

CALN TOWNSHIP

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2022

INTRODUCTORY SECTION

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FINANCIAL SECTION

Independent Auditors' Report

To the Board of Commissioners
Caln Township
Thorndale, Pennsylvania

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Caln 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 opinions.

Emphasis of Matter

As disclosed in Note O, for the year ended December 31, 2022, Caln Township adopted new accounting guidance, implementing Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

As discussed in Note O, Caln Township restated net position/fund balance for the information received for the defined benefit pension plan (employee plan) in which Caln Township participates. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

To the Board of Commissioners
Caln Township
Thorndale, Pennsylvania

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Caln 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 Caln 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.

To the Board of Commissioners
Caln Township
Thorndale, Pennsylvania

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 17, pension plan information on pages 67 through 71, and other postemployment benefit plan information on page 72 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.



Limerick, Pennsylvania
September 26, 2023

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2022

This discussion and analysis of Caln Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2022. The intent of this discussion and analysis is to look at the Township's financial performance as a whole. Readers should also review the transmittal letter, notes to the financial statements and financial statements.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Boards (GASB) in their Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.

FINANCIAL HIGHLIGHTS

Revenue for the General Fund totaled \$8,790,911 million in 2022 compared to \$7,936,217 million in 2021. While year over year the nominal increase was anticipated due to budgetary forecasts, the most notable variances included increases in the collection of tax and service revenue. Revenue sources are expected to remain level for 2023. With the addition of a debt service tax and a new contract for the waste hauler, revenue should continue to cover expenses.

Expenditures for the General Fund totaled \$7,068,581 million in 2022 compared to \$6,902,315 million in 2021. The \$166,266 increase in expenditures represents common factors in the cost of operations. It is notable that the cost of miscellaneous expenditures decreased by \$44,246 with the enactment of the Debt Tax to assist with budgeted expenditures.

The total net position (assets and deferred outflows of resources, less liabilities and deferred inflows of resources) of the Township's Primary Government, were \$23.70 million at the end of 2022 - an increase of \$3.30 million from the end of 2021. Fund balance at year end was \$15.45 million in 2022 and \$6.50 million in 2021 respectively. With the receipt of funds associated with the General Obligation Note Series 2022, the Township was able to add investments of \$10.21 million. Unassigned Fund Balance also increased by \$995K.

Currently the Township financial statement reflects strong performance with sound and stable practices.

OVERVIEW OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with GASB Statement No. 34 and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

Government-Wide Financial Statements

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the Township's overall financial status.

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

The two government-wide statements report the Township's net assets and how they have changed. Net Position, the difference between the Township's assets and liabilities, is one way to measure the Township's financial health or position.

Over time, increases or decreases in the Township's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Township, you need to also consider additional non-financial factors, such as changes in the Township's property tax base and the adequacy of Township services.

The government-wide financial statements of the Township are divided into three categories:

- Governmental Activities - All of the Township's basic services are included here, such as public safety, public works, and administration. Property taxes, state grants, and charges for services finance most of these activities.
- Business-Type Activities - The Township runs a golf-course and charges fees to players to cover the costs of operations.
- Component Unit - The Township has a related Municipal Authority that operates a sewer system and charges fees to customers for operational expenses and tapping fees from new construction for capital related costs.

Fund Level Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the Township's operations in more detail than the government-wide statements. The governmental funds statements tell how the Township's general services were financed in the short-term, as well as, what remains for future spending. Fiduciary fund statements provide information about financial relationships where the Township acts solely as a trustee or agent for the benefit of others.

- Governmental Funds - Most of the Township's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) YEAR ENDED DECEMBER 31, 2022

- Proprietary Funds*** - These funds are used to account for Township activities that are similar to business operations in the private sector, or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the Township charges customers for services it provides - whether to outside customers or to other units in the Township - these services are generally reported in proprietary funds. The Golf Course and Solid Waste operations are the Township's proprietary funds and are the same as the business-type activities we report in the government-wide statements.
- Fiduciary Funds*** - The Township is the trustee, or fiduciary, for the pension plans and escrow funds. All of the Township's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE TOWNSHIP - GOVERNMENT-WIDE STATEMENTS

The Township's net position from governmental activities increased from \$20,722,897 (restated) in 2021 to \$23,697,498 in 2022. The net position increased primarily due to the increase in current assets and increase in deferred outflows.

**Table 1
Statement of Net Position
December 31, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current assets	\$ 18,515,716	\$ 7,898,739	\$ 1,091,277	\$ 1,037,308	\$ 19,606,993	\$ 8,936,047
Net pension asset	-	907,786	126,003	8,223	126,003	916,009
Capital assets, net	19,397,118	18,299,511	1,916,324	1,985,747	21,313,442	20,285,258
TOTAL ASSETS	37,912,834	27,106,036	3,133,604	3,031,278	41,046,438	30,137,314
DEFERRED OUTFLOWS	1,591,429	751,806	28,841	27,311	1,620,270	779,117
LIABILITIES						
Current liabilities	2,465,742	1,342,226	169,991	180,325	2,635,733	1,522,551
Net pension liabilities	10,048	-	-	-	10,048	-
Noncurrent liabilities	10,593,236	3,012,070	1,180,517	1,308,784	11,773,753	4,320,854
TOTAL LIABILITIES	13,069,026	4,354,296	1,350,508	1,489,109	14,419,534	5,843,405
DEFERRED INFLOWS	2,737,739	3,103,297	109,970	67,298	2,847,709	3,170,595
NET POSITION						
Invested in capital assets, not of related debt	14,828,819	14,915,409	607,577	550,858	15,436,396	15,466,267
Restricted	2,054,476	964,499	-	-	2,054,476	964,499
Unrestricted	6,814,203	4,520,341	1,094,390	951,324	7,908,593	5,471,665
TOTAL NET POSITION	\$ 23,697,498	\$ 20,400,249	\$ 1,701,967	\$ 1,502,182	\$ 25,399,465	\$ 21,902,431

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

GOVERNMENTAL FUNDS

Most of the Township's activities are reported in Governmental Funds. Governmental Funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental Funds include the General Fund, Fire Fund, Liquid Fuels Fund, Street Light Fund, Open Space Fund, Equipment Fund, Police Forfeiture Fund, Stormwater Management Fund, Debt Tax Fund, Fire Equipment Fund, American Rescue Plan Act Fund, and 2022 Capital Projects Fund. By far, the most prominent fund is the General Fund.

STATEMENT OF ACTIVITIES OF GOVERNMENTAL ACTIVITIES

The results of this year's operations for all funds as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Township's activities that are supported by other Township general revenues. The largest revenues are property taxes, earned income taxes, local service taxes and the real estate transfer tax. The Township also collects a trash fee, which is reflected in the Solid Waste Fund, which was \$252 per year per household. Other activity charges include building permit and subdivision application fees, as well as, police citations, grants, and monies collected under the Street Light Fund, Golf Fund and Solid Waste Fund. The following table presents condensed financial information for the Statement of Activities in a different format, so that you can see our total revenues for the year.

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

Table 2
Changes in Net Position
Years Ended December 31, 2022 and 2021

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program services						
Charges for services	\$ 1,130,856	\$ 900,509	\$ 2,496,744	\$ 2,154,011	\$ 3,627,600	\$ 3,054,520
Operating grants and contributions	1,530,507	855,909	70,449	54,682	1,600,956	910,591
Capital grants and contributions	-	8,605	-	-	-	8,605
General revenues						
Property taxes	3,799,001	2,988,962	-	-	3,799,001	2,988,962
Other taxes	3,680,698	3,523,830	-	-	3,680,698	3,523,830
Other	989,384	653,622	1,092	1,925	990,476	655,547
TOTAL REVENUES	11,130,446	8,931,437	2,568,285	2,210,618	13,698,731	11,142,055
EXPENSES						
General government	21,277	20,496	-	-	21,277	20,496
Operating expenses	892,901	920,983	-	-	892,901	920,983
Public safety	3,471,521	3,408,151	-	-	3,471,521	3,408,151
Codes	538,085	403,353	-	-	538,085	403,353
Public works-highway	1,377,775	1,183,421	-	-	1,377,775	1,183,421
Culture and recreation	173,169	147,627	-	-	173,169	147,627
Interest on long-term debt	173,028	63,581	-	-	173,028	63,581
Miscellaneous expenses	104,786	199,071	-	-	104,786	199,071
Pension expense	254,291	(80,124)	-	-	254,291	(80,124)
Unallocated depreciation	1,149,012	1,122,219	-	-	1,149,012	1,122,219
Solid waste	-	-	1,791,288	1,334,524	1,791,288	1,334,524
Golf course	-	-	610,457	630,578	610,457	630,578
TOTAL EXPENSES	8,155,845	7,388,778	2,401,745	1,965,102	10,557,590	9,353,880
CHANGE IN NET POSITION	\$ 2,974,601	\$ 1,542,659	\$ 166,540	\$ 245,516	\$ 3,141,141	\$ 1,788,175

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

General Fund

Revenue for the General Fund totaled \$8,790,911 in 2022 compared to \$7,936,217 in 2021. Revenues increased by \$854,694 primarily due to an increase in tax assessment revenues and charges for services. We expect that revenue streams will be consistent or on the rise due to new township developments coming into fruition for 2023.

Expenditures for the General Fund totaled \$7,068,581 in 2022 compared to \$6,902,315 in 2021. Expenditures increased by \$166,266 primarily due to the increase in debt service expenditures in 2022.

As of the end of 2022, the Township's General Fund reported an ending balance of \$6,163,582, an increase of \$1,013,310 as compared to 2021. The township cash flows are very stable with a sound financial condition going forward into 2023.

The following table summarizes the past eight years of earned income tax revenues. This revenue category has remained stable over the past 8 years.

Earned Income Tax Revenues 2015-2022

2015	\$ 2,334,080
2016	\$ 2,243,900
2017	\$ 2,368,825
2018	\$ 2,336,520
2019	\$ 2,404,957
2020	\$ 2,475,650
2021	\$ 2,765,853
2022	\$ 2,769,576

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

In 2016, the Township created a Fire Fund to account for the revenue and expenditures associated with providing fire protection services. The expenditures were previously accounted for in the General Fund. A fire tax of 0.5 mils was established and in 2017 it was increased to .6 mils. The mils have been unchanged since then and are still used to support the fire operations of the Thorndale Fire Company. In 2021, revenues were \$435,397 and expenditures were \$407,884, leaving a cumulative fund balance of \$36,190 going into 2022. Moving forward into 2022 while providing operational fire services the revenue were \$440,845 and expenditures were \$421,431 leaving a fund balance going into 2023 of \$55,604.

Ingleside Golf Club

On March 15, 2007, Caln Township purchased the Ingleside Golf Club on North Bailey Road. Ingleside Golf Club is 116 acres in size and contains 18 holes, a driving range, and a pro shop, as well as, a number of maintenance buildings. For 2022, operating revenue of \$901,999 exceeded operating expenditures of \$581,792 by \$320,207. When interest expense of \$28,665 and interest revenue of \$25 are factored in, the Golf Club had a change in net position of \$291,567. The golf fund had net position of \$500,892 at the end of the year. The Township continues to explore ways to enhance revenue and control expenses.

Solid Waste Fund

In 2010, the solid waste operations of the Township became self-sustaining and were reclassified from a special revenue fund to an enterprise fund under business-type activities. For 2022, operating revenues of \$1,594,745 fell short of operating expenses of \$1,791,288 by \$196,543.

In 2010, the Fund had acquired 4,500 recycling bins which are shown as assets. Since the 2010 implementation of the larger recycling carts, the recycling rate has increased from 13% to 26% in 2019. In 2014, the Fund acquired 5,028 trash carts for all of its residents for \$267,173.

In 2019, 2018, 2017, 2016 and 2015, \$72,000, \$60,000, \$60,000, \$60,000 and \$75,000 respectively, was transferred to a Solid Waste Equipment Fund to provide for the future replacement of carts and recycle equipment.

The overall effect on net position in 2022 for the combined solid waste funds was a decrease of \$125,027 leaving a balance of \$1,201,075 going forward into 2023.

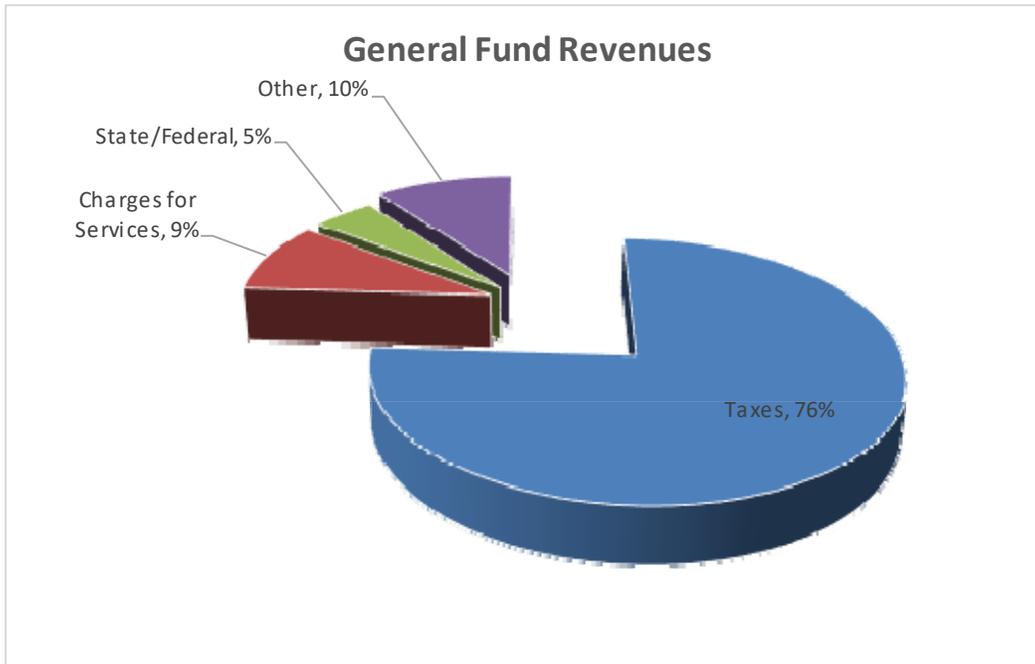
CALN TOWNSHIPMANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED DECEMBER 31, 2022**GENERAL FUND 2022 - 2021**

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 6,672,368	\$ 6,059,896	\$ 612,472
Licenses and permits	288,679	289,356	(677)
Fines and forfeits	36,875	37,059	(184)
Interest earned	53,418	12,069	41,349
Intergovernmental revenues	404,660	373,967	30,693
Charges for services	829,642	617,168	212,474
Transfer from Caln Municipal Authority	241,331	234,709	6,622
Miscellaneous revenues	263,938	311,993	(48,055)
TOTAL REVENUES	<u>8,790,911</u>	<u>7,936,217</u>	<u>854,694</u>
EXPENDITURES			
General government	18,754	20,496	(1,742)
Operating expenses	848,532	907,584	(59,052)
Public safety	3,082,870	3,110,041	(27,171)
Codes	538,085	403,353	134,732
Public works - highways	953,014	916,708	36,306
Culture and recreation	163,424	144,362	19,062
Pension	813,553	861,355	(47,802)
Miscellaneous expenditures	154,687	198,933	(44,246)
Debt service (principal and interest)	495,662	339,483	156,179
TOTAL EXPENDITURES	<u>7,068,581</u>	<u>6,902,315</u>	<u>166,266</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,722,330	1,033,902	688,428
OTHER FINANCING SOURCES (USES)	<u>(709,020)</u>	<u>(191,831)</u>	<u>(517,189)</u>
NET CHANGE IN FUND BALANCE	1,013,310	842,071	171,239
FUND BALANCE, beginning	<u>5,150,272</u>	<u>4,308,201</u>	<u>842,071</u>
FUND BALANCE, ending	<u>\$ 6,163,582</u>	<u>\$ 5,150,272</u>	<u>\$ 1,013,310</u>

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022



The graph above shows the General Fund revenues broken down into four major revenue sources: Taxes cover 76% of the General Fund revenues and are from the Real Estate Tax, Earned Income Tax, Local Services Tax and the Realty Transfer Tax. Approximately 9% of the funds are generated by charges for services including building permits, fees, and other charges; 5% of the funds came from the Commonwealth of Pennsylvania; and the remaining 10% came from other sources including licenses, fines and forfeits, interest earnings, transfer from the Authority, and miscellaneous sources.

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

2022 Summary of Governmental Funds

	General Fund	Capital Reserve Fund	American Rescue Plan Act Fund	Debt Service Fund	Other Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,196,161	\$ 325,050	\$ -	\$ -	\$ 2,030,655
Investments	3,343,763	-	1,501,792	6,766,867	319,090
Taxes receivable, net	755,110	-	-	-	19,805
Lease receivable	306,276	462,019	-	-	-
Accounts receivable	129,854	-	-	-	47,494
	<u>6,731,164</u>	<u>787,069</u>	<u>1,501,792</u>	<u>6,766,867</u>	<u>2,417,044</u>
TOTAL ASSETS					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 71,518	\$ -	\$ 30,341	\$ 199,829	\$ 8,745
Accrued salaries and benefits	119,520	-	-	-	-
Unearned revenues	-	-	1,482,990	-	-
	<u>191,038</u>	<u>-</u>	<u>1,513,331</u>	<u>199,829</u>	<u>8,745</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue, leases	297,730	446,338	-	-	-
Unavailable revenue, property taxes	78,814	-	-	-	18,339
	<u>376,544</u>	<u>446,338</u>	<u>-</u>	<u>-</u>	<u>18,339</u>
FUND BALANCE					
Restricted	-	-	-	-	2,054,476
Assigned	-	340,731	-	6,567,038	351,941
Unassigned	6,163,582	-	(11,539)	-	(16,457)
	<u>6,163,582</u>	<u>340,731</u>	<u>(11,539)</u>	<u>6,567,038</u>	<u>2,389,960</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	<u>\$ 6,731,164</u>	<u>\$ 787,069</u>	<u>\$ 1,501,792</u>	<u>\$ 6,766,867</u>	<u>\$ 2,417,044</u>

In the previous table, Other Governmental Funds include the Fire Fund, Street Light Fund, Equipment Fund, Liquid Fuels Fund, Open Space Fund, Fire Equipment Fund, Police Forfeiture Fund, Stormwater Management Fund, and Debt Tax Fund.

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

CAPITAL ASSETS

At December 31, 2022, the Township had \$19,397,118 invested in a broad range of capital assets, including land, buildings and improvements, infrastructure, vehicles and machinery and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of 6.4% from last year. For governmental activities: construction in progress increased by \$1,397,359 for various projects, building improvements increased by \$138,235 for the farmhouse roof repair, infrastructure increased by \$360,748 for farmhouse driveway and road paving projects, vehicles increased by \$235,860 for (1) public works vehicle, (1) codes vehicle, (1) fire vehicle, and (2) police vehicles, and machinery and equipment increased by \$109,832 for (1) snow plow, (1) mini excavator, and computers.

The following schedule depicts the capital assets for the period ended December 31, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets				
Land	\$ 3,215,647	\$ -	\$ -	\$ 3,215,647
Construction in progress	-	1,397,359	-	1,397,359
Buildings and improvements	2,535,151	138,235	-	2,673,386
Infrastructure	28,929,670	360,748	-	29,290,418
Vehicles	4,438,967	235,860	-	4,674,827
Machinery and equipment	901,353	132,758	(22,926)	1,011,185
TOTAL CAPITAL ASSETS	<u>40,020,788</u>	<u>2,264,960</u>	<u>(22,926)</u>	<u>42,262,822</u>
Accumulated depreciation				
Buildings and improvements	(1,733,914)	(47,195)	-	(1,781,109)
Infrastructure	(15,771,291)	(831,175)	-	(16,602,466)
Vehicles	(3,458,081)	(233,354)	-	(3,691,435)
Machinery and equipment	(757,991)	(37,288)	4,585	(790,694)
TOTAL ACCUMULATED DEPRECIATION	<u>(21,721,277)</u>	<u>(1,149,012)</u>	<u>4,585</u>	<u>(22,865,704)</u>
NET CAPITAL ASSETS FOR GOVERNMENTAL ACTIVITIES	<u>\$ 18,299,511</u>	<u>\$ 1,115,948</u>	<u>\$ (18,341)</u>	<u>\$ 19,397,118</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets				
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Buildings and improvements	1,402,813	-	-	1,402,813
Machinery and equipment	1,176,669	-	-	1,176,669
TOTAL CAPITAL ASSETS	<u>3,579,482</u>	<u>-</u>	<u>-</u>	<u>3,579,482</u>
Accumulated depreciation				
Buildings and improvements	(592,811)	(41,689)	-	(634,500)
Machinery and equipment	(1,000,924)	(27,734)	-	(1,028,658)
TOTAL ACCUMULATED DEPRECIATION	<u>(1,593,735)</u>	<u>(69,423)</u>	<u>-</u>	<u>(1,663,158)</u>
NET CAPITAL ASSETS FOR BUSINESS-TYPE ACTIVITIES	<u>\$ 1,985,747</u>	<u>\$ (69,423)</u>	<u>\$ -</u>	<u>\$ 1,916,324</u>

CALN TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED DECEMBER 31, 2022

DEBT ADMINISTRATION

As of December 31, 2022, the Township's governmental and business-type operations had a total outstanding bond principal of \$12,232,000. The 2019 Bond Issue included \$3,100,128 for the refinancing of the original debt at a lower interest rate, \$1,405,872 refinancing debt for the Ingleside Golf Course at a lower interest rate. The 2022 Bond Issue included \$8,100,000 to fund projects. The total debt amount represents 25% of the debt limit as determined by the formula included in the Local Government Unit Act. The total debt limit for the Township at December 31, 2022, is \$23,928,086. In 2021, the Township obtained a bank loan in the amount of \$131,334 to finance the Spackman Farm roof project. Other obligations include post-employment benefits of the Township. In 2022, Standard and Poor's completed their review of the Township's bond and informed Caln Township that its debt rating remains strong at a rating of AA. More detailed information about the Township's long-term liabilities is included in the Notes to the Financial Statements.

THE TOWNSHIP'S FUTURE

During the past few years, Caln Township and other municipalities have weathered an economic recession which affected revenues and demanded cautious budgeting. In spite of these difficulties the Township has preserved and even increased fund balances. Although we have seen the economy flatten through 2022, there are still a number of important issues for future budgeting:

- Monitoring economic trends and potential softening of revenue streams
- Consistency of revenue streams for all funds
- Capital project and equipment funding and an acceptable debt service strategy
- Further development of funding sources other than the local real estate taxes

FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Township Manager.

CALN TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Caln Township Municipal Authority
ASSETS				
Cash and cash equivalents	\$ 4,697,710	\$ 581,341	\$ 5,279,051	\$ 4,222,030
Investments	11,931,512	-	11,931,512	-
Receivables	945,643	506,734	1,452,377	907,026
Taxes receivable	774,915	-	774,915	-
Inventories	-	3,202	3,202	-
Prepaid expenses	-	-	-	71,775
Notes receivable from authority	165,936	-	165,936	-
EDU's held for resale	-	-	-	521,875
Net pension asset	-	126,003	126,003	-
Capital assets				
Land	3,215,647	1,000,000	4,215,647	-
Construction in progress	1,397,359	-	1,397,359	-
Buildings and improvements, net	892,277	253,789	1,146,066	-
Machinery and equipment, net	220,491	662,535	883,026	-
Vehicles, net	983,392	-	983,392	-
Infrastructure, net	12,687,952	-	12,687,952	-
Sewer system, net	-	-	-	10,275,924
TOTAL ASSETS	37,912,834	3,133,604	41,046,438	15,998,630
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	1,591,429	28,841	1,620,270	-
LIABILITIES				
Accounts payable and accrued expenses	310,433	10,119	320,552	49,713
Payroll and withholding taxes payable	119,520	9,372	128,892	-
Unearned revenues	1,482,990	22,270	1,505,260	-
Long-term liabilities				
Portion due or payable within one year				
Notes payable	474,305	118,560	592,865	117,000
Finance purchase obligations	78,494	9,670	88,164	-
Note payable to township	-	-	-	55,312
Portion due or payable after one year				
Notes payable	10,547,804	1,170,624	11,718,428	2,350,000
Finance purchase obligations	34,734	9,893	44,627	-
Note payable to township	-	-	-	110,624
Net pension liability	10,048	-	10,048	-
Total OPEB liability	10,698	-	10,698	-
TOTAL LIABILITIES	13,069,026	1,350,508	14,419,534	2,682,649
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources, leases	744,068	-	744,068	-
Deferred inflows of resources, pension activity	1,993,671	109,970	2,103,641	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,737,739	109,970	2,847,709	-
NET POSITION				
Net investment in capital assets	14,828,819	607,577	15,436,396	7,808,924
Restricted	2,054,476	-	2,054,476	2,934,637
Unrestricted	6,814,203	1,094,390	7,908,593	2,572,420
TOTAL NET POSITION	\$ 23,697,498	\$ 1,701,967	\$ 25,399,465	\$ 13,315,981

See accompanying notes to the basic financial statements.

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CALN TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 21,277	\$ -	\$ -	\$ -
Operating expenses	892,901	358,586	6,363	-
Public safety	3,471,521	59,783	108,192	-
Codes	538,085	712,487	-	-
Public works	1,377,775	-	401,375	-
Culture and recreation	173,169	-	724,472	-
Miscellaneous	173,028	-	-	-
Pension expense	104,786	-	290,105	-
Interest on long-term debt	254,291	-	-	-
Unallocated depreciation	1,149,012	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	8,155,845	1,130,856	1,530,507	-
BUSINESS-TYPE ACTIVITIES				
Golf Course	610,457	901,999	-	-
Solid Waste	1,791,288	1,594,745	70,449	-
TOTAL BUSINESS-TYPE ACTIVITIES	2,401,745	2,496,744	70,449	-
TOTAL PRIMARY GOVERNMENT	\$ 10,557,590	\$ 3,627,600	\$ 1,600,956	\$ -
COMPONENT UNIT				
Caln Township Municipal Authority	\$ 2,782,958	\$ 4,060,309	\$ -	\$ -
GENERAL REVENUES				
Taxes				
Real estate taxes, net				
Act 511 taxes				
Real estate transfer tax				
Franchise fees				
Earnings on investments				
Miscellaneous				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
NET POSITION AT BEGINNING OF YEAR, restated				
NET POSITION AT END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>	<u>Component Unit Calm Township Municipal Authority</u>
\$ (21,277)	\$ -	\$ (21,277)	\$ -
(527,952)	-	(527,952)	-
(3,303,546)	-	(3,303,546)	-
174,402	-	174,402	-
(976,400)	-	(976,400)	-
551,303	-	551,303	-
(173,028)	-	(173,028)	-
185,319	-	185,319	-
(254,291)	-	(254,291)	-
<u>(1,149,012)</u>	<u>-</u>	<u>(1,149,012)</u>	<u>-</u>
<u>(5,494,482)</u>	<u>-</u>	<u>(5,494,482)</u>	<u>-</u>
-	291,542	291,542	-
<u>-</u>	<u>(126,094)</u>	<u>(126,094)</u>	<u>-</u>
-	165,448	165,448	-
<u>(5,494,482)</u>	<u>165,448</u>	<u>(5,329,034)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,277,351</u>
3,799,001	-	3,799,001	-
3,040,100	-	3,040,100	-
640,598	-	640,598	-
265,771	-	265,771	-
186,230	1,092	187,322	22,158
537,383	-	537,383	-
<u>8,469,083</u>	<u>1,092</u>	<u>8,470,175</u>	<u>22,158</u>
2,974,601	166,540	3,141,141	1,299,509
<u>20,722,897</u>	<u>1,535,427</u>	<u>22,258,324</u>	<u>12,016,472</u>
<u>\$ 23,697,498</u>	<u>\$ 1,701,967</u>	<u>\$ 25,399,465</u>	<u>\$ 13,315,981</u>

CALN TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Capital Reserve Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 2,196,161	\$ 325,050
Investments	3,343,763	-
Taxes receivable, net	755,110	-
Lease receivable	306,276	462,019
Accounts receivable	129,854	-
	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u>6,731,164</u>	\$ <u>787,069</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 71,518	\$ -
Accrued salaries and benefits	119,520	-
Unearned revenues	-	-
	<u> </u>	<u> </u>
TOTAL LIABILITIES	191,038	-
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue, leases	297,730	446,338
Unavailable revenue, property taxes	78,814	-
	<u> </u>	<u> </u>
TOTAL DEFERRED INFLOWS OF RESOURCES	376,544	446,338
 FUND BALANCES		
Restricted for		
Fire protection	-	-
Highways and streets	-	-
Open space	-	-
Stormwater management	-	-
Debt tax	-	-
Assigned	-	340,731
Unassigned	6,163,582	-
	<u> </u>	<u> </u>
TOTAL FUND BALANCES	6,163,582	340,731
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
	\$ <u>6,731,164</u>	\$ <u>787,069</u>

See accompanying notes to the basic financial statements.

American Rescue Plan Act Fund	2022 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,030,655	\$ 4,551,866
1,501,792	6,766,867	319,090	11,931,512
-	-	19,805	774,915
-	-	-	768,295
-	-	47,494	177,348
<u>\$ 1,501,792</u>	<u>\$ 6,766,867</u>	<u>\$ 2,417,044</u>	<u>\$ 18,203,936</u>
\$ 30,341	\$ 199,829	\$ 8,745	\$ 310,433
-	-	-	119,520
1,482,990	-	-	1,482,990
<u>1,513,331</u>	<u>199,829</u>	<u>8,745</u>	<u>1,912,943</u>
-	-	-	744,068
-	-	18,339	97,153
-	-	18,339	841,221
-	-	584,741	584,741
-	-	278,716	278,716
-	-	832,762	832,762
-	-	39,167	39,167
-	-	319,090	319,090
-	6,567,038	351,941	7,259,710
(11,539)	-	(16,457)	6,135,586
<u>(11,539)</u>	<u>6,567,038</u>	<u>2,389,960</u>	<u>15,449,772</u>
<u>\$ 1,501,792</u>	<u>\$ 6,766,867</u>	<u>\$ 2,417,044</u>	<u>\$ 18,203,936</u>

CALN TOWNSHIP
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ <u>15,449,772</u>
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements but are reported in the governmental activities of the statement of net position. Those assets consist of:</p>	
Land	3,215,647
Construction in progress	1,397,359
Buildings and improvements, net of accumulated depreciation of \$1,781,109	892,277
Machinery and equipment, net of accumulated depreciation of \$790,694	220,491
Vehicles, net of accumulated depreciation of \$3,691,435	983,392
Infrastructure, net of accumulated depreciation of \$16,602,466	<u>12,687,952</u>
	<u>19,397,118</u>
<p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statements but are reported in the statement of net position of the governmental activities.</p>	
	165,936
<p>Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.</p>	
	97,153
<p>Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.</p>	
	(402,242)
<p>Internal service funds are used by management to charge the costs of unemployment claims and other post-employment benefits to the governmental activities. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.</p>	
	145,844
<p>Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in Governmental Funds but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net position. Balances at December 31, 2022, are:</p>	
Bonds and notes payable	(11,022,109)
Finance purchase obligations	(113,228)
Net pension liability	(10,048)
Total OPEB liability	<u>(10,698)</u>
	<u>(11,156,083)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>23,697,498</u></u>

See accompanying notes to the basic financial statements.

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CALN TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General Fund	Capital Reserve Fund
REVENUES		
Taxes	\$ 6,672,368	\$ -
Licenses and permits	288,679	-
Fines and forfeits	36,875	-
Interest earned	53,418	303
Intergovernmental revenues	404,660	-
Charges for services	829,642	-
Charges for services - Caln Township Municipal Authority	241,331	-
Miscellaneous revenues	263,938	262,214
TOTAL REVENUES	8,790,911	262,517
EXPENDITURES		
General government	18,754	2,523
Operating expenses	848,532	-
Public safety	3,082,870	-
Codes	538,085	-
Public works, highways and streets	953,014	225,776
Culture and recreation	163,424	4,042
Pension	813,553	-
Debt service	495,662	28,095
Miscellaneous expenditures	154,687	-
TOTAL EXPENDITURES	7,068,581	260,436
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,722,330	2,081
OTHER FINANCING SOURCES (USES)		
Transfers in	67,124	70,144
Transfers out	(776,144)	-
Proceeds from note issuance	-	-
Proceeds from financed purchase obligations	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(709,020)	70,144
NET CHANGE IN FUND BALANCES	1,013,310	72,225
FUND BALANCES AT BEGINNING OF YEAR	5,150,272	268,506
FUND BALANCES AT END OF YEAR	\$ 6,163,582	\$ 340,731

See accompanying notes to the basic financial statements.

American Rescue Plan Act Fund	2022 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 797,425	\$ 7,469,793
-	-	-	288,679
-	-	-	36,875
18,762	106,226	7,311	186,020
-	-	1,125,847	1,530,507
-	-	-	829,642
-	-	-	241,331
-	-	11,331	537,483
<u>18,762</u>	<u>106,226</u>	<u>1,941,914</u>	<u>11,120,330</u>
30,341	-	33,586	85,204
-	-	7,123	855,655
-	-	495,706	3,578,576
-	-	-	538,085
-	1,597,188	614,020	3,389,998
-	-	77,379	244,845
-	-	-	813,553
-	42,000	124,932	690,689
-	-	-	154,687
<u>30,341</u>	<u>1,639,188</u>	<u>1,352,746</u>	<u>10,351,292</u>
<u>(11,579)</u>	<u>(1,532,962)</u>	<u>589,168</u>	<u>769,038</u>
-	-	796,756	934,024
-	-	(157,880)	(934,024)
-	8,100,000	-	8,100,000
-	-	77,915	77,915
<u>-</u>	<u>8,100,000</u>	<u>716,791</u>	<u>8,177,915</u>
(11,579)	6,567,038	1,305,959	8,946,953
<u>40</u>	<u>-</u>	<u>1,084,001</u>	<u>6,502,819</u>
\$ <u>(11,539)</u>	\$ <u>6,567,038</u>	\$ <u>2,389,960</u>	\$ <u>15,449,772</u>

CALN TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 8,946,953
Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$2,264,960) exceeds depreciation (\$1,149,012) in the current period.	1,115,948
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and disposals) is to decrease net position.	(18,341)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	9,906
Expenditures in the statement of activities that do not use current financial resources are not reported as expenditures in the funds.	(52,222)
Change in net position of the internal service fund reported in the governmental activities.	9,993
The issuance of long-term debt (e.g., bonds, notes, finance purchase obligations) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(7,746,403)
Pension expenses in the statement of activities differs from the amount reported in the governmental funds because the pension expense is recognized based on the asset to the plans, whereas pension expenditures in the governmental funds are based on the amount actually paid.	<u>708,767</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,974,601</u>

See accompanying notes to the basic financial statements.

CALN TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE--BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$ 6,175,088	\$ 6,175,088	\$ 6,672,368	\$ 497,280
Licenses and permits	347,220	347,220	288,679	(58,541)
Fines and forfeits	50,000	50,000	36,875	(13,125)
Interest earned	15,000	15,000	53,418	38,418
Intergovernmental revenues	461,000	461,000	404,660	(56,340)
Charges for services	478,355	478,355	829,642	351,287
Charges for services - Caln Township Municipal Authority	241,331	241,331	241,331	-
Miscellaneous revenues	272,815	272,815	263,938	(8,877)
TOTAL REVENUES	<u>8,040,809</u>	<u>8,040,809</u>	<u>8,790,911</u>	<u>750,102</u>
EXPENDITURES				
General government	31,294	31,294	18,754	12,540
Operating expenses	975,305	975,305	848,532	126,773
Public safety	3,420,443	3,420,443	3,082,870	337,573
Codes	391,370	391,370	538,085	(146,715)
Public works, highways and streets	1,030,596	1,030,596	953,014	77,582
Culture and recreation	185,860	185,860	163,424	22,436
Pension	813,553	813,553	813,553	-
Debt service (principal and interest)	339,367	339,367	495,662	(156,295)
Miscellaneous expenditures	313,000	313,000	154,687	158,313
TOTAL EXPENDITURES	<u>7,500,788</u>	<u>7,500,788</u>	<u>7,068,581</u>	<u>432,207</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>540,021</u>	<u>540,021</u>	<u>1,722,330</u>	<u>1,182,309</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	67,124	67,124	67,124	-
Transfers out	(736,144)	(736,144)	(776,144)	(40,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(669,020)</u>	<u>(669,020)</u>	<u>(709,020)</u>	<u>(40,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (128,999)</u>	<u>\$ (128,999)</u>	1,013,310	<u>\$ 1,142,309</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>5,150,272</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 6,163,582</u>	

CALN TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	<u>Golf Course Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 13,665	\$ 567,676	\$ 581,341	\$ 145,844
Accounts receivable	-	506,734	506,734	-
Net pension asset	104,274	21,729	126,003	-
Inventory	3,202	-	3,202	-
TOTAL CURRENT ASSETS	<u>121,141</u>	<u>1,096,139</u>	<u>1,217,280</u>	<u>145,844</u>
NONCURRENT ASSETS				
Land	1,000,000	-	1,000,000	-
Buildings and improvements	1,379,841	22,972	1,402,813	-
Machinery and equipment	533,992	642,677	1,176,669	-
Less: accumulated depreciation	<u>(1,126,052)</u>	<u>(537,106)</u>	<u>(1,663,158)</u>	-
TOTAL NONCURRENT ASSETS	<u>1,787,781</u>	<u>128,543</u>	<u>1,916,324</u>	-
TOTAL ASSETS	<u>1,908,922</u>	<u>1,224,682</u>	<u>3,133,604</u>	<u>145,844</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>23,733</u>	<u>5,108</u>	<u>28,841</u>	-
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	882	9,237	10,119	-
Accrued salaries and benefits	9,372	-	9,372	-
Deferred revenue	22,270	-	22,270	-
Current portion of finance purchase obligations	9,670	-	9,670	-
Current portion of notes payable	118,560	-	118,560	-
TOTAL CURRENT LIABILITIES	<u>160,754</u>	<u>9,237</u>	<u>169,991</u>	-
NONCURRENT LIABILITIES				
Finance purchase obligations	9,893	-	9,893	-
Notes payable	1,170,624	-	1,170,624	-
TOTAL NONCURRENT LIABILITIES	<u>1,180,517</u>	-	<u>1,180,517</u>	-
TOTAL LIABILITIES	<u>1,341,271</u>	<u>9,237</u>	<u>1,350,508</u>	-
DEFERRED INFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>90,492</u>	<u>19,478</u>	<u>109,970</u>	-
NET POSITION				
Net investment in capital assets	479,034	128,543	607,577	-
Unrestricted	<u>21,858</u>	<u>1,072,532</u>	<u>1,094,390</u>	<u>145,844</u>
TOTAL NET POSITION	<u>\$ 500,892</u>	<u>\$ 1,201,075</u>	<u>\$ 1,701,967</u>	<u>\$ 145,844</u>

See accompanying notes to the basic financial statements.

CALN TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Golf Course Fund	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 901,999	\$ 1,594,745	\$ 2,496,744	\$ 13,000
OPERATING EXPENSES				
Salaries and wages	248,309	81,322	329,631	-
Employee benefits	18,962	5,912	24,874	3,217
Contractor expenses	-	1,161,315	1,161,315	-
Fees	-	340,229	340,229	-
Supplies	158,245	-	158,245	-
Maintenance	50,497	-	50,497	-
Utilities	17,172	-	17,172	-
Administrative and general	68,277	196,810	265,087	-
Pension adjustment	(35,998)	(7,395)	(43,393)	-
Depreciation	56,328	13,095	69,423	-
TOTAL OPERATING EXPENSES	<u>581,792</u>	<u>1,791,288</u>	<u>2,373,080</u>	<u>3,217</u>
OPERATING INCOME (LOSS)	<u>320,207</u>	<u>(196,543)</u>	<u>123,664</u>	<u>9,783</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	70,449	70,449	-
Interest income	25	1,067	1,092	210
Interest expense	(28,665)	-	(28,665)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(28,640)</u>	<u>71,516</u>	<u>42,876</u>	<u>210</u>
CHANGE IN NET POSITION	291,567	(125,027)	166,540	9,993
NET POSITION AT BEGINNING OF YEAR, restated	<u>209,325</u>	<u>1,326,102</u>	<u>1,535,427</u>	<u>135,851</u>
NET POSITION AT END OF YEAR	<u>\$ 500,892</u>	<u>\$ 1,201,075</u>	<u>\$ 1,701,967</u>	<u>\$ 145,844</u>

See accompanying notes to the basic financial statements.

CALN TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Golf Course Fund	Solid Waste Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 901,999	\$ 1,474,023	\$ 2,376,022	\$ 13,000
Payments to suppliers	(260,261)	(1,695,424)	(1,955,685)	-
Payments to employees	(303,450)	(98,183)	(401,633)	(3,217)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>338,288</u>	<u>(319,584)</u>	<u>18,704</u>	<u>9,783</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants	-	70,449	70,449	-
Transfers in (out) to other funds, net	(167,650)	-	(167,650)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(167,650)</u>	<u>70,449</u>	<u>(97,201)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Finance purchase agreements repayments	(9,454)	-	(9,454)	-
Principal payments on debt	(116,688)	-	(116,688)	-
Interest paid on long-term debt	(30,856)	-	(30,856)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(156,998)</u>	<u>-</u>	<u>(156,998)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	25	1,067	1,092	210
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,665	(248,068)	(234,403)	9,993
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
	<u>-</u>	<u>815,744</u>	<u>815,744</u>	<u>135,851</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 13,665</u>	<u>\$ 567,676</u>	<u>\$ 581,341</u>	<u>\$ 145,844</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 320,207	\$ (196,543)	\$ 123,664	\$ 9,783
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	56,328	13,095	69,423	-
Net pension asset adjustment	(35,998)	(7,395)	(43,393)	-
Change in assets and liabilities				
Accounts receivable	-	(120,722)	(120,722)	-
Accounts payable	(2,068)	(4,465)	(6,533)	-
Accrued payroll	(181)	(3,554)	(3,735)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 338,288</u>	<u>\$ (319,584)</u>	<u>\$ 18,704</u>	<u>\$ 9,783</u>

See accompanying notes to the basic financial statements.

CALN TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	Police Pension Trust	Custodial Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 1,668,835	\$ 1,380,900
Investments	10,500,609	-
Receivables	43,940	-
TOTAL ASSETS	<u>12,213,384</u>	<u>1,380,900</u>
LIABILITIES		
Accounts payable	-	14,494
Refunds payable	63,327	-
TOTAL LIABILITIES	<u>63,327</u>	<u>14,494</u>
NET POSITION		
Net position restricted for pension	12,150,057	-
Net position restricted for custodial fund	<u>-</u>	<u>1,366,406</u>
TOTAL NET POSITION	<u>\$ 12,150,057</u>	<u>\$ 1,366,406</u>

See accompanying notes to the basic financial statements.

CALN TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Police Pension Trust	Custodial Fund
ADDITIONS		
Contributions		
Employer	\$ 627,459	\$ -
Member	97,731	-
Developer contributions	-	1,297,075
TOTAL CONTRIBUTIONS	<u>725,190</u>	<u>1,297,075</u>
Investment earnings		
Interest and dividends	200,578	11,109
Net decrease in fair value of investments	(1,655,205)	-
TOTAL INVESTMENT EARNINGS (LOSS)	<u>(1,454,627)</u>	<u>11,109</u>
TOTAL ADDITIONS	<u>(729,437)</u>	<u>1,308,184</u>
DEDUCTIONS		
Benefit payments to retired plan participants	466,669	-
Administrative	97,091	-
Payments to developers	-	455,824
TOTAL DEDUCTIONS	<u>563,760</u>	<u>455,824</u>
CHANGE IN NET POSITION	(1,293,197)	852,360
NET POSITION AT BEGINNING OF YEAR	<u>13,443,254</u>	<u>514,046</u>
NET POSITION AT END OF YEAR	<u>\$ 12,150,057</u>	<u>\$ 1,366,406</u>

See accompanying notes to the basic financial statements.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Caln Township (the "Township") conform to United States generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies.

Scope of Reporting Entity

The Township is the basic level of government which has oversight responsibility and control over all activities related to the local government in the Township of Caln. The Township receives funding from local, county, and Commonwealth government sources and must comply with the requirements of these funding source entities. However, the Township is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since the Township commissioners are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

The financial statements of Caln Township include the departments and other organizational units over which the Board of Commissioners exercises oversight responsibility.

Consistent with the guidance contained in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Township evaluated the possible inclusion of related entities (authorities, boards, councils, etc.) within its reporting entity based on financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Township reviewed the applicability of the criteria listed below.

The Township is financially accountable for:

- Organizations that make up the legal Township entity.

Legally separate organizations if Township officials appoint a voting majority of the organization's governing body and the Township is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Township as defined below.

Impose Its Will - If the Township can significantly influence the programs, projects, or activities of or the level of services performed or provided by the organization.

Financial Benefit or Burden - Exists if the Township (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Organizations that are fiscally dependent on the Township. Fiscal dependency is established if the organization is unable to adopt its budget without approval by the Township.

Based on the foregoing criteria, the reporting entity includes all the organizations for which the Township is financially accountable or for which there is a significant relationship.

In reviewing the criteria for inclusion in the financial statements, the Township considered the following:

- The Township has a corresponding Municipal Authority. The Authority is a component unit because the Township appoints the governing body of the Authority. The Authority is also considered a component unit because the Authority has the potential to provide financial benefits to, or impose financial burden on, the Township.

Caln Township Municipal Authority

The Authority is a municipal authority formed for the purpose of having oversight and approval authority over the Caln Township public sewer system and the power to hold, construction, finance, improve, maintain, operate, own, and lease the sewer system within Caln Township. The Authority receives funding through user fees, grants, borrowings, and other sources. All of the funds collected go towards programs of the Authority. The Authority is governed by a five-member Board. The Township has determined that the Authority is a component unit of Caln Township.

The Authority is presented in these financial statements as a discretely presented component unit. The Authority's financial information may be obtained at the Authority's office.

Pension Trust Funds

The Police Pension Plan is a single employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. Although the plan is a separate legal entity, it is reported as if it is part of the government as it is governed by the Board of Commissioners and the Township is responsible for funding the plan. The plan is reported as a fiduciary fund and does not issue separate financial statements.

The Non-Uniformed Employees' Pension Plan is administered through the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer system that provides pensions for all regular full-time, non-uniformed employees. Although the plan is a separate legal entity, it is reported as if it is part of the government as it is governed by the Board of Commissioners and the Township is responsible for funding the plan.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements - The statement of net position and statement of activities display information about the Township. These financial statements include the financial activities of the primary government, except for Fiduciary Funds. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements - The fund financial statements provide information about the Township's funds, including its Fiduciary Funds. Separate statements for each fund category--*governmental, proprietary* and *fiduciary*--are presented. The emphasis of fund financial statements is on major Governmental and Enterprise Funds, each displayed in a separate column. All remaining Governmental and Enterprise Funds are aggregated and reported as nonmajor funds.

Proprietary Fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Fund Accounting

The Township uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they will be used. The difference between governmental fund assets and liabilities is reported as fund balance. The general fund, capital reserve fund, American rescue plan act fund and 2022 capital projects fund are the Township's major governmental funds.

CALN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds generally account for the expenditure of revenues that have been restricted to specific programs or projects.

Liquid Fuels Fund - The Liquid Fuels Fund is used to account for the Liquid Fuels Grant received from the Pennsylvania Department of Transportation.

2022 Capital Projects Fund - The 2022 Capital Projects Fund is used to account for capital projects financed through the issuance of General Obligation Notes, 2022 Series.

Street Light Fund - The Street Light Fund is used to account for the revenues received from the residents on several streets in the Township that have dedicated street lights.

Capital Reserve Funds - Capital Reserve Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

American Rescue Plan Act Fund - American Rescue Plan Act Fund is used to account for the ARPA Funds received from the Commonwealth of Pennsylvania.

Police Forfeiture Fund - Police Forfeiture Fund is used to account for forfeiture funds received by the police.

Internal Service Funds - Internal Service Funds are used to account for goods or services provided by a central department or agency to other departments or agencies of the government or agencies of the governmental unit, usually on a cost recovery basis.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following are the Township's proprietary funds:

Solid Waste Fund - The Solid Waste Fund is used to account for the operations of the solid waste collection operations in the Township. The solid waste collection system is financed and operated in a manner similar to a private business operation, whereby the costs of providing goods or services to the general public on a continuing basis are recovered primarily through user charges.

Golf Course Fund - The Golf Course Fund is used to account for the operations of the Township's golf course. The golf course is financed and operated in a manner similar to a private business operation, whereby the costs of providing goods or services to the general public on a continuing basis are recovered through user charges.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Police Pension Trust - The Police Pension Trust is used to account for the activities of the Police Pension Plan, which accumulate resources for pension benefit payments to qualified employees.

Custodial Fund - The Custodial Fund is used to account for monies held by the Township for developer escrow deposits.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The current financial resources measurement focus and the modified accrual basis of accounting are followed by the Governmental Funds and Fiduciary Funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

In applying the susceptible-to-accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Township; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reported as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Property taxes are recognized as revenue in the year for which taxes have been levied provided they are collected within 60 days after the end of the year. Licenses and permits, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment income is recognized as earned.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accrual basis of accounting is used by the Enterprise Fund. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when incurred.

The Township reports unearned revenues on its Governmental Funds balance sheet. Unearned revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received before the Township has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet, and revenue is recognized.

Budgets

The Township is required by state law to adopt annual budgets for the General Fund. The budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to November 15 of the preceding fiscal year, the Township prepares a budget for the next succeeding calendar year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Commissioners is then called for the purpose of adopting the proposed budget.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance by the Board of Commissioners.
4. The budget must be filed with the Pennsylvania Department of Community Affairs by January 31.

Once a budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Board of Commissioners. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact and are reflected in the official minutes of the Board. Appropriations lapse at year end.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise fund are reported in both the business-type activities column on the government-wide statement of net position and in the fund statements.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date donated. The Township maintains a capitalization threshold of \$5,000.

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land	15-40 years
Buildings and improvements	5-40 years
Infrastructure	20-50 years
Vehicles	5-20 years
Machinery and equipment	5-20 years

Leases

The Township is the lessor for noncancellable leases of cell tower land space. The Township recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At commencement of a lease, the Township initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Township determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Township uses its estimated incremental borrowing rates as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus renewal options that are reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Township monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of lease receivable.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has one item that qualifies for reporting in this category. The deferred outflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience, changes in plan assumptions, net difference between projected and actual earnings on pension plan investments and contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has three items that qualify for reporting in this category. Unavailable revenues, which arise only under a modified accrual basis of accounting, are reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow of resources related to pensions is reported in the government-wide statement of net position and is the result of differences between expected and actual experience of the pension plan, and the net difference between projected and actual earnings on pension plan investments. The third item are unavailable revenues related to leases are presented in both the governmental funds balance sheet as well as the government-wide statement of net position.

Cash and Cash Equivalents

Investments with an original maturity of three months or less at the time they are issued are presented on the financial statements as cash equivalents. Investments with an original maturity of more than three months at the time they are issued are reported as investments.

Interfund Transactions

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as Interfund Receivables/Payables. Interfund balances within the governmental activities and within the business-type activities are eliminated on the government-wide statement of net position.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Township has adopted GASB Statement No. 72, *Fair Value Measurements and Application* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. These statements require the Township to record investments at fair value or amortized cost, as applicable.

State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Prepaid Items

Payments made to vendors for services that will benefit period beyond December 31, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which the services are consumed.

Inventory

Inventory consists of retail merchandise at the golf course. Inventory is stated at the lower of cost or net realizable value using the first-in, first-out method.

Compensated Absences

The Township has no benefits which qualify as compensated absences.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the business-type financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually-required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real Estate Tax Calendar and Reserve

Assessed valuations of property are determined by Chester County. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; full amount May 1 through June 30; and a 10% penalty after July 1. Unpaid real estate property taxes are returned to the County in January of the following year for the purpose of filing a lien.

Net Position/Fund Balances

Net position represents the difference between assets and liabilities. Net position invested in capital assets represents the cost of fixed assets net of related debt and net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Township, or through external restrictions imposed by creditors, grantors, and laws and regulations of other governments. The Township's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted are available.

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- ***Net Investment in Capital Assets*** - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance of this category.
- ***Restricted Net Position*** - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restriction imposed by law through constitutional provisions or enabling legislation.
- ***Unrestricted Net Position*** - The category represents net position of the Township not restricted for any project or other purpose.

CALN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township has implemented GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable Fund Balance** includes balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.
- **Restricted Fund Balance** includes fund balance amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation.
- **Committed Fund Balance** includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Township through formal action of the Board of Commissioners and do not lapse at year-end. To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- **Assigned Fund Balance** includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed, as expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority.
- **Unassigned Fund Balance** includes the residual classifications for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

The details of the fund balances are included in the Governmental Funds balance sheet (page 20). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of Commissioners. The Township Board of Commissioners establishes (and modifies or rescinds) fund balance commitment by passage of a resolution. Assigned fund balance is intended to be used by the Township for specific purposes but does not meet the criteria to be classified as restricted or committed.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. At year end, the total carrying amount of the Township's checking, savings and money market deposits was \$8,328,786 and the corresponding bank balances were \$8,283,207. Of the bank balance, \$500,000 was covered by the Federal Depository Insurance, and the balance was collateralized under Act 72 through pools of securities held by the respective depository institutions.

Caln Township Municipal Authority - At December 31, 2022, \$4,222,030 of the Authority's bank balance of \$4,222,030 was exposed to custodial credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$3,972,030 was collateralized under Act 72 through pools of securities held by the respective depository institutions.

Investments

Statutes authorize the Township to invest in U.S. Treasury bills, U.S. Government Agency bonds, time or share accounts, institutions insured by the Federal Deposit Insurance Corporation, certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, State Treasurer's Investment pools, or mutual funds.

Interest Rate Risk - The Township has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Concentration of Credit Risk - The Township places no limit on the amount the Township may invest in any one issuer.

A portion of the Township's investments are in the PLGIT program, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2022 is \$11,931,512. These assets maintain a stable net asset value of \$1 per share.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

The Police Pension Plan

The Plan is managed by an investment advisor and is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The plan has no formally adopted investment policy.

Interest Rate Risk - This is the risk that a change in interest rates will adversely affect fair value of an investment. The Plan has no investment policy for interest rate risk. The maturities of the plan's debt investments are:

<u>Investment Type</u>	<u>Investment Maturities in Years</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>11-15</u>
U.S. Agency Securities	\$ 5,599	\$ -	\$ -	\$ -	\$ 5,599
Certificates of Deposit	1,814,780	468,820	1,345,960	-	-
Corporate debt	834,868	346,931	487,937	-	-
Total	<u>\$ 2,655,247</u>	<u>\$ 815,751</u>	<u>\$ 1,833,897</u>	<u>\$ -</u>	<u>\$ 5,599</u>

Credit Risk - This is the risk that an issuer will not fulfill its obligations. The plan has no investment policy for credit risk. The credit ratings of the plans investments (excluding obligations explicitly guaranteed by the U.S. government) are:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Corporate debt	\$ 143,013	A2
Corporate debt	232,140	A3
Corporate debt	248,883	A1
Corporate debt	49,008	Aaa
Corporate debt	92,022	Baa1
Corporate debt	69,802	Aa2
Total	<u>\$ 834,868</u>	

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The plan places no limit on the amount that may be invested in any one issuer. At December 31, 2022, the plan had no individual investments in any one issuer that represents 5% or more of Fiduciary Net Position.

The Police Pension Plan's Investments consists of:

Certificates of deposit	\$ 1,814,780
Corporate bonds	834,868
U.S. Agency Securities	5,599
Equities	5,986,671
Options	(79,494)
Exchange Traded Funds	1,763,661
Other assets	<u>174,524</u>
Total	<u>\$ 10,500,609</u>

Fair Value Measurement

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 the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township has the following recurring fair value measurements as of December 31, 2022:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate bonds	\$ -	\$ 834,868	\$ -	\$ 834,868
Certificates of deposit	1,814,780	-	-	1,814,780
Mortgage pools	5,599	-	-	5,599
Equities	5,986,671	-	-	5,986,671
Options	-	(79,494)	-	(79,494)
Exchange Traded Funds	1,763,661	-	-	1,763,661
Other assets	<u>174,524</u>	<u>-</u>	<u>-</u>	<u>174,524</u>
Totals	<u>\$ 9,745,235</u>	<u>\$ 755,374</u>	<u>\$ -</u>	<u>\$ 10,500,609</u>

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

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk - Statutes authorize the Township to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value. The Township's investment policy does not further limit its investment choices.

NOTE C - CAPITAL ASSETS

Capital assets are as follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 3,215,647	\$ -	\$ -	\$ 3,215,647
Construction in Progress	-	1,397,359	-	1,397,359
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	3,215,647	1,397,359	-	4,613,006
Capital assets being depreciated:				
Buildings and improvements	2,535,151	138,235	-	2,673,386
Infrastructure	28,929,670	360,748	-	29,290,418
Vehicles	4,438,967	235,860	-	4,674,827
Machinery and equipment	901,353	132,758	(22,926)	1,011,185
TOTAL CAPITAL ASSETS BEING DEPRECIATED	36,805,141	867,601	(22,926)	37,649,816
TOTAL CAPITAL ASSETS	40,020,788	2,264,960	(22,926)	42,262,822
Accumulated depreciation for				
Buildings and improvements	(1,733,914)	(47,195)	-	(1,781,109)
Infrastructure	(15,771,291)	(831,175)	-	(16,602,466)
Vehicles	(3,458,081)	(233,354)	-	(3,691,435)
Machinery and equipment	(757,991)	(37,288)	4,585	(790,694)
TOTAL ACCUMULATED DEPRECIATION	(21,721,277)	(1,149,012)	4,585	(22,865,704)
NET CAPITAL ASSETS FOR GOVERNMENTAL ACTIVITIES	\$ 18,299,511	\$ 1,115,948	\$ (18,341)	\$ 19,397,118

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE C - CAPITAL ASSETS (Continued)

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Capital assets being depreciated:				
Buildings and improvements	1,402,813	-	-	1,402,813
Machinery and equipment	1,176,669	-	-	1,176,669
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>2,579,482</u>	<u>-</u>	<u>-</u>	<u>2,579,482</u>
TOTAL CAPITAL ASSETS	<u>3,579,482</u>	<u>-</u>	<u>-</u>	<u>3,579,482</u>
Accumulated depreciation for				
Buildings and improvements	(592,811)	(41,689)	-	(634,500)
Machinery and equipment	(1,000,924)	(27,734)	-	(1,028,658)
TOTAL ACCUMULATED DEPRECIATION	<u>(1,593,735)</u>	<u>(69,423)</u>	<u>-</u>	<u>(1,663,158)</u>
NET CAPITAL ASSETS FOR BUSINESS-TYPE ACTIVITIES	<u>\$ 1,985,747</u>	<u>\$ (69,423)</u>	<u>\$ -</u>	<u>\$ 1,916,324</u>

Caln Township Municipal Authority

Capital assets presented in the component unit's financial statements are as follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
CAPITAL ASSETS NOT BEING DEPRECIATED				
Construction-in-progress	\$ 21,109	\$ -	\$ -	\$ 21,109
CAPITAL ASSETS BEING DEPRECIATED				
Sewer lines	23,393,874	-	-	23,393,874
Vehicles	258,945	-	-	258,945
Equipment	114,240	-	-	114,240
Pump Stations	930,000	-	-	930,000
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>24,697,059</u>	<u>-</u>	<u>-</u>	<u>24,697,059</u>
Accumulated depreciation	<u>(14,111,191)</u>	<u>(331,053)</u>	<u>-</u>	<u>(14,442,244)</u>
COMPONENT UNIT CAPITAL ASSETS, net	<u>\$ 10,606,977</u>	<u>\$ (331,053)</u>	<u>\$ -</u>	<u>\$ 10,275,924</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE D - LEASES

Lease Receivable

During the current year, Caln Township leased a portion of their real property for cell tower communications. The leases are for the following:

<u>Description</u>	<u>Term</u>	<u>Payment Amount</u>
Real Property	Monthly through November 2040	\$2,324 to \$3,947
Real Property	Monthly through April 2034	\$2,529 to \$3,060

As of December 31, 2022, Caln Township's receivable for lease payments was \$768,295. Also, Caln Township has a deferred inflow of resources associated with these leases that will be recognized as a revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was \$744,068. Lease related revenues recognized as of December 31, 2022 were as follows:

<u>Lease-related Revenue</u>	<u>Year Ending December 31, 2022</u>
Lease Revenue	
Real Property	\$ 26,955
Interest Revenue	<u>31,284</u>
TOTAL	\$ <u>58,239</u>

The future maturity of lease receivables is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Receipts</u>
2023	\$ 28,868	\$ 30,208	\$ 59,076
2024	30,922	29,016	59,938
2025	35,133	27,716	62,849
2026	38,540	26,235	64,775
2027	41,069	24,647	65,716
2028-2032	257,500	95,128	352,628
2033-2037	209,853	44,089	253,942
2038-2040	<u>126,410</u>	<u>7,869</u>	<u>134,279</u>
TOTAL FUTURE RECEIPTS	\$ <u>768,295</u>	\$ <u>284,908</u>	\$ <u>1,053,203</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - LONG-TERM OBLIGATIONS

A summary of transactions affecting long-term obligations for the year ended December 31, 2022, is as follows:

	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Notes					
Series of 2019					
\$5,233,000 originally issued with interest rate of 1.91%	\$ 3,100,128	\$ -	\$ (257,312)	\$ 2,842,816	\$ 261,440
Series of 2022					
\$8,100,000 originally issued with a variable interest rate	-	8,100,000	-	8,100,000	187,000
Note payable, Series of 2017 with interest rate of 3.28%	24,242	-	(24,242)	-	-
Note payable, Spackman Farm Roof with interest rate of 2.80%	104,373	-	(25,080)	79,293	25,865
Finance purchase obligations	155,359	77,915	(120,046)	113,228	78,494
Net pension liability	-	10,048	-	10,048	-
Total OPEB liability	13,789	-	(3,091)	10,698	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 3,397,891	\$ 8,187,963	\$ (429,771)	\$ 11,156,083	\$ 552,799
BUSINESS-TYPE ACTIVITIES					
General Obligation Notes					
Series of 2019					
\$5,233,000 originally issued with interest rate of 1.91%	\$ 1,405,872	\$ -	\$ (116,688)	\$ 1,289,184	\$ 118,560
Finance purchase obligations	29,017	-	(9,454)	19,563	9,670
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 1,434,889	\$ -	\$ (126,142)	\$ 1,308,747	\$ 128,230
CALN TOWNSHIP MUNICIPAL AUTHORITY					
Due to Caln Township	\$ 221,249	\$ -	\$ (55,313)	\$ 165,936	\$ 55,312
Note payable, Series of 2019 with interest rate of 2.328%	2,581,000	-	(114,000)	2,467,000	117,000
TOTAL CALN TOWNSHIP MUNICIPAL AUTHORITY	\$ 2,802,249	\$ -	\$ (169,313)	\$ 2,632,936	\$ 172,312

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - LONG-TERM OBLIGATIONS (Continued)

General Obligation Notes

The Township has pledged its full faith, credit, and taxing powers as collateral.

The following table shows the maturities and interest requirements for the Governmental Activities notes payable:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 474,305	\$ 269,965	\$ 744,270
2024	484,845	263,427	748,272
2025	493,911	252,960	746,871
2026	477,576	241,122	718,698
2027	487,392	230,383	717,775
2028-2032	2,592,080	982,721	3,574,801
2033-2037	1,245,000	746,838	1,991,838
2038-2042	1,404,000	570,117	1,974,117
2043-2047	1,581,000	371,068	1,952,068
2048-2052	<u>1,782,000</u>	<u>146,854</u>	<u>1,928,854</u>
Total	<u>\$ 11,022,109</u>	<u>\$ 4,075,455</u>	<u>\$ 15,097,564</u>

The following table shows the maturities and interest requirements for the Golf Course Fund notes payable:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 118,560	\$ 24,057	\$ 142,617
2024	120,744	21,782	142,526
2025	122,928	19,466	142,394
2026	125,424	17,106	142,530
2027	127,608	14,700	142,308
2028-2032	<u>673,920</u>	<u>35,874</u>	<u>709,794</u>
Total	<u>\$ 1,289,184</u>	<u>\$ 132,985</u>	<u>\$ 1,422,169</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - LONG-TERM OBLIGATIONS (Continued)

Financed Purchase Obligations

The Township has entered into various finance purchase obligations for equipment. The future annual payments for the years ending December 31 are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Equipment 2.74%-3.850% Interest Rate</u>	<u>Interest Maturities</u>	<u>Equipment 2.34%-3.850% Interest Rate</u>	<u>Interest Maturities</u>
2023	\$ 78,494	\$ 6,620	\$ 9,670	\$ 528
2024	34,734	1,138	9,893	268

***Caln Township Municipal Authority
Note Payable, Series of 2019***

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 117,000	\$ 57,432	\$ 174,432
2024	120,000	54,708	174,708
2025	123,000	51,914	174,914
2026	126,000	49,051	175,051
2027	130,000	46,118	176,118
2028-2032	702,000	183,632	885,632
2033-2037	800,000	97,427	897,427
2038-2039	349,000	12,246	361,246
	<u>\$ 2,467,000</u>	<u>\$ 552,528</u>	<u>\$ 3,019,528</u>

***Caln Township Municipal Authority
Due to Caln Township***

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 55,312	\$ -	\$ 55,312
2024	55,312	-	55,312
2025	55,312	-	55,312
	<u>\$ 165,936</u>	<u>\$ -</u>	<u>\$ 165,936</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE F - STATEMENT OF BORROWING BASE

The borrowing base of the Township is calculated as follows:

<u>Total Net Revenues (gross revenues less exclusion)</u>	
Year 2020	\$ 8,520,209
Year 2021	9,073,164
Year 2022	<u>11,120,330</u>
Total net revenues (last 3 years)	<u>28,713,703</u>
Average net revenues	9,571,234
Base percent per Act 185	<u>250%</u>
 Total non-electoral debt allowance	 <u>\$ 23,928,086</u>

NOTE G - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the year ending December 31, 2022, are as follows:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General Fund	\$ 67,124	\$ 776,144
Capital Reserve	70,144	-
Other Governmental Funds	<u>796,756</u>	<u>157,880</u>
	<u>\$ 934,024</u>	<u>\$ 934,024</u>

The transfers in and transfers out were in accordance with the transfers approved in the budget process.

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Summary of Significant Accounting Policies

Method Used to Value Investments - Police Pension Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Plan Description

Plan Administration - The Township administers the Police Pension Plan--a single-employer defined benefit pension plan that provides pensions for all full-time members of the Police Department of the Township.

Management of the plan is vested in the Township Board of Commissioners, which consists of five members. The Board of Commissioners is responsible for managing, investing and monitoring the Township's Police Pension Fund.

Plan Membership - At December 31, 2022, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	<u>16</u>
	<u>34</u>

Benefits Provided - Plan provisions are established by Township ordinance. The plan provides retirement, disability and death benefits. A member is eligible for normal retirement after attainment of age 52 and completion of 25 years of service if hired before January 1, 2014, or age 54 and completion of 25 years of service if hired after January 1, 2014. Individuals are 100% vested after 12 years of service.

The retirement benefit is a monthly benefit equal to 50% of gross pay averaged over the last 36 months of employment, plus a service increment of \$100 for service in excess of 26 years. The death benefit before vesting is a refund of employee contributions.

The death benefit after vesting and before retirement eligibility is a monthly survivor benefits equal to 50% of the participant's vested benefit commencing on the participant's normal retirement date. The death benefit after retirement eligibility is a monthly benefit equal to 50% of the pension the participant was receiving or was entitled to receive on the day of the participant's death. The monthly survivor benefits are payable to the participant's spouse for life. If there is no spouse or the spouse later dies, the benefit will be paid to the participant's dependent children, if any, until the age 18, or age 23 if attending college.

The disability benefit is a monthly benefit equal to 50% of the participant's final monthly average salary at disablement, but no less than 50% of the member's salary at the time of disability, offset by worker's compensation and social security disability for the same injury. There is no disability benefit for non-service related injury.

For the DROP benefit, the normal retirement benefit is deposited into a separate account and credited with investment results earned by the fund, for a maximum of 3 years. When DROP participation ends, the participant received the lump sum value of this account.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Contributions - Township contributions to the plan are determined and paid in accordance with Pennsylvania Act 205 (the Municipal Pension Plan Funding Standard and Recovery Act). Act 205 requires full funding of the entry age normal cost plus plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status.

Active members will contribute 5% of their salary to the Plan. This contribution is governed by the Plan’s governing ordinances and collective bargaining.

Investments

Investment Policy - The plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners. It is the policy of the Board of Commissioners to pursue an investment strategy that (1) maintains a fully funded status with regard to accumulated health benefits obligations, (2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) maintains flexibility in determining the future level of contributions and (4) provides the ability to pay all benefit and expense obligations when due. The plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Concentrations - At December 31, 2022, the Plan had no investments (other than U.S. Government and U.S. Government guaranteed obligations, mutual funds or other pooled investments) in any issuer that represents 5% of more of Fiduciary Net Position.

Rate of Return - For the year ended December 31, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expense, was -10.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability (Asset) of the Township

The components of the net pension liability (asset) of the Township at December 31, 2022, were as follows:

Total pension liability	\$ 13,407,570
Plan fiduciary net position	<u>(12,150,057)</u>
NET PENSION LIABILITY (ASSET)	<u>\$ 1,257,513</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.62%</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	4.75% annual increase
Investment rate of return	6.75%

Mortality rates were based on the PubS-2010 Mortality Table, with rates derived from the Long-Range Demographic Assumptions for the Social Security Administration's 2020 Trustee Report.

Due to the size of the plan, there have been no experience studies used to determine plan assumptions.

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2022 (see the plan's investment policy), are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity - Large Cap	4.09%-7.34%
US Equity - Small/Mid Cap	5.01%-9.06%
Non-US Equity - Developed	4.62%-8.26%
Non-US Equity - Emerging	5.65%-10.49%
US Corporate Bond - Core	0.88%-2.02%
US Corporate Bond - High Yield	2.80%-4.96%
Non-US Debt - Developed	0.44%-1.89%
Non-US Debt - Emerging	2.69%-4.76%
US Treasuries/Cash	0.07%-0.53%

Discount Rate - The discount rate used to measure the pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
BALANCE AT DECEMBER 31, 2021	\$ 12,616,878	\$ 13,443,254	\$ (826,376)
Changes for the year			
Service cost	394,581	-	394,581
Interest	862,780	-	862,780
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions			
Employer	-	627,459	(627,459)
Member	-	97,731	(97,731)
Net investment income (loss)	-	(1,454,627)	1,454,627
Benefit payments	(466,669)	(466,669)	-
Administrative expense	-	(97,091)	97,091
NET CHANGES	<u>790,692</u>	<u>(1,293,197)</u>	<u>2,083,889</u>
 BALANCE AT DECEMBER 31, 2022	 <u>\$ 13,407,570</u>	 <u>\$ 12,150,057</u>	 <u>\$ 1,257,513</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 6.75%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	<u> </u>	<u> </u>	<u> </u>
Net pension liability (asset)	\$ 2,969,627	\$ 1,257,513	\$ (167,131)

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE H - DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2022, the Township recognized pension expense of \$342,782. At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 872,860
Changes in assumptions	341,096	-
Net difference between projected and actual earnings on pension plan investments	<u>956,387</u>	<u>-</u>
TOTALS	<u>\$ 1,297,483</u>	<u>\$ 872,860</u>

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

<u>Year Ending December 31,</u>	
2023	\$ (195,465)
2024	(4,956)
2025	218,837
2026	435,173
2027	(28,966)
Thereafter	-

CALN TOWNSHIP
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN)

Summary of Significant Accounting Policies

Method Used to Value Investments - Employee Plan investments are carried at fair value as reported by the investment managers. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

The Caln Township pension plan is a single-employer, defined benefit pension plan. The plan participates in the Pennsylvania Municipal Retirement System (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 Annual Comprehensive Financial Report (ACFR). A copy of the ACFR can be obtained by contacting the PMRS accounting office.

Plan Membership - At December 31, 2021, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	<u>22</u>
	<u><u>43</u></u>

Benefits Provided - Plan provisions are established by Township ordinance. The plan provides retirement and limited death benefits. A member is eligible for normal retirement after attainment of age 60 with monthly benefits of years of service times the final salary times 2%, limited to 50% of final salary (average of final 5 years' salary). The plan vests after 12 years of service.

Contributions - Township contributions to the plan are determined and paid in accordance with Pennsylvania Act 205 (the Municipal Pension Plan Funding Standard and Recovery Act). Act 205 requires full funding of the entry age normal cost plus plan expenses in addition to amortization of the unfunded liability to ultimately achieve a 100% funded status.

Employees are not required to contribute. Contributions are subject to collective bargaining.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)

Investments

Investment Policy - The plan policy in regard to the allocation of invested assets is established and may be amended by the PMRS. It is the policy of the PMRS to pursue an investment strategy that (1) maintains a fully funded status with regard to accumulated retirement benefits obligations, (2) maximizes return within reasonable and prudent levels of risk in order to minimize municipal and employee contributions, (3) maintains flexibility in determining the future level of contributions and (4) provides the ability to pay all benefit and expense obligations when due. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the plan's adopted asset allocation policy as of December 31, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equities (large capitalized firms)	24.50%
Domestic equities (small capitalized firms)	8.00%
International equities (international developed markets)	14.50%
International equities (emerging markets)	3.00%
Global equities	5.00%
Real estate	10.00%
Timber	5.00%
Fixed income (Core Investment Grade)	24.00%
Fixed income (Opportunistic Credit)	5.00%
Cash	1.00%
	<u>100%</u>

Investments are reported at fair value. The fair value is the quoted market price. The plan's fair value of investments as of December 31, 2021, was \$926,111.

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

Concentrations - At December 31, 2021, none of the plan's individual investments exceeded 5% of the total portfolio.

Rate of Return - For the year ended December 31, 2021, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 13.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)

Net Pension Liability of the Township

Total pension liability	\$ 7,264,311
Plan fiduciary net position	<u>(8,637,779)</u>
NET PENSION LIABILITY (ASSET)	<u>\$ (1,373,468)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>118.91%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.8%
Salary increases	Age related scale with merit and inflation component
Investment rate of return	5.25%

Mortality rates were based on the RP-2000 Mortality Tables.

The actuarial assumptions used in the December 31, 2021 valuation were based on the PMRS Experience Study for the period covering January 1, 2014 through December 31, 2018 issued by the actuary in September 2020, covering the defined benefit plan participants and all retirees, as well as subsequent assumption changes approved by the Board. The assumption changes from the Experience Study were first used for the December 31, 2020 measurement date. Effective with the December 31, 2016 measurement date, the Investment Return Assumption for municipal assets decreased from 5.5% to 5.25%.

CALN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2021 (see the plan's investment policy), are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equities (large capitalized firms)	4.99%
Domestic equities (small capitalized firms)	5.68%
International equities (international developed markets)	5.57%
International equities (emerging markets)	5.71%
Global equities	4.78%
Real estate	4.90%
Timber	3.67%
Fixed income (Core Investment Grade)	1.82%
Fixed income (Opportunistic Credit)	5.38%
Cash	-1.32%

Discount Rate - The discount rate is based on the long-term expected rate of return on plan investments that are expected to be used to finance the payments of benefits. The plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania Law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability (asset), to ultimately achieve a 100% funded status.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
BALANCE AT DECEMBER 31, 2020	\$ 7,017,257	\$ 7,711,668	\$ (694,411)
Changes for the year			
Service cost	144,621	-	144,621
Interest	369,088	-	369,088
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions			
Employer	-	196,343	(196,343)
PMRS assessment	-	920	(920)
Net investment income	-	362,147	(362,147)
Market value investment income	-	654,787	(654,787)
Benefit payments	(266,655)	(266,655)	-
PMRS administrative expense	-	(920)	920
Administrative expense	-	(20,511)	20,511
NET CHANGES	<u>247,054</u>	<u>926,111</u>	<u>(679,057)</u>
BALANCE AT DECEMBER 31, 2021	\$ <u>7,264,311</u>	\$ <u>8,637,779</u>	\$ <u>(1,373,468)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 5.25%, as well as what the Township's net pension would be if it were calculated using a discount rate that is one percentage point lower (4.25%) or one percentage point higher (6.25%) than the current rate:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
	<u>(4.25%)</u>	<u>Rate (5.25%)</u>	<u>(6.25%)</u>
Net pension liability (asset)	\$ <u>(513,455)</u>	\$ <u>(1,373,468)</u>	\$ <u>(2,102,204)</u>

CALN TOWNSHIP**NOTES TO THE BASIC FINANCIAL STATEMENTS**

DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2022, the Township recognized pension expense of (\$281,350). At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	\$ 14,865	\$ 73,523
Changes in assumptions	109,614	-
Net difference between projected and actual earnings on pension plan investments	-	1,047,288
Contributions subsequent to the measurement date	<u>169,467</u>	<u>-</u>
TOTALS	<u>\$ 293,946</u>	<u>\$ 1,120,811</u>
GOLF COURSE		
Difference between expected and actual experience	\$ 1,200	\$ 5,936
Changes in assumptions	8,851	-
Net difference between projected and actual earnings on pension plan investments	-	84,556
Contributions subsequent to the measurement date	<u>13,682</u>	<u>-</u>
TOTALS	<u>\$ 23,733</u>	<u>\$ 90,492</u>
SOLID WASTE		
Difference between expected and actual experience	\$ 258	\$ 1,278
Changes in assumptions	1,905	-
Net difference between projected and actual earnings on pension plan investments	-	18,200
Contributions subsequent to the measurement date	<u>2,945</u>	<u>-</u>
TOTALS	<u>\$ 5,108</u>	<u>\$ 19,478</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE I - DEFINED BENEFIT PENSION PLAN (EMPLOYEE PLAN) (Continued)

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Golf Course</u>	<u>Solid Waste</u>
2022	\$ (263,027)	\$ (21,236)	\$ (4,571)
2023	(374,052)	(30,200)	(6,500)
2024	(239,995)	(19,377)	(4,170)
2025	(119,258)	(9,628)	(2,074)
2026	-	-	-

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Township’s post-employment healthcare plan is a single-employer defined benefit healthcare plan. The plan provides medical insurance benefits to eligible retirees and their spouses. The plan does not issue a financial reporting and is not included in the financials of any public employee retirement system or other entity.

Plan Membership and Eligibility

At December 31, 2022, the plan membership consisted of one currently retired participant receiving OPEB benefits. Officers are eligible upon retirement after 25 years of service.

Benefits Provided

Officers retiring after January 1, 2007 are permitted to obtain coverage through the Township’s policy for themselves, their spouse and/or their dependents by reimbursing the Township for the charged premium less the monthly Township-paid benefit, if any. The amount of Township-paid benefit is:

- For officers who retired prior to 2010, \$500 per month
- For officers who retired in 2011, \$600 per month
- For the chief of police who retired in 2013, \$600 per month
- For all others, no reimbursement

The Township-paid benefit may also be applied toward other medical coverage that is comparable to the Township’s coverage. The payment will be suspended if the retiree is employed with an entity that provides coverage equivalent to the Township’s coverage for a cost of less than the monthly benefit from the Township or reduced if only a partial payment is required to make up the difference in coverage. The monthly benefit is payable under the earlier of the retiree’s Medicare eligibility or the retiree’s death.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, to which update procedures were applied to roll the liability forward to the December 31, 2022 measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Annual trend rates	5.00%
Discount rate	2.50% per year

Mortality rates were based on the 2010 Public Retirement Plan - Public Safety Mortality tables (PubS-2010).

Current covered retiree is assumed to continue to receive reimbursement until age 65. No future retirees are assumed to remain on the Township's coverage after retirement at their own expense.

The current retired participant receives \$3,248 in reimbursements for 2021. Reimbursements in future years are assumed to increase with trend.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2022	\$ 13,789
Changes for the year	
Interest	303
Benefit payments	<u>(3,394)</u>
Net changes	<u>(3,091)</u>
Balance at December 31, 2022	\$ <u>10,698</u>

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Township, as well as what the township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.50%) or 1-percentage-point higher (3.50%) than the current discount rate.

	1% Decrease <u>(1.50%)</u>	Discount Rate <u>(2.50%)</u>	1% Increase <u>(3.50%)</u>
Total OPEB liability	\$ <u>10,858</u>	\$ <u>10,698</u>	\$ <u>10,542</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$ <u>3,478</u>	\$ <u>10,698</u>	\$ <u>3,426</u>

NOTE K - UNEMPLOYMENT COMPENSATION

The Township has elected the reimbursement method of paying unemployment compensation benefits. This method requires the Township to reimburse the State Unemployment Compensation Fund on a dollar-for-dollar basis for all claims and other charges made to its account. Repayments are made quarterly for claims paid by the state. Due to Covid Relief, the Township had no claims for the year ended December 31, 2022.

NOTE L - 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. The Township manages these various risks of loss primarily through the purchase of commercial insurance, except as described below. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township.

CALN TOWNSHIP

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE M - CALN TOWNSHIP MUNICIPAL AUTHORITY - TOWNSHIP/AUTHORITY ASSET PURCHASE AGREEMENT

In 2015, the Authority and Caln Township entered into an asset purchase agreement whereby:

The Authority purchased the rights to 177 Equivalent Dwelling Units from the Township for \$553,125 to be paid to the Township over 10 years.

The Township transferred to the Authority title for the remaining sewer assets.

The Township assigned the South Baily Road Developers Contribution to the Authority.

The Township transferred to the Authority \$327,000, which was the balance of the Township's Sewer Capital Account.

The Authority relinquished its rights to the balance of the Township's Sewer Reserve Fund of \$520,726.

The Authority has assumed responsibility for the Township's liabilities to Pennsylvania American Water (PAW) under the March 10, 2005, Waste Water Conveyance System Agreement. Under the agreement, PAW will increase the capacity of the East End Trunk Lines which connect Caln Township to the PAW sewer plant in Coatesville. The work on the interceptor will be done in two phases. When the first phase one is completed and certified, the Authority will owe PAW an estimated \$400,000.

NOTE N - CALN TOWNSHIP MUNICIPAL AUTHORITY - MANAGEMENT FEE - CALN TOWNSHIP

The Authority has a management agreement with Caln Township. Under this agreement, the Township will provide management and other services for the Authority. The Agreement expires December 31, 2030. For the year ended December 31, 2022, the Authority paid the Township \$561,922 for personnel services and benefits, \$160,818 for management services and \$25,000 for rental of facilities.

NOTE O - PRIOR PERIOD RESTATEMENT

Leases

The Township implemented GASB Statement No. 87, *Leases*, effective January 1, 2022. The objective of GASB Statement No. 87 is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. The statement requires recognition of lease assets and liabilities using the foundational principle that leases are financings of the right to use an underlying asset.

CALN TOWNSHIP
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE O - PRIOR PERIOD RESTATEMENT (Continued)

The Township has treated the beginning of the year assets and deferred inflow for leases in which the Township is a lessor as having been recognized in the period incurred. As part of the implementation, the Township has adjusted the beginning balance of Lease Receivables and Lease related deferred inflows from \$0 to \$795,250.

Retirement System

The retirement system in which Caln Township participates previously was not able to provide timely information related to the Caln Township's defined benefit pension plan (employee plan). The information was obtained and therefore the amounts previously reported in the financial statements for the year ended December 31, 2022, have been updated to properly present the current information. The Golf Course and Solid Waste Funds net position has therefore been adjusted from \$181,709 and \$1,320,473 to \$209,325 and \$1,326,102, respectively. Net position for governmental and business-type activities has been adjusted from \$20,400,249 and \$1,502,182 to \$20,722,897 and \$1,535,427, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

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CALN TOWNSHIP
SCHEDULE OF CHANGES IN THE NET POLICE
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PENSION LIABILITY				
Service cost	\$ 394,581	\$ 398,426	\$ 346,994	\$ 350,524
Interest	862,780	813,729	813,019	767,745
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(684,200)	-	(992,094)
Changes of assumptions	-	437,987	-	-
Benefit payments	(466,669)	(496,104)	(551,752)	(386,951)
NET CHANGE IN TOTAL PENSION LIABILITY	790,692	469,838	608,261	(260,776)
Total pension liability, beginning	<u>12,616,878</u>	<u>12,147,040</u>	<u>11,538,779</u>	<u>11,799,555</u>
TOTAL PENSION LIABILITY, ENDING (a)	\$ <u>13,407,570</u>	\$ <u>12,616,878</u>	\$ <u>12,147,040</u>	\$ <u>11,538,779</u>
PLAN FIDUCIARY NET POSITION				
Contributions				
Employer	\$ 627,459	\$ 664,132	\$ 671,632	\$ 737,038
Member	97,731	91,407	94,331	87,936
Net investment income (loss)	(1,454,627)	1,693,793	1,184,333	1,514,009
Benefit payments, including refunds of member contributions	(466,669)	(496,104)	(551,752)	(386,951)
Administrative expense	(97,091)	(79,116)	(76,023)	(72,402)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(1,293,197)	1,874,112	1,322,521	1,879,630
Plan fiduciary net position, beginning	<u>13,443,254</u>	<u>11,569,142</u>	<u>10,246,621</u>	<u>8,366,991</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	\$ <u>12,150,057</u>	\$ <u>13,443,254</u>	\$ <u>11,569,142</u>	\$ <u>10,246,621</u>
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	\$ <u>1,257,513</u>	\$ <u>(826,376)</u>	\$ <u>577,898</u>	\$ <u>1,292,158</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>90.62%</u>	<u>106.55%</u>	<u>95.24%</u>	<u>88.80%</u>
COVERED PAYROLL	\$ <u>1,607,204</u>	\$ <u>1,831,588</u>	\$ <u>1,886,616</u>	\$ <u>1,783,674</u>
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	<u>78.24%</u>	<u>-45.12%</u>	<u>30.63%</u>	<u>72.44%</u>

NOTES TO SCHEDULE

Changes of Assumptions: In 2021 the inflation assumption was lowered from 2.75% to 2.50%, interest rate reduced from 7.0% to 6.75%, salary increase lowered from 5.0% to 4.75%, mortality updated from RP-2014 mortality table with 50% Blue-Collar Adjustment and projected mortality improvement based on the Long-Range Demographic Assumptions for the 2015 Social Security Administration's (SSA) Trustee Report to the PubS-2010 mortality table and mortality improvement project from the base year 2015 with rates derived from the Long-Range Demographic Assumptions for the SSA's 2020 Trustee Report; disability updated from the ultimate rates of disability incidence in the SSA's 2010 Trustees' Report to the ultimate rates of disability incidence in the SSA's 2020 Trustees' Report. In 2017 the inflation assumption was lowered from 3.0% to 2.75%, the mortality assumption was updated from RP-2000 Combined Healthy Mortality table to RP-2014 Mortality Tables, and the disability assumption was updated from 60% of the rates from Advanced Pension Tables to rates based on the Social Security Administration's 2010 projections of disability incidence. In 2015, the interest rate assumption was lowered from 7.5% to 7.0%.

Changes of Benefits: In 2015 the minimum age for normal retirement was increased from 52 to 54 for those hired after January 1, 2014, and a survivor benefit was added for the spouse of a participant who dies before normal retirement disability but after vesting.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	392,102	\$ 373,430	\$ 317,220	\$ 302,114	\$ 247,523
	781,750	724,257	674,711	629,617	583,268
	-	-	-	202,140	-
	-	(227,179)	-	(104,991)	-
	-	191,565	-	523,605	-
	<u>(295,136)</u>	<u>(294,919)</u>	<u>(314,207)</u>	<u>(291,435)</u>	<u>(285,345)</u>
	878,716	767,154	677,724	1,261,050	545,446
	<u>10,920,839</u>	<u>10,153,685</u>	<u>9,475,961</u>	<u>8,214,911</u>	<u>7,669,465</u>
\$	<u>11,799,555</u>	<u>10,920,839</u>	<u>10,153,685</u>	<u>9,475,961</u>	<u>8,214,911</u>
\$	670,139	\$ 721,776	\$ 546,388	\$ 539,937	\$ 468,734
	86,622	94,030	93,087	91,959	87,217
	(180,915)	971,352	526,989	50,021	267,591
	(295,136)	(294,919)	(314,207)	(291,435)	(285,345)
	<u>(70,950)</u>	<u>(56,401)</u>	<u>(48,337)</u>	<u>(42,856)</u>	<u>(12,675)</u>
	209,760	1,435,838	803,920	347,626	525,522
	<u>8,157,231</u>	<u>6,721,393</u>	<u>5,917,473</u>	<u>5,569,847</u>	<u>5,044,325</u>
\$	<u>8,366,991</u>	<u>8,157,231</u>	<u>6,721,393</u>	<u>5,917,473</u>	<u>5,569,847</u>
\$	<u>3,432,564</u>	<u>2,763,608</u>	<u>3,432,292</u>	<u>3,558,488</u>	<u>2,645,064</u>
	<u>70.91%</u>	<u>74.69%</u>	<u>66.20%</u>	<u>62.45%</u>	<u>67.80%</u>
\$	<u>1,747,000</u>	<u>1,571,340</u>	<u>1,932,398</u>	<u>1,806,387</u>	<u>1,714,193</u>
	<u>196.48%</u>	<u>175.88%</u>	<u>177.62%</u>	<u>196.99%</u>	<u>154.30%</u>

CALN TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
CONTRIBUTIONS
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 627,459	\$ 664,132	\$ 671,632	\$ 737,038	\$ 670,139
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>627,459</u>	<u>664,132</u>	<u>671,632</u>	<u>737,038</u>	<u>670,139</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ -</u>				
COVERED PAYROLL	<u>\$ 1,607,204</u>	<u>\$ 1,831,588</u>	<u>\$ 1,886,616</u>	<u>\$ 1,783,674</u>	<u>\$ 1,747,000</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>39.04%</u>	<u>36.26%</u>	<u>35.60%</u>	<u>41.32%</u>	<u>38.36%</u>

NOTES TO SCHEDULE

Valuation date:	January 1, 2019	January 1, 2017
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar	Level dollar
Remaining amortization period	7 years	9 years
Asset valuation method	4-year smoothing	4-year smoothing
Inflation	2.75%	2.75%
Salary increases	5.0% annual increase	5.0% annual increase
Investment rate of return		
Retirement age	Normal Retirement Age, or attained age if currently eligible to retire	Normal Retirement Age, or attained age if currently eligible to retire
Mortality	RP-2014 Mortality Table with 50% blue collar adjustment	RP-2014 Mortality Table with 50% blue collar adjustment

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 721,776	\$ 546,388	\$ 539,937	\$ 468,734
<u>721,776</u>	<u>546,388</u>	<u>539,937</u>	<u>468,734</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>1,571,340</u>	\$ <u>1,932,398</u>	\$ <u>1,806,387</u>	\$ <u>1,714,193</u>
<u>45.93%</u>	<u>28.28%</u>	<u>29.89%</u>	<u>27.34%</u>

January 1, 2015

January 1, 2013

Entry age normal
 Level dollar
 10 years
 4-year smoothing
 3.0%
 5.0% annual increase
 7.0%
 Normal Retirement Age, or
 attained age if currently
 eligible to retire
 RP-2000 Combined Healthy
 Mortality Table

Entry age normal
 Level dollar
 12 years
 4-year smoothing
 3.0%
 5.0% annual increase
 7.0%
 Normal Retirement Age, or
 attained age if currently
 eligible to retire
 RP-2000 Combined Healthy
 Mortality Table

CALN TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
INVESTMENT RETURNS
LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>-10.89%</u>	<u>14.84%</u>	<u>12.65%</u>	<u>18.32%</u>

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u><u>-2.22%</u></u>	<u><u>14.46%</u></u>	<u><u>8.95%</u></u>	<u><u>0.91%</u></u>	<u><u>5.99%</u></u>

CALN TOWNSHIP
SCHEDULE OF CHANGES IN THE NET EMPLOYEE
PENSION PLAN LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL PENSION LIABILITY			
Service cost	\$ 144,621	\$ 139,524	\$ 139,398
Interest	369,088	353,546	342,067
Differences between expected and actual experience	-	(161,473)	-
Changes of assumptions	-	229,985	-
Transfers	-	-	-
Benefit payments	<u>(266,655)</u>	<u>(274,502)</u>	<u>(251,684)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	247,054	287,080	229,781
Total pension liability, beginning	<u>7,017,257</u>	<u>6,730,177</u>	<u>6,500,396</u>
TOTAL PENSION LIABILITY, ENDING (a)	<u>\$ 7,264,311</u>	<u>\$ 7,017,257</u>	<u>\$ 6,730,177</u>
PLAN FIDUCIARY NET POSITION			
Contributions, employer	\$ 196,343	\$ 189,728	\$ 186,829
Contributions-PMRS assessment	920	960	800
Net investment income	1,016,934	990,922	1,182,473
Transfers	-	-	-
Benefit payments, including refunds of member contributions	<u>(266,655)</u>	<u>(274,502)</u>	<u>(251,684)</u>
Administrative expense	<u>(21,431)</u>	<u>(15,250)</u>	<u>(11,860)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	926,111	891,858	1,106,558
Plan fiduciary net position, beginning	<u>7,711,668</u>	<u>6,819,810</u>	<u>5,713,252</u>
PLAN FIDUCIARY NET POSITION, ENDING (b)	<u>\$ 8,637,779</u>	<u>\$ 7,711,668</u>	<u>\$ 6,819,810</u>
NET PENSION LIABILITY (ASSET), ENDING (a)-(b)	<u>\$ (1,373,468)</u>	<u>\$ (694,411)</u>	<u>\$ (89,633)</u>
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	<u>118.91%</u>	<u>109.90%</u>	<u>101.33%</u>
COVERED PAYROLL	<u>\$ 1,260,933</u>	<u>\$ 1,214,831</u>	<u>\$ 1,213,732</u>
NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF COVERED PAYROLL	<u>-108.92%</u>	<u>-57.16%</u>	<u>-7.38%</u>

NOTE TO SCHEDULE

Changes of Assumption: In 2016, the investment return assumption for municipal assets decreased from 5.5% to 5.25%. In 2015, assumptions based on the PMRS Experience Study for the period January 1, 2009 through December 31, 2013, issued by the actuary in July 2015 first effective.

	2018	2017	2016	2015	2014
\$	117,774	\$ 132,234	\$ 126,079	\$ 163,685	\$ 163,943
	327,526	315,537	330,966	315,015	297,960
	48,976	-	(465,478)	-	51,493
	-	-	160,170	43,001	-
	-	-	-	(54,333)	-
	<u>(226,482)</u>	<u>(183,979)</u>	<u>(146,841)</u>	<u>(185,739)</u>	<u>(167,020)</u>
	267,794	263,792	4,896	281,629	346,376
	<u>6,232,602</u>	<u>5,968,810</u>	<u>5,963,914</u>	<u>5,682,285</u>	<u>5,335,909</u>
\$	<u>6,500,396</u>	<u>6,232,602</u>	<u>5,968,810</u>	<u>5,963,914</u>	<u>5,682,285</u>
\$	212,182	\$ 225,384	\$ 210,377	\$ 214,845	\$ 168,903
	-	-	-	-	-
	(297,727)	876,668	354,999	(129,212)	121,647
	-	-	-	(54,333)	-
	(226,482)	(183,979)	(146,841)	(185,739)	(167,020)
	<u>(13,498)</u>	<u>(13,220)</u>	<u>(14,381)</u>	<u>(12,147)</u>	<u>(11,018)</u>
	(325,525)	904,853	404,154	(166,586)	112,512
	<u>6,038,777</u>	<u>5,133,924</u>	<u>4,729,770</u>	<u>4,896,356</u>	<u>4,783,844</u>
\$	<u>5,713,252</u>	<u>6,038,777</u>	<u>5,133,924</u>	<u>4,729,770</u>	<u>4,896,356</u>
\$	<u>787,144</u>	<u>193,825</u>	<u>834,886</u>	<u>1,234,144</u>	<u>785,929</u>
	<u>87.89%</u>	<u>96.89%</u>	<u>86.01%</u>	<u>79.31%</u>	<u>86.17%</u>
\$	<u>1,101,613</u>	<u>1,236,865</u>	<u>1,413,358</u>	<u>1,648,354</u>	<u>1,672,957</u>
	<u>71.45%</u>	<u>15.67%</u>	<u>59.07%</u>	<u>74.87%</u>	<u>46.98%</u>

CALN TOWNSHIP
SCHEDULE OF EMPLOYEE
PENSION PLAN CONTRIBUTIONS
LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 197,223	\$ 190,628	\$ 187,609
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>197,263</u>	<u>190,688</u>	<u>187,629</u>
CONTRIBUTION (EXCESS) DEFICIENCY	<u>\$ (40)</u>	<u>\$ (60)</u>	<u>\$ (20)</u>
COVERED PAYROLL	<u>\$ 1,260,933</u>	<u>\$ 1,214,831</u>	<u>\$ 1,213,732</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED PAYROLL	<u>15.64%</u>	<u>15.70%</u>	<u>15.46%</u>

NOTES TO SCHEDULE

Valuation date: January 1, 2019 January 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age, normal	Entry age, normal
Amortization method	Level dollar	Level dollar
Asset valuation method	Based upon the municipal reserves	Based upon the municipal reserves
Inflation	2.8%	2.8%
Salary increases	Age related scale	Age related scale
Investment rate of return	5.25%	5.25%
Retirement age	Age related range	Age related range
Mortality	RP 2000 Combined Healthy Mortality Table	RP 2000 Combined Healthy Mortality Table

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 212,062	\$ 225,364	\$ 210,357	\$ 214,825	\$ 168,843
<u>212,182</u>	<u>225,384</u>	<u>210,377</u>	<u>214,845</u>	<u>168,903</u>
\$ <u>(120)</u>	\$ <u>(20)</u>	\$ <u>(20)</u>	\$ <u>(20)</u>	\$ <u>(60)</u>
\$ <u>1,101,613</u>	\$ <u>1,236,685</u>	\$ <u>1,413,358</u>	\$ <u>1,648,354</u>	\$ <u>1,672,957</u>
<u>19.26%</u>	<u>18.22%</u>	<u>14.88%</u>	<u>13.03%</u>	<u>10.10%</u>

January 1, 2015

January 1, 2013

Entry age, normal
 Level dollar
 Based upon the municipal reserves
 3.0%
 Age related scale
 5.5%
 Age related range
 RP 2000 Combined Healthy
 Mortality Table

Entry age, normal
 Level dollar
 Based upon the municipal reserves
 3.0%
 Age related scale
 5.5%
 Age related range
 RP 2000 Combined Healthy
 Mortality Table

CALN TOWNSHIP

SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY LAST FOUR FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
TOTAL OPEB LIABILITY				
Interest	\$ 303	\$ 376	\$ 622	\$ 708
Changes for experience	-	384	-	-
Changes of assumptions	-	590	-	-
Benefit payments	<u>(3,394)</u>	<u>(3,248)</u>	<u>(3,041)</u>	<u>(2,916)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(3,091)	(1,898)	(2,419)	(2,208)
TOTAL OPEB LIABILITY, BEGINNING	<u>13,789</u>	<u>15,687</u>	<u>18,106</u>	<u>20,314</u>
TOTAL OPEB LIABILITY, ENDING	<u>\$ 10,698</u>	<u>\$ 13,789</u>	<u>\$ 15,687</u>	<u>\$ 18,106</u>

NOTES TO SCHEDULE

Changes in assumptions - For 2021, the assumed discount rate was changed from 3.75% to 2.50%. The mortality assumption was updated from RP-2014 Combined Healthy Mortality Table with 50% blue collar adjustment to the 2010 Public Retirement Plan - Public Safety mortality tables (PubS-2010). The mortality improvement was updated from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report to those from the 2020 SSA Trustee Report, projected from the year 2015.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.