0	628,334	73,258	(1,489,520)	0	(1,489,520)
Other public works enterprises	(23,282)	0	0	0	(23,282)	0	(23,282)
Culture and recreation	(111,979)	11,755	0	25,000	(75,224)	0	(75,224)
Interest on long-term debt	(80,449)	0	0	0	(80,449)	0	(80,449)
Insurance	(90,262)	0	0	0	(90,262)	0	(90,262)
Community and economic development	(78,614)	0	3,108	0	(75,506)	0	(75,506)
Total Governmental Activities	(5,426,560)	465,765	749,467	121,409	(4,089,919)	0	(4,089,919)
Business-Type Activities:							
Sanitation	(1,631,777)	2,287,205	0	231,950	0	887,378	887,378
Golf	(726,436)	424,414	0	0	0	(302,022)	(302,022)
Total Business-Type Activities	(2,358,213)	2,711,619	0	231,950	0	585,356	585,356
Total Primary Government	(\$7,784,773)	\$3,177,384	\$749,467	\$353,359	(4,089,919)	585,356	(3,504,563)
General Revenues:							
Real estate taxes					2,682,079	0	2,682,079
Earned income taxes					1,501,845	0	1,501,845
Grants not restricted to specific programs					725,000	0	725,000
Franchise taxes					295,645	0	295,645
Interest and rents					60,432	11,327	71,759
Other					246,571	0	246,571
Total General Revenues					5,511,572	11,327	5,522,899
Change in Net Position					1,421,653	596,683	2,018,336
Net Position at Beginning of Year					11,604,234	5,031,652	16,635,886
Net Position at End of Year					\$13,025,887	\$5,628,335	\$18,654,222

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
Balance Sheet
Governmental Funds
As at December 31, 2021

Exhibit C

	General Fund	Liquid Fuels Fund	American Rescue Plan Fund	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$3,225,719	\$325,109	\$826,127	\$4,376,955
Restricted cash	583,755	0	0	583,755
Due from other funds	4,747,686	0	0	4,747,686
Taxes receivable	89,091	0	0	89,091
Due from joint venture	158,797	0	0	158,797
Other receivables	58,176	0	0	58,176
Prepaid expenses	191,210	0	0	191,210
Total Assets	<u>\$9,054,434</u>	<u>\$325,109</u>	<u>\$826,127</u>	<u>\$10,205,670</u>
Liabilities:				
Accounts payable	\$36,704	\$11,244	\$0	\$47,948
Due to other funds	0	0	716,809	716,809
Customer security deposits	411,427	0	0	411,427
Accrued payroll and taxes payable	18,619	0	0	18,619
Unearned grant revenue	100,428	0	109,318	209,746
Total Liabilities	<u>567,178</u>	<u>11,244</u>	<u>826,127</u>	<u>1,404,549</u>
Fund Balances:				
Restricted	103,603	313,865	0	417,468
Unassigned	8,383,653	0	0	8,383,653
Total Fund Balances	<u>8,487,256</u>	<u>313,865</u>	<u>0</u>	<u>8,801,121</u>
Total Liabilities and Fund Balances	<u>\$9,054,434</u>	<u>\$325,109</u>	<u>\$826,127</u>	<u>\$10,205,670</u>

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 As at December 31, 2021

Exhibit D

Total Fund Balances - Governmental Funds		\$8,801,121
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Amounts reported for governmental activities in the statement of net position are different because:

Real estate taxes receivable in excess of sixty days are reported as receivable on the Statement of Net Position but not on the Governmental Funds Balance Sheet:

Accounts receivable	482,979	
Allowance for doubtful accounts	<u>(99,135)</u>	383,844

Capital assets, net of accumulated depreciation, are reported on the Statement of Net Position but not on the Governmental Funds Balance Sheet		7,428,180
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Long-term debt is reported on the Statement of Net Position but not on the Governmental Funds Balance Sheet		(2,607,258)
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Deferred rental revenue is not recorded on the Governmental Funds Balance Sheet		<u>(980,000)</u>
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Net Position - Governmental Activities		<u><u>\$13,025,887</u></u>
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The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2021

Exhibit E
Page 1

	General Fund	Liquid Fuels Fund	American Rescue Plan Fund	Total Governmental Funds
Revenues:				
Taxes	\$4,270,101	\$0	\$0	\$4,270,101
Licenses and permits	295,645	0	0	295,645
Fines and forfeits	1,819	0	0	1,819
Interest, rents, and royalties	39,948	484	0	40,432
Intergovernmental	1,057,258	519,472	0	1,576,730
Charges for services	483,092	0	0	483,092
Total Revenues	6,147,863	519,956	0	6,667,819
Expenditures:				
General government	1,322,650	0	0	1,322,650
Public safety	759,864	0	0	759,864
Public works - sanitation	192,624	0	0	192,624
Public works - highways and streets	1,307,406	513,016	0	1,820,422
Public works - other services	23,282	0	0	23,282
Culture and recreation	86,305	0	0	86,305
Community development	50,764	0	0	50,764
Debt service	209,365	43,942	0	253,307
Employee benefits and taxes	903,733	0	0	903,733
Insurance	90,262	0	0	90,262
Total Expenditures	4,946,255	556,958	0	5,503,213
Excess (Deficiency) of Revenues over Expenditures	\$1,201,608	(\$37,002)	\$0	\$1,164,606

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2021

Exhibit E
Page 2

	<u>General Fund</u>	<u>Liquid Fuels Fund</u>	<u>American Rescue Plan Fund</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses):				
Refunds of prior year				
expenditures	\$234,371	\$0	\$0	\$234,371
Proceeds of long-term debt	156,720	0	0	156,720
Proceeds of sale of capital assets	12,200	0	0	12,200
	<u>403,291</u>	<u>0</u>	<u>0</u>	<u>403,291</u>
Total Other Financing Sources and Uses				
Net Change in Fund Balances	1,604,899	(37,002)	0	1,567,897
Fund Balances at Beginning of Year	<u>6,882,357</u>	<u>350,867</u>	<u>0</u>	<u>7,233,224</u>
Fund Balances at End of Year	<u><u>\$8,487,256</u></u>	<u><u>\$313,865</u></u>	<u><u>\$0</u></u>	<u><u>\$8,801,121</u></u>

The "Notes to Financial Statements" are an integral part of these
statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
 Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2021

Exhibit F

Net Change in Fund Balances - Total Governmental Funds	\$1,567,897
Amounts reported for governmental activities in the statement of activities are different because:	
Real estate taxes receivable in excess of sixty days are reported as revenues on the Statement of Activities but not on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.	(86,177)
Depreciation is reported as an expense on the Statement of Activities but not on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.	(373,972)
Debt principal payments are reported as expenditures on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances but not on the Statement of Activities.	173,610
Expenditures for capital assets are reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances but not on the Statement of Activities.	254,825
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, the issuance of debt increases long-term liabilities in the Statement of Net Position but does not affect the Statement of Activities.	(156,720)
An allowance for doubtful accounts is recorded on the government-wide statements to estimate the amount of taxes receivable that will not be collected. The change in the allowance is recorded as bad debt expense on the Statement of Activities.	22,942
Eastern Monroe Public Library made a contribution of \$1,000,000 toward construction of the Community Center and Library in return for a 50-year lease on the library space. This payment has been recorded as Deferred Rental Revenue and is being amortized as rental revenue over the life of the lease on the Statement of Activities.	20,000
Bond discount is recorded on the Government-wide Statement of Net Position and amortized over the life of the bond.	(752)
Change in Net Position - Governmental Activities	\$1,421,653

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
Statement of Net Position - Proprietary Funds
As at December 31, 2021

Exhibit G
Page 1

	Sewer	Golf	Total
Assets:			
Current Assets:			
Cash and equivalents	\$1,464,706	\$328,032	\$1,792,738
Restricted cash	294,658	0	294,658
Accounts receivable - Net	1,167,539	17,347	1,184,886
Inventory	0	4,365	4,365
Total Current Assets	2,926,903	349,744	3,276,647
Capital Assets:			
Land	52,732	2,928,539	2,981,271
Right of way	7,500	0	7,500
Furniture and equipment	0	248,213	248,213
Sewer system	12,441,541	0	12,441,541
Machinery and equipment	94,772	152,500	247,272
Buildings and building	0	3,005,442	3,005,442
Purchased capacity	7,061,196	0	7,061,196
Golf cart paths	0	160,026	160,026
Less: Accumulated depreciation	(10,760,208)	(1,102,005)	(11,862,213)
Total Capital Assets	8,897,533	5,392,715	14,290,248
Other Assets:			
Liquor license	0	3,163	3,163
Total Assets	11,824,436	5,745,622	17,570,058
Deferred Outflows of Resources:			
Deferred loss on refunding	\$220,172	\$0	\$220,172

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
Statement of Net Position - Proprietary Funds
As at December 31, 2021

Exhibit G
Page 2

	<u>Sewer</u>	<u>Golf</u>	<u>Total</u>
Liabilities:			
Current Liabilities:			
Accrued interest on bonds	\$52,414	\$0	\$52,414
Current portion of long-term debt	289,460	(224)	289,236
Prepaid user fees	26,325	1,250	27,575
Payroll taxes and other liabilities	46,334	29,944	76,278
Due (from)to other funds	(74,325)	4,105,202	4,030,877
Customer security deposits	8,177	0	8,177
Total Current Liabilities	<u>348,385</u>	<u>4,136,172</u>	<u>4,484,557</u>
Long-Term Liabilities			
Bonds and notes payable	<u>7,369,976</u>	<u>307,362</u>	<u>7,677,338</u>
Total Liabilities	<u>7,718,361</u>	<u>4,443,534</u>	<u>12,161,895</u>
Net Position:			
Net investment in capital assets	1,238,097	5,085,577	6,323,674
Restricted	294,658	0	294,658
Unrestricted	<u>2,793,492</u>	<u>(3,783,489)</u>	<u>(989,997)</u>
Total Net Position	<u><u>\$4,326,247</u></u>	<u><u>\$1,302,088</u></u>	<u><u>\$5,628,335</u></u>

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

Exhibit H
Page 1

	Sewer	Golf	Total
Operating Revenues:			
Connection fees	\$343,000	\$0	\$343,000
User fees	1,944,205	0	1,944,205
Cart and green fees	0	332,852	332,852
Food and beverage sales	0	42,118	42,118
Memberships	0	33,093	33,093
Miscellaneous	0	648	648
Pro shop sales	0	15,703	15,703
Rents and royalties	0	10,370	10,370
Total Revenues	2,287,205	434,784	2,721,989
Operating Expenses:			
Administration	9,252	5,720	14,972
Advertising and marketing	0	1,850	1,850
Contractual services	250,637	0	250,637
Depreciation	626,438	115,213	741,651
Engineering	51,169	0	51,169
Food and beverage purchases	0	17,105	17,105
Other	6,839	35,980	42,819
Pro shop supplies	0	8,470	8,470
Professional services	31,867	4,408	36,275
Rent	18,000	0	18,000
Repairs and maintenance	137,751	146,576	284,327
Supplies	280,261	7,156	287,417
Utilities	91,407	64,169	155,576
Vehicle fuel	0	16,753	16,753
Staffing costs	51,331	292,452	343,783
Bad debt expense	(142,568)	0	(142,568)
Total Operating Expenses	1,412,384	715,852	2,128,236
Income (Loss) from Operations	\$874,821	(\$281,068)	\$593,753

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

Exhibit H
Page 2

	<u>Sewer</u>	<u>Golf</u>	<u>Total</u>
Non-operating Revenues (Expenses):			
Interest earnings	\$0	\$957	\$957
Capital grants	231,950	0	231,950
Fiscal agent fees	(780)	0	(780)
Debt interest	<u>(218,613)</u>	<u>(10,584)</u>	<u>(229,197)</u>
Total Other Financing Sources and Uses	<u>12,557</u>	<u>(9,627)</u>	<u>2,930</u>
Net Change in Fund Balances	887,378	(290,695)	596,683
Fund Balances at Beginning of Year	<u>3,438,869</u>	<u>1,592,783</u>	<u>5,031,652</u>
Fund Balances at End of Year	<u><u>\$4,326,247</u></u>	<u><u>\$1,302,088</u></u>	<u><u>\$5,628,335</u></u>

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
Statement of Cash Flows
For the Year Ended December 31, 2021

Exhibit I
Page 1

	<u>Sewer Fund</u>	<u>Golf Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received for services	\$2,039,021	\$437,468	\$2,476,489
Cash paid to suppliers for goods and services	(877,183)	(267,398)	(1,144,581)
Cash paid to staff	<u>(4,997)</u>	<u>0</u>	<u>(4,997)</u>
Net Cash Provided (Used) By Operating Activities	<u>1,156,841</u>	<u>170,070</u>	<u>1,326,911</u>
Cash Flows from Investing Activities:			
Interest earnings	0	957	957
Repayment of loans from other funds	<u>(617)</u>	<u>0</u>	<u>(617)</u>
Net Cash Provided by (Used) by Investing Activities	<u>(617)</u>	<u>957</u>	<u>340</u>
Cash Flows from Capital and Related Financing Activities:			
Payments to purchase capital assets	(140,775)	0	(140,775)
Payment of interest and fiscal agent fees	(209,945)	(10,356)	(220,301)
Principal payments on long-term debt	(275,000)	0	(275,000)
State capital grant	231,950	0	231,950
Repayment from General Fund for debt service	<u>82,328</u>	<u>0</u>	<u>82,328</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(311,442)</u>	<u>(10,356)</u>	<u>(321,798)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	844,782	160,671	1,005,453
Cash and Cash Equivalents at Beginning of Year	<u>914,582</u>	<u>167,361</u>	<u>1,081,943</u>
Cash and Cash Equivalents at End of Year	<u><u>\$1,759,364</u></u>	<u><u>\$328,032</u></u>	<u><u>\$2,087,396</u></u>

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
Statement of Cash Flows
For the Year Ended December 31, 2021

Exhibit I
Page 2

	<u>Sewer Fund</u>	<u>Golf Fund</u>	<u>Total</u>
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) By Operating Activities:			
Net income (loss) from operations	\$874,821	(\$281,068)	\$593,753
Adjustments to reconcile net income (loss) to net cash provided by (used by) operating activities:			
Depreciation	626,438	115,213	741,651
Noncash staffing costs	0	292,452	292,452
Noncash operating costs	0	11,135	11,135
Bad debts	(142,568)	0	(142,568)
Change in consumer accounts receivable	(248,184)	2,684	(245,500)
Change in trade accounts payable	46,334	29,654	75,988
Net Cash Provided by (Used in) Operating Activities	<u>\$1,156,841</u>	<u>\$170,070</u>	<u>\$1,326,911</u>
Cash and Cash Equivalents	\$1,464,706	\$328,032	\$1,792,738
Restricted Cash	<u>294,658</u>	<u>0</u>	<u>294,658</u>
Total Cash and Cash Equivalents	<u>\$1,759,364</u>	<u>\$328,032</u>	<u>\$2,087,396</u>
Supplemental Disclosure of Noncash Financing Activities:			
Noncash loan from General Fund	<u>\$0</u>	<u>\$303,587</u>	<u>\$303,587</u>

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 1: Summary of Significant Accounting Policies:

Middle Smithfield Township was established in 1794 and operates as a second-class township in Monroe County, Pennsylvania. The Township is governed by a 3-person Board of Supervisors.

The accounting and reporting policies of the Township relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (US GAAP) applicable to state and local governments. US GAAP for local governments includes those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units, and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the Township are described below.

Reporting Entity

These financial statements report on all of the services provided by the Township to residents and businesses within its boundaries. Township services provided include public safety, highways and streets, planning and zoning, recreation and community services, and general administrative services. The criteria for including organizations as component units within the Township's reporting entity, as set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in its own name)
- The Township holds the corporate powers of the organization
- The Township appoints a voting majority of the organization's board
- The Township is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Township
- There is fiscal dependency by the organization on the Township

Based on the aforementioned criteria, Middle Smithfield Township has no component units.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

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

Basis of Presentation

Government Wide Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the activities of the Township. Governmental activities, which are primarily 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.

In the Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and other obligations. The Township's net position is reported in three parts - net investment in capital assets; restricted; and unrestricted. The restricted component of net position utilizes restricted resources to finance qualifying activities.

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

Fund Financial Statements

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

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

Fund Financial Statements (Continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Township has elected to present other funds as major funds, which either had debt outstanding or specific community focus. The non-major funds, if any, are combined in one column in the fund financial statements.

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources.

The Township has the following major governmental funds:

General Fund

The General Fund is the main operating fund of the Township. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid through the General Fund.

Liquid Fuels Fund

The Liquid Fuels Fund is a special revenue fund that accounts for state highway funds received and expenditures for qualified highway expenses.

American Rescue Plan Fund

The American Rescue Plan Fund is a special revenue fund that accounts for federal funds received through the American Rescue Plan Act of 2021 and for qualified expenses. See Note 14 for more information.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

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

Fund Financial Statements (Continued)

Proprietary Funds

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flows. All assets and liabilities are included on the Statement of Net Position.

The Township has the following major proprietary funds:

Sewer Fund

The Township took over sewer operations from the former Middle Smithfield Township Municipal Authority in December 2009. Since that time, the Township has administered the operation of the sewer facilities.

Golf Fund

On February 12, 2010, the Township assumed the operations of the golf course and restaurant located in Country Club of the Poconos at Big Ridge. The Township acquired the related assets pertaining to the operation of the Golf Course and Country Club, and the remaining undeveloped lands located within the Planned Residential Development.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services. Operating expenses for the proprietary funds include the cost of staff 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

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and which are therefore not available to support Township programs. The reporting focus is on net position and changes in net position. Fiduciary funds are reported using accounting principles similar to proprietary funds.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

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

Fiduciary Funds (Continued)

The Township has the following fiduciary fund:

Non-uniform Pension Plan - Accounts for contributions by the Township and its employees to the Township's employee pension plan. Benefit payments and plan administration expenses are paid from this fund.

The Township's fiduciary fund is not presented in the government-wide financial statements. Since by definition these assets are being held for the benefit of third parties, such as pension participants, and cannot be used to address activities or obligations of the government, this fund is not incorporated into the government-wide statements. It is also not presented in the fund financial statements due to the current year financial information not being available in time for audit procedures to be performed.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when the liability has matured and will be payable shortly after year-end.

Policy for Applying Post - November 30, 1989 FASB Pronouncements

The Township's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Township has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Township has chosen not to do so.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

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

Budgetary Control

The cash basis of accounting is used for budgetary purposes, which differs from generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. At least 30 days prior to budget adoption, the Township prepares a proposed budget for the ensuing year.
2. Notification of the proposed budget and hearings on it are held by the Township prior to adoption.
3. Prior to December 31st, the budget is legally enacted by the Township and the tax levy ordinance is adopted.
4. The Township, during the budget year, is authorized to modify the budget through either budget transfers or supplemental appropriations.
5. The budget lapses at the end of the year.

Interfund Balances

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as due to and from other funds.

Interfund balances at December 31, 2021 are as follows:

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>
Sewer Fund	General Fund	\$13,749
Golf Fund	General Fund	\$3,713,541
Golf Fund	Sewer Fund	\$88,074
American Rescue Plan Fund	General Fund	\$716,809

The balances due from the Golf Fund to the General Fund and the Sewer Fund are not expected to be paid back within the next year. These interfund balances are a result of loaning the Golf Fund monies for operations and payments on debt.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds.

For governmental activities, as reported in the government-wide financial statements, only property, plant and equipment have been reported as capital assets. The Township has not reported the historical cost of general infrastructure assets, such as roads, bridges, drainage systems, etc. as capital assets in the governmental activities financial statements. While the Township has not historically reported the value of these assets in its statement of net position, it has established a maintenance program whereby all Township roads will be resurfaced, either by paving or tar and chip, every 10 years. At the same time, drainage and related improvements will be made as needed. Each year the Township intends to perform improvements on 7-8 miles of the 78 miles of road that it is responsible for.

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance costs that do not significantly extend the life of an asset are recorded as expenses. Renewals and betterments are capitalized. Assets capitalized have an original cost of \$500 or more and useful lives of more than one year.

Depreciation has been calculated on each class of depreciable property based on their estimated useful lives using the straight-line method.

Estimated useful lives are as follows:

Buildings	50 years
Improvements	25-50 years
Vehicles and transportation equipment	5-7 years
Machinery and equipment	5-7 years

Amortization of capital assets acquired under capital leases is included in depreciation expense.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

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

Allowance for Uncollectible Accounts

The allowance for doubtful accounts is based on management's collection experience.

Use of Estimates

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

Statement of Cash Flows

The Township adopted GASB Statement 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". For purposes of reporting cash flows, all highly liquid investments (including restricted assets) with original maturities of three months or less are considered to be cash equivalents.

Equity Classification - Government-Wide Financial Statements

Equity is reported as net position and displayed in three components for government-wide presentation:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

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

Equity Classification - Governmental Fund Financial Statements

In the fund financial statements, the Township reports fund balance classifications in accordance with the provisions of GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The following are the Township's fund balance categories:

Non-Spendable - Not in spendable form or legally or contractually required to remain intact.

Restricted - Externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed - Can only be used for specific purposes pursuant to constraints by formal action of the highest level of decision-making authority. Committed Fund Balance is fund balance reporting required by the Township Supervisors, either because of a Township Policy or in the Township Policy Manual, or because of motions that passed at Board meetings.

Assigned - Constrained by intent to be used for a specific purpose. The Township's Assigned Fund Balance is fund balance reporting under the direction of authorized Township Personnel.

Unassigned - Residual classification of the Township's general fund and includes all spendable amounts not contained in the other classifications.

No minimum fund balance policies have been established.

When both restricted and unrestricted resources are available for use in funds other than the General Fund, it is the Township's policy to first use unrestricted resources - committed, and assigned - in order as needed, and then use externally restricted resources. For the General Fund, the Township's policy is to first use externally restricted resources and then use unrestricted resources - committed, assigned, and unassigned - in order as needed.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 2: Cash and Cash Equivalents:

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be recovered. The Township's policy for minimizing credit risk for bank balances exceeding Federal Deposit Insurance Corporation's insured limits relies upon the Pennsylvania Pledge Act 72 (72 P.S. section 3836-1 et seq.). Act 72 requires the financial institution to pool collateral for all of its government deposits in addition to having the collateral held by an approved custodian in the institution's name. At year-end, deposits in excess of FDIC coverage totaled \$6,044,387.

Credit Risk

The Township is permitted to invest funds in U.S. Treasury Bills, short-term obligations of the United States Government or its agencies or instrumentalities, obligations of 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, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by full faith and credit of the political subdivision, certificates of deposit, secured purchase agreements, authorized Investment Trust Companies and time or share accounts of institutions insured or secured by the FDIC to the extent such certificates are insured by a proper bond or collateral in accordance with the law. Accordingly, the Township is not subject to credit risk.

The Township maintains deposits with PLGIT. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. The Township treats PLGIT deposits as cash equivalents on the statement of net position and fund balance sheets.

Foreign Currency Risk

The Township was not exposed to foreign currency risk during the year.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 2: Cash and Cash Equivalents: (Continued)

Restricted Cash

The Township has restricted cash accounts relating to monies held in the General Fund, Liquid Fuels Fund, ARP Fund, and Sewer Fund. Restricted funds in the General Fund consist of proceeds of the 2019 bond issue, monies restricted for the Cultural Center and Library project, and cash to be used for Sellersville Road repairs. Liquid Fuels Fund holds the Liquid Fuels Funding provided by Pennsylvania which is restricted to use for road related expenditures. Restricted funds in the Sewer Fund consist of proceeds of debt that are restricted for use by the debt agreement.

Note 3: Accounts Receivable:

At December 31, 2021 accounts receivable was as follows:

	<u>Sewer</u>	<u>Golf</u>	<u>Total</u>
Accounts Receivable	\$1,794,188	\$17,347	\$1,811,535
Less: Allowance for Uncollectible Accounts	<u>(626,649)</u>	<u>0</u>	<u>(626,649)</u>
 Accounts Receivable Net of Allowance for Uncollectible Accounts	 <u>\$1,167,539</u>	 <u>\$17,347</u>	 <u>\$1,184,886</u>

Note 4: Property Taxes:

Based upon an assessed valuation provided by Monroe County (\$1,169,577,390 in 2021), the Township bills and collects its own property taxes through an elected tax collector. The schedule for property taxes levied as follows:

March 1	Levy Date
March 1 through April 30	2% Discount Period
May 1 through June 30	Face Payment Period
July 1 through December 31	10% Penalty Period
January 1 (following year)	Lien Date

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 4: Property Taxes: (Continued)

The Township's tax rate for all purposes for 2021 was 1.69 mills (\$1.69 per \$1000 of assessed valuation).

At December 31, 2021 taxes receivable on the government-wide financial statements were as follows:

Taxes Receivable	\$572,070
Less: Allowance for Uncollectible Accounts	<u>(99,135)</u>
 Taxes Receivable Net of Allowance of Uncollectible Accounts	 <u><u>\$472,935</u></u>

Note 5: Capital Assets:

A summary of the changes in governmental activities capital assets are as follows:

	Balance <u>1/1/21</u>	Plus <u>Additions</u>	Less <u>Disposals</u>	Balance <u>12/31/21</u>
Land	\$686,793	\$0	\$0	\$686,793
Buildings	6,938,112	0	0	6,938,112
Vehicles	1,297,842	81,940	(82,094)	1,297,688
Machinery and Equipment	1,185,385	172,885	0	1,358,270
Park improvements	156,354	0	0	156,354
Less: Accumulated Depreciation	<u>(2,717,159)</u>	<u>(373,972)</u>	<u>82,094</u>	<u>(3,009,037)</u>
 Total	 <u><u>\$7,547,327</u></u>	 <u><u>(\$119,147)</u></u>	 <u><u>\$0</u></u>	 <u><u>\$7,428,180</u></u>

Depreciation expense of \$195,445, \$146,383, \$26,488, and \$5,656 was charged to governmental activities in the Public Works – Highway, General Government, Public Works – Sanitation, and Recreation departments, respectively.

Management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. See Note 1 for more information.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 5: Capital Assets: (Continued)

A summary of the changes in business-type activities capital assets are as follows:

Sewer Fund:

	Balance <u>1/1/21</u>	Plus <u>Additions</u>	Less <u>Disposals</u>	Balance <u>12/31/21</u>
Land	\$52,732	\$0	\$0	\$52,732
Construction in Progress	409,352	69,584	(478,936)	0
Machinery and Equipment	94,772	0	0	94,772
Purchased Capacity	7,061,196	0	0	7,061,196
Right of Way	7,500	0	0	7,500
Sewer System	11,891,414	550,127	0	12,441,541
Less: Accumulated Depreciation	<u>(10,133,770)</u>	<u>(626,438)</u>	<u>0</u>	<u>(10,760,208)</u>
Total	<u>\$9,383,196</u>	<u>(\$6,727)</u>	<u>(\$478,936)</u>	<u>\$8,897,533</u>

Golf Fund:

	Balance <u>1/1/21</u>	Plus <u>Additions</u>	Less <u>Disposals</u>	Balance <u>12/31/21</u>
Land	\$2,928,539	\$0	\$0	\$2,928,539
Buildings and Improvements	3,005,442	0	0	3,005,442
Furniture and Equipment	248,213	0	0	248,213
Golf Cart Paths	160,026	0	0	160,026
Golf Carts	152,500	0	0	152,500
Less: Accumulated Depreciation	<u>(986,792)</u>	<u>(115,213)</u>	<u>0</u>	<u>(1,102,005)</u>
Total	<u>\$5,507,928</u>	<u>(\$115,213)</u>	<u>\$0</u>	<u>\$5,392,715</u>

At December 31, 2021, the total cost of vehicles and machinery under capital leases was \$483,790 with accumulated depreciation of \$254,576.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 6: Capital Leases Payable:

Governmental Activities:

<u>Description</u>	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/2021</u>	<u>Due Within</u> <u>One Year</u>
Capital lease – Caterpillar Financial Services Corp, annual payment of \$27,381, including interest at 2.75%, maturing 2021, secured by equipment.	\$26,650	\$0	(\$26,650)	\$0	\$0
Capital lease – PACCAR Financial Services Corp, annual payment of \$43,942, including interest at 4.72%, maturing 2021, secured by equipment.	41,960	0	(41,960)	0	0
Capital lease – Caterpillar Financial Services Corp, annual payment of \$34,083, including interest at 2.99%, maturing 2025, secured by equipment.	<u>0</u>	<u>156,720</u>	<u>(30,000)</u>	<u>126,720</u>	<u>30,529</u>
Total Capital Leases	<u><u>\$68,610</u></u>	<u><u>\$156,720</u></u>	<u><u>(\$98,610)</u></u>	<u><u>\$126,720</u></u>	<u><u>\$30,529</u></u>

Note 7: Long-Term Debt:

The Township's long-term debt activity for the year ended December 31, 2021 is summarized as follows:

<u>Governmental Activities:</u>	<u>Balance</u> <u>January 1</u>	<u>Issues/</u> <u>Additions</u>	<u>Repayments/</u> <u>Retirements</u>	<u>Balance</u> <u>December 31</u>	<u>Due Within</u> <u>One Year</u>
Series 2019 GOB	\$2,565,000	\$0	(\$75,000)	\$2,490,000	\$75,000
Less: Discount to be Amortized	<u>(10,214)</u>	<u>0</u>	<u>752</u>	<u>(9,462)</u>	<u>(740)</u>
Total Governmental Long-Term Debt	<u><u>\$2,554,786</u></u>	<u><u>\$0</u></u>	<u><u>(\$74,248)</u></u>	<u><u>\$2,480,538</u></u>	<u><u>\$74,260</u></u>

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 7: Long-Term Debt: (Continued)

<u>Business-type Activities:</u>	<u>Balance January 1</u>	<u>Issues/ Additions</u>	<u>Repayments/ Retirements</u>	<u>Balance December 31</u>	<u>Due Within One Year</u>
Series 2012 GOB	\$310,000	\$0	\$0	\$310,000	\$0
Series 2019 GOB	5,570,000	0	(220,000)	5,350,000	230,000
Series 2020 GOB	<u>2,315,000</u>	<u>0</u>	<u>(55,000)</u>	<u>2,260,000</u>	<u>55,000</u>
Total	8,195,000	0	(275,000)	7,920,000	285,000
Less: Discount to be Amortized	(3,090)	0	228	(2,862)	(224)
Plus: Premium to be Amortized	<u>54,011</u>	<u>0</u>	<u>(4,575)</u>	<u>49,436</u>	<u>4,460</u>
Total Business-Type Long-Term Debt	<u>\$8,245,921</u>	<u>\$0</u>	<u>(\$279,347)</u>	<u>\$7,966,574</u>	<u>\$289,236</u>

At December 31, 2021 long-term debt consists of the following:

Series 2012 GOB

The General Obligation Bonds, Series of 2012 in the original amount of \$5,945,000 were issued as of September 18, 2012, to provide funds for, among other things, the acquisition of additional sewer collection and treatment capacity, planning, designing, acquiring, constructing, installing, furnishing, and equipping of alterations, renovations, additions, and improvements to the Township's sewer system, purchasing capital equipment for use by the Township, additional capital projects approved by the Board of Supervisors, to currently refund the outstanding balance of the 2005 General Obligation Note, to currently refund the outstanding 2006 General Obligation Bonds, to currently refund the outstanding balance of the 2011 General Obligation Note, and to pay the costs and expenses of issuance of the Bonds.

The Bonds started maturing November 15, 2012, and bear interest at rates ranging from 1% to 3.625%, depending on the scheduled maturity date of individual bonds. Interest payments were due May 15 and November 15 of each year. Final maturity is November 15, 2039. At the option of the Township, these Bonds may be redeemed prior to maturity. A portion of these bonds were refinanced as part of the Series 2020 GOB issue.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 7: Long-Term Debt: (Continued)

Series 2012 GOB (Continued)

Since these bonds were issued to refund debt that was attributable to both governmental and business-type activities, the debt and related original issue discount have been allocated between the governmental and business-type activities (and between the proprietary funds) in proportion to the balance of the debt that was refunded and the planned use of the additional debt that was incurred.

Series 2019 GOB

The General Obligation Bonds, Series of 2019 in the original amount of \$8,655,000 were issued as of May 30, 2019, to provide funds for the design, construction, furnishing and other expenses related to the Township's Community Center and Library, to currently refund the outstanding balance of the 2009 Series A General Obligation Note, to currently refund the outstanding 2009 Series AA General Obligation Bonds, and to pay the costs and expenses of issuance of the Bonds.

The Bonds started maturing October 1, 2019 and bear interest at rates ranging from 2% to 4%, depending on the scheduled maturity date of individual bonds. Interest payments are due April 1 and October 1 of each year. Final maturity is October 1, 2044.

Series 2020 GOB

The General Obligation Bonds, Series of 2020 in the original amount of \$2,375,000 were issued as of August 14, 2020, to refund a portion of the outstanding balance of the GOB, Series 2012, and to pay the costs and expenses of issuance of the Bonds.

The Bonds started maturing October 1, 2020 and bear interest at 2%. Interest payments are due April 1 and October 1 of each year. Final maturity is October 1, 2039. The refinancing will result in a cash flow savings of \$412,265 and an economic gain of \$350,421 over the life of the bonds.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 8: Debt Service Requirements:

Annual debt service requirements for Governmental Activities are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
Bonds:			
2022	\$75,000	\$73,294	\$148,294
2023	80,000	70,294	150,294
2024	85,000	67,094	152,094
2025	85,000	63,694	148,694
2026	90,000	61,994	151,994
2027 - 2031	470,000	279,882	749,882
2032 - 2036	545,000	208,800	753,800
2037 - 2041	635,000	121,950	756,950
2042 - 2044	425,000	25,650	450,650
Total	<u>2,490,000</u>	<u>972,652</u>	<u>3,462,652</u>
Capital Leases:			
2022	30,529	3,554	34,083
2023	31,144	2,939	34,083
2024	32,075	2,008	34,083
2025	32,972	1,111	34,083
Total	<u>126,720</u>	<u>9,612</u>	<u>136,332</u>
Grand Total	<u><u>\$2,616,720</u></u>	<u><u>\$982,264</u></u>	<u><u>\$3,598,984</u></u>

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 8: Debt Service Requirements: (Continued)

Annual debt service requirements for business-type activities are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
Bonds:			
2022	\$285,000	\$211,700	\$496,700
2023	290,000	201,400	491,400
2024	300,000	190,900	490,900
2025	370,000	180,000	550,000
2026	380,000	172,488	552,488
2027 - 2031	2,100,000	732,823	2,832,823
2032 - 2036	2,485,000	438,330	2,923,330
2037 - 2040	1,710,000	93,931	1,803,931
Total	<u>\$7,920,000</u>	<u>\$2,221,572</u>	<u>\$10,141,572</u>

Note 9: Deferred Rental Revenue:

During 2019, the Township began construction on the Community & Cultural Center (the Center) that will also house the Library of the Smithfields branch of the Eastern Monroe Public Library (EMPL). As part of a Memorandum of Understanding with the Township, EMPL contributed \$1,000,000 towards the Center's design and construction. In return, EMPL received a 50-year lease for the library space. Rental revenue of \$20,000 will be recognized annually through the 50-year life of the lease beginning in 2021. The remaining costs of the Center were funded by the Series 2019 GOB.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 10: Pension Plan:

Plan Description

General

The Middle Smithfield Township pension plan is a single-employer cash balance defined benefit pension plan controlled by the provisions of Ordinance No. 102 adopted pursuant to Act 15 of 1974. The Plan is governed by the Township's Board of Supervisors. The Township Supervisors may amend plan provisions and are responsible for the management of plan assets.

Under generally accepted accounting principles for governments, the Plan should be included in the Township's basic financial statements as a Pension Trust. However due to the lack of timely financial information from Pennsylvania Municipal Retirement System (PMRS), the Plan is not presented in these financial statements.

Stand-alone financial statements are not publicly available.

The plan participates in PMRS, which is an agent multiple-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. A copy can be obtained by contacting the PMRS accounting office.

Plan Membership

Membership of the plan consisted of the following at January 1, 2019:

Active plan members	28
Retirees and beneficiaries currently receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	<u>9</u>
Total	<u>44</u>

Employees are eligible to participate in the Plan after the first day of the month following the completion of six months of employment. Employees are 100% vested after the completion of 2 years of service. As of December 31, 2020, there were 26 employees fully vested in the plan.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 10: Pension Plan: (Continued)

The payroll for Township employees covered by the Non-Uniformed Employees' Pension Plan for the year ended December 31, 2021 was \$1,582,298.

Benefit Provisions

The plan provides retirement, disability and death benefits to plan members and their beneficiaries.

Normal retirement age is 60. Early retirement eligibility is after 20 years of service.

Contributions

Member contributions are 2.00%; Voluntary to 18.00%, Municipal is 6.00% of payroll.

Forfeitures shall be applied to reduce the employer's contribution.

Act 205

Act 205 of 1984, 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 full payment of the Minimum Municipal Obligation (MMO) to each employee pension fund of the municipality.

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 Statements No.3 of the Government Accounting Standards Board for aggregate PMRS investments are included in PMRS's separately issued CAFR.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 10: Pension Plan: (Continued)

As allowed under GASB 68, the Plan reports its Net Pension Liability and changes to the liability on a one-year delay, which would be the year ended December 31, 2020. However, the analysis below reports changes to the Net Pension Liability for the year ended December 31, 2019, which is the most recent year that pension information is available from PMRS.

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at 12/31/18	\$3,298,343	\$3,069,802	\$228,541
Service Cost	215,764	0	215,764
Interest Cost	176,262	0	176,262
Changes of Benefits	0	0	0
Difference Between Expected and Actual Experience	0	0	0
Contributions - Employer	0	93,502	(93,502)
Contributions - PMRS assessment	0	920	(920)
Contributions - Employee	0	125,283	(125,283)
PMRS Investment Income	0	177,040	(177,040)
Market Value Investment Income*	0	477,909	(477,909)
Benefit Payments	(35,307)	(35,307)	0
PMRS Administrative Expense	0	(920)	920
Additional Administrative Expense	0	(6,120)	6,120
Net Changes	356,719	832,307	(475,588)
Balances at 12/31/19	\$3,655,062	\$3,902,109	(\$247,047)

*Reflects the net investment income of \$474,567 and the income due to the difference between expected and actual asset values of \$3,342, which includes the impact from allocation of assets in support of the underlying retiree liabilities.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 10: Pension Plan: (Continued)

Net Pension Liability

Although the beginning and end of year TPLs are based upon the same actuarial valuation dates, there may be a difference between expected and actual experience reported this year due to actual cash flows during the year. The beginning of year TPL is based upon the January 1, 2019 actuarial valuation, with liabilities measured at December 31, 2018. The end of year TPL is based upon the same actuarial valuation with liabilities rolled forward to December 31, 2019 based on actual cash flows during the year.

Discount Rate

As of December 31, 2019, the discount rate used to measure the total pension liability was 5.25%. The plan's fiduciary net position was assumed 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 discount all periods of projected benefit payments to determine the Total Pension Liability.

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

The following presents the net pension liability of the Plan, calculated using the discount rate of 5.25%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>(4.25%)</u>	Current Discount Rate <u>(5.25%)</u>	1% Increase <u>(6.25%)</u>
Plan's Net Pension Liability	<u>\$443,453</u>	<u>(\$247,047)</u>	<u>(\$931,454)</u>

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 10: Pension Plan: (Continued)

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 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity (large, capitalized firms)	25%	7.4%	4.7%
Domestic Equity (small, capitalized firms)	15%	9.8%	7.1%
International Equity (developed markets)	15%	5.5%	2.9%
International Equity (emerging markets)	10%	9.9%	7.6%
Real Estate	20%	8.4%	5.3%
Fixed income	<u>15%</u>	<u>2.2%</u>	<u>0.0%</u>
Total Portfolio	<u>100%</u>	<u>7.1%</u>	<u>4.5%</u>

Actuarial Methods and Significant Assumptions

Additional information as of the latest actuarial valuation date follows:

Actuarial Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period	11.76 years
Asset Valuation Method	Fair value
Actuarial Assumptions:	
Investment Rate of Return	5.25%
Projected Salary Increases*	Inflation at 2.80% and age-related scale for merit/seniority

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 10: Pension Plan: (Continued)

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 total pension liability are recognized in the pension expense over the average expected remaining service life of all active and inactive members of the Plan, as provided below.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$6,944	\$1,641
Changes in assumptions	0	3,944
Difference between projected and actual investment earnings	<u>311,704</u>	<u>0</u>
 Total	 <u><u>\$318,648</u></u>	 <u><u>\$5,585</u></u>

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

Year ended December 31:	
2020	(\$100,634)
2021	(88,893)
2022	(27,955)
2023	<u>(95,581)</u>
	 <u><u>(\$313,063)</u></u>

Pension expense of \$89,659 was recognized by the Township for the year ended December 31, 2021.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 11: Risk Management:

The Township is exposed to various risks of loss related to theft of, damage to, or destruction of assets; natural disasters; torts; errors and omissions; injuries to employees; and employees' health and life.

The Township manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
Torts, errors, and omissions	Purchased commercial insurance	Limited
Workers' compensation, health and life	Purchased commercial insurance	Limited
Physical property loss and natural disasters	Purchased commercial insurance	Limited

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Exposure to losses is limited to deductibles and self-insured retention amounts as specified in the insurance policy.

Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

Note 12: Litigation:

The Township is a party to various legal proceedings. These financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the any legal proceeding is difficult to predict, due to the insurance coverage maintained by the Township and the State statute relating to judgments, the Township believes that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Township.

MIDDLE SMITHFIELD TOWNSHIP
Notes to Financial Statements
As at December 31, 2021

Note 13: Joint Ventures:

In December 2013, Middle Smithfield Township entered into an Intermunicipal Agreement with Smithfield Township and Lehman Township establishing the Oak Grove Multi-Municipal Compost Processing Program (OGMMCPP). OGMMCPP was created to operate an intermunicipal compost processing facility located within Middle Smithfield Township. Based on the Township's population per the 2010 United States Census, Middle Smithfield Township is responsible for 47% of the operating costs of the program. Total contributions made to OGMMCPP in 2021 were \$21,150. Middle Smithfield Township, as lead municipality, has assumed responsibility of the day-to-day operations of the compost processing facility. Per the Intermunicipal Agreement, the OGMMCPP's financial statements are audited annually. The audited financial statements are available for review at the Middle Smithfield Township Municipal Building.

During 2021, in addition to the annual contribution, Middle Smithfield Township loaned OGMMCCP \$132,398 for the purchase of equipment. The funds were repaid to the Township in February 2022.

Note 14: American Rescue Plan:

During 2021, the Township was awarded funds through the American Rescue Plan Act of 2021. The purpose of this grant was to assist government entities with COVID-19 response and to replace revenues lost during the pandemic. The Township is entitled to \$1,668,636. Half of this (\$834,318) was received during 2021; with the second half to be received during 2022. The Township used the standard allowance to record \$725,000 of these funds as revenue in 2021. The Township, with the assistance of outside consultants, is in the process of determining how to best utilize the remaining funds. The Township has until December 31, 2024 to obligate all of the funds, and until 2026 to spend the money.

The revenues and expenses related to the American Rescue Plan grant have been recorded in the Township's General Fund.

Note 15: Subsequent Events:

Management has evaluated subsequent events through May 3, 2022, the date the financial statements were available to be issued.

MIDDLE SMITHFIELD TOWNSHIP
Required Supplementary Information
For the Year Ended December 31, 2021

MIDDLE SMITHFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual - General Fund
For the Year Ended December 31, 2021

Schedule 1

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$3,698,000	\$4,270,101	\$572,101
Licenses and permits	245,000	295,645	50,645
Fines and forfeits	1,500	1,819	319
Interest, rents, and royalties	44,700	39,948	(4,752)
Intergovernmental	228,400	1,057,258	828,858
Charges for services	254,550	483,092	228,542
Total Revenues	4,472,150	6,147,863	1,675,713
Expenditures:			
General government	1,065,467	1,322,650	(257,183)
Public safety	684,150	759,864	(75,714)
Public works - sanitation	102,000	192,624	(90,624)
Public works - highways and streets	1,124,675	1,307,406	(182,731)
Public works - other services	11,500	23,282	(11,782)
Culture and recreation	272,145	86,305	185,840
Community development	49,400	50,764	(1,364)
Employee benefits and taxes	868,610	903,733	(35,123)
Insurance	101,000	90,262	10,738
Debt service	151,323	209,365	(58,042)
Total Expenditures	4,430,270	4,946,255	(515,985)
Excess (Deficiency) of Revenues over Expenditures	41,880	1,201,608	1,159,728
Other Funding Sources (Uses):			
Refund of prior year expenditures	31,000	234,371	203,371
Proceeds of long-term debt	0	156,720	156,720
Proceeds of sale of capital assets	0	12,200	12,200
Fund balance to be used	(72,880)	0	72,880
Total Other Financing Sources and Uses	(41,880)	403,291	445,171
Net Change in Fund Balance	\$0	\$1,604,899	\$1,604,899

MIDDLE SMITHFIELD TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual - Liquid Fuels Fund
For the Year Ended December 31, 2021

Schedule 2

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$502,537	\$519,472	\$16,935
Interest, rents, and royalties	1,250	484	(766)
Total Revenues	<u>503,787</u>	<u>519,956</u>	<u>16,169</u>
Expenditures:			
Public works - highways and streets	474,000	513,016	(39,016)
Debt service	0	43,942	(43,942)
Total Expenditures	<u>474,000</u>	<u>556,958</u>	<u>(82,958)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>29,787</u>	<u>(37,002)</u>	<u>(66,789)</u>
Other Financing Sources (Uses):			
Unappropriated fund balance	<u>(29,787)</u>	<u>0</u>	<u>29,787</u>
Net Change in Fund Balance	<u><u>\$0</u></u>	<u><u>(\$37,002)</u></u>	<u><u>(\$37,002)</u></u>

MIDDLE SMITHFIELD TOWNSHIP
Schedule of Changes in Net Pension Liability
For the Year Ended December 31, 2021

Schedule 3

	2019	2018	2017	2016	2015	2014
Total Pension Liability:						
Service Cost	\$215,764	\$200,886	\$184,839	\$161,271	\$157,530	\$142,901
Interest	176,262	157,102	142,512	133,647	120,569	109,381
Changes of Benefits	0	31,861	0	0	0	0
Differences Between Expected and Actual Experience	0	(7,557)	(2,399)	4,921	(8,710)	(12,347)
Changes of Assumptions	0	0	0	9,985	3,700	0
Benefit Payments, Including Refunds of Member Contributions	<u>(35,307)</u>	<u>(39,840)</u>	<u>(35,969)</u>	<u>(36,182)</u>	<u>(35,843)</u>	<u>(54,148)</u>
Net Change in Total Pension Liability	356,719	342,452	288,983	273,642	237,246	185,787
Total Pension Liability - Beginning of Year	<u>3,298,343</u>	<u>2,955,891</u>	<u>2,666,908</u>	<u>2,393,266</u>	<u>2,156,020</u>	<u>1,970,233</u>
Total Pension Liability - End of Year	<u><u>\$3,655,062</u></u>	<u><u>\$3,298,343</u></u>	<u><u>\$2,955,891</u></u>	<u><u>\$2,666,908</u></u>	<u><u>\$2,393,266</u></u>	<u><u>\$2,156,020</u></u>
Plan Fiduciary Net Position:						
Contributions - Employer	\$93,502	\$62,630	\$74,451	\$73,912	\$71,847	\$62,359
Contributions - PMRS Assessment	920	940	940	920	920	0
Contributions - Employee	125,283	114,425	103,976	87,212	83,882	71,090
PMRS Investment Income	177,040	157,165	142,535	134,043	120,847	109,696
Market Value Investment Income	477,909	(345,696)	314,722	54,517	(137,852)	(2,707)
Benefit Payments, Including Refunds of Member Contributions	(35,307)	(39,840)	(35,969)	(36,182)	(35,843)	(54,148)
PMRS Administrative Expense	(920)	(920)	(900)	(840)	(920)	(780)
Additional Administrative Expense	<u>(6,120)</u>	<u>(7,014)</u>	<u>(6,555)</u>	<u>(6,567)</u>	<u>(5,038)</u>	<u>(4,207)</u>
Net Change in Plan Fiduciary Net Position	832,307	(58,310)	593,200	307,015	97,843	181,303
Plan Net Position - Beginning of Year	<u>3,069,802</u>	<u>3,128,112</u>	<u>2,534,912</u>	<u>2,227,897</u>	<u>2,130,054</u>	<u>1,948,751</u>
Plan Net Position - End of Year	<u><u>\$3,902,109</u></u>	<u><u>\$3,069,802</u></u>	<u><u>\$3,128,112</u></u>	<u><u>\$2,534,912</u></u>	<u><u>\$2,227,897</u></u>	<u><u>\$2,130,054</u></u>
Net Pension Liability	<u><u>(\$247,047)</u></u>	<u><u>\$228,541</u></u>	<u><u>(\$172,221)</u></u>	<u><u>\$131,996</u></u>	<u><u>\$165,369</u></u>	<u><u>\$25,966</u></u>
Net Position as a Percentage of the Total Pension Liability	<u>106.76%</u>	<u>93.07%</u>	<u>105.83%</u>	<u>95.05%</u>	<u>93.09%</u>	<u>98.80%</u>
Covered Employee Payroll	<u><u>\$1,508,007</u></u>	<u><u>\$1,441,021</u></u>	<u><u>\$1,347,716</u></u>	<u><u>\$1,232,974</u></u>	<u><u>\$1,227,465</u></u>	<u><u>\$1,074,145</u></u>
Net Pension Liability as a Percentage of Covered Employee Payroll	<u>-16.38%</u>	<u>15.86%</u>	<u>-12.78%</u>	<u>10.71%</u>	<u>13.47%</u>	<u>2.42%</u>

Notes to Schedule:

Ultimately this schedule will present information for ten years. However, until ten years of information is compiled, information is presented for as many years as available.

MIDDLE SMITHFIELD TOWNSHIP
Schedule of Employer Pension Contributions
For the Year Ended December 31, 2021

Schedule 4

	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$91,401	\$87,381	\$81,763	\$74,899	\$74,568	\$72,591
Contributions in Relation to Statutorily Required Contribution	94,422	63,570	75,391	74,832	72,767	62,359
Contribution Deficiency (Excess)	(\$3,021)	\$23,811	\$6,372	\$67	\$1,801	\$10,232
Covered Employee Payroll	\$1,508,007	\$1,441,021	\$1,347,716	\$1,232,974	\$1,227,465	\$1,074,145
Contributions as a Percentage of Covered Employee Payroll	6.26%	4.41%	5.59%	6.07%	5.93%	5.81%
Valuation Date	1/1/2019					
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	2.80%					
Salary increases	Age related scale with merit and inflation component					
COLA increases	3.0% for those eligible for a COLA					
Pre-Retirement Mortality	Males - RP 2000 Non-Annuitant table projected 15 years with Scale AA, Females - RP 2000 Non-Annuitant table projected 15 years with Scale AA and 5 year set back					
Post-Retirement Mortality	Males - RP 2000 Non-Annuitant table projected 5 years with Scale AA, Females - RP 2000 Non-Annuitant table projected 10 years with Scale AA					