

Township of Scott
Financial Statements
December 31, 2022

 Hosack, Specht
Muetzel & Wood

CERTIFIED PUBLIC ACCOUNTANTS

**Township of Scott
Table of Contents**

	Exhibit	Page No.
FINANCIAL SECTION		
Independent Auditor’s Report		1 – 3
Management’s Discussion and Analysis		4 – 10
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	1	11
Statement of Activities	2	12
Fund Financial Statements		
Balance Sheet – Governmental Funds	3	13
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position	4	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5	15
Reconciliation of the Governmental Funds		
Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	6	16 – 17
Statement of Net Position – Fiduciary Funds	7	18
Statement of Changes in Net Position – Fiduciary Funds	8	19
Notes to Financial Statements		20 – 44
Required Supplementary Information		
Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund – Budget and Actual		45 – 50
Schedule of Revenues, Expenditures and Changes in Fund Balance Sewer Fund – Budget and Actual		51
Defined Benefit Pension Trust Funds		52 – 56
Schedule of Changes in the Total OPEB Liability and Related Ratios		57

**Township of Scott
Table of Contents**

Other Information

Combining Fund Statements

Combining Balance Sheet – Nonmajor Governmental Funds	A	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	B	59
Combining Statement of Net Position – Fiduciary Funds – Pension Trust Funds	C	60
Combining Statement of Changes in Net Position – Fiduciary Funds – Pension Trust Funds	D	61

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Independent Auditor's Report

Members of the Board of Commissioners
Township of Scott
Scott Township, Pennsylvania

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Scott, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other post-employment benefit information as listed in the table of contents 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.

Supplementary Information

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

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
September 25, 2023

**Township of Scott
Management's Discussion and Analysis
December 31, 2022**

The discussion and analysis of the Township of Scott's financial performance provides an overall review 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 notes to the basic financial statements and financial statements to enhance their understanding of the Township's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments issued June 1999.

Financial Highlights

The 2022 total expenditures of all governmental funds were \$20,538,747, with total revenues of \$18,267,658 along with other financing sources and uses, resulting in a decrease in fund balance of \$2,092,107. The two most significant components of revenue were taxes collected of \$9,750,732 and revenues of the sewer fund in the amount of \$5,154,170. These two items accounted for 82% of all revenues. Total expenditures for 2022 included \$18,703,564 of operating expenditures and \$1,835,183 for debt service.

In 2022, real estate taxes were 5.171 mills. The sources and effective rates of taxation were:

5.171 Mills Real Estate Tax - 5.107 General Purpose and .0640856 Library
1.00% Earned Income Tax - One-half to Township - One-half to School District
1% Real Estate Transfer Tax
\$52 Emergency Municipal Services Tax - \$47 to Municipality - \$5 to School District

In 2022, one mill of real estate tax should generate approximately \$985,906 of revenue to the Township.

Real estate property tax revenues compared to the adopted budget in 2022 were 99% of the budgeted revenue. There were a number of appeals to create a reduction in the real estate assessment values. The earned income tax collection was 100% of budgeted revenue.

The Township's revenues exceeded expenditures by \$377,285 for the general fund. This is considerably better than the net result anticipated for 2022. Budgeted revenues were \$11,503,596 and actual revenues were \$11,880,881. Budgeted expenditures were \$12,192,371 and the actual expenditures were \$11,896,840.

Using the Annual Financial Report

The financial section of this report consists of three parts: management's discussion and analysis, the basic financial statements (including notes to the financial statements) and other financial information including required pension supplementary information, combining and individual fund statements with detailed budgetary comparison schedules, and other additional information. The basic financial statements present two different views of the Township through the use of government-wide financial statements and fund financial statements.

Township of Scott
Management's Discussion and Analysis
December 31, 2022

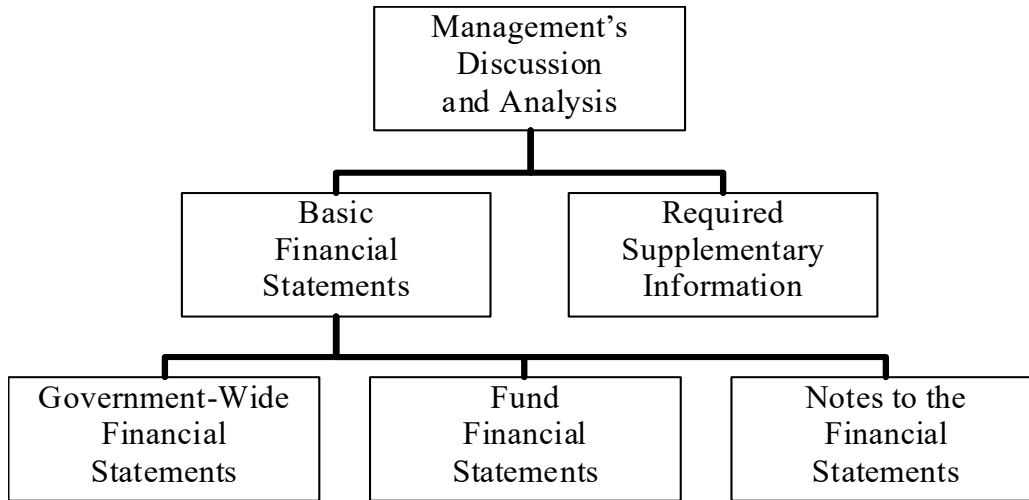
The first two statements are government-wide financial statements - the statement of net position and the statement of activities. These provide both long-term and short-term information about the Township's overall financial status.

The 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 general Township 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, to whom the resources in question belong.

The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the financial section are arranged and relate to one another:

Figure A – 1
Required Components of
Township of Scott's
Financial Report



**Township of Scott
Management's Discussion and Analysis
December 31, 2022**

Figure A-2 summarizes the major features of the Township's financial statements, including the portion of the Township they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A – 2
Major Features of Township of Scott's
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Municipal Government (except fiduciary funds)	The activities of the Township that are not proprietary or fiduciary.	Instances in which the Township is the trustee or agent to someone else's resources
Required financial statements	Statement of net position; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position; statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term
Type of in-flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Township of Scott
Management's Discussion and Analysis
December 31, 2022

Overview of Financial Statements

Government-Wide Statements

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.

The two government-wide statements report the Township's net position 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, it is necessary to consider additional non-financial factors, such as changes in the Township's property tax base services provided to its taxpayers.

The government-wide financial statements of the Township consist of the following:

- Governmental activities - All of the Township's basic services are included here, such as general government, public safety, public works and culture and recreation. Property and other local taxes finance most of these activities.

Fund Financial Statements

The Township's fund financial statements, which begin with Exhibit 3 of the annual financial report, provide detailed information about the most significant funds - not the Township as a whole. Some funds are required by state law and by bond requirements.

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. They 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.

Fiduciary funds - The Township is the trustee, or fiduciary, for two single-employer defined benefit pension plans for the police and administrative employees. All of the Township's fiduciary activities are reported in separate statements of fiduciary net position on Exhibit C and changes in net position on Exhibit D. We exclude these activities from the Township's other financial statement because the Township cannot use these assets to finance its operations.

**Township of Scott
Management's Discussion and Analysis
December 31, 2022**

Financial Analysis of the Township as a Whole

The Township's total net position was a deficit of \$(5,989,770) at December 31, 2022 and was a deficit of \$(5,428,480) at December 31, 2021.

Table A - 1
Years Ended December 31, 2022 and 2021
Net Position

	Governmental Activities	
	2022	2021
Current and Other Assets	\$ 19,999,335	\$ 21,828,206
Capital Assets	8,049,440	7,247,271
Total Assets	28,048,775	29,075,477
Deferred Outflows of Resources	6,682,245	2,430,444
Current and Other Liabilities	4,162,060	3,896,924
Noncurrent Liabilities		
Due Within One Year	1,159,158	1,094,667
Due in More Than One Year	31,902,990	29,073,530
Total Liabilities	37,224,208	34,065,121
Deferred Inflows of Resources	3,496,582	2,869,280
Net Position		
Net Investment in Capital Assets	(4,450,482)	(4,894,275)
Restricted	11,762,494	13,180,671
Unrestricted	(13,301,782)	(13,714,876)
Total Net Position	\$ (5,989,770)	\$ (5,428,480)

Most of the Township's net position are invested in capital assets (buildings, land, and equipment). The remaining net position is restricted and unrestricted amounts. The restricted balances are amounts set aside to fund future purchases or capital projects as planned by the Township.

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 2. 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 general revenues. The largest general revenues are the local taxes (property and earned income) assessed to community taxpayers.

Township of Scott
Management's Discussion and Analysis
December 31, 2022

Table A-2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

Table A - 2
Years Ended December 31, 2022 and 2021
Change in Net Position

	Governmental Activities	
	2022	2021
Revenues		
Program Revenues		
Charges for Services	\$ 6,211,002	\$ 6,043,226
Operating Grants and Contribs.	1,561,311	904,772
General Revenues		
Property Taxes	5,185,008	4,857,055
Other Taxes	4,551,488	4,160,209
Grants, Subsidies and Contribs.		
Unrestricted	15,411	10,823
Investment Earnings	329,343	8,575
Miscellaneous Income	399,859	424,101
Total Revenues	18,253,422	16,408,761
Expenses		
General Government	2,301,846	2,156,546
Public Safety	5,761,230	4,777,233
Health and Human Safety	57,212	50,784
Public Works - Sanitation	6,475,569	5,667,288
Public Works - Highways	1,856,842	1,277,527
Public Works - Other	12,512	12,512
Culture - Recreation	1,694,884	1,157,198
Interest on Long-Term Debt	654,617	602,266
Total Expenses	18,814,712	15,701,354
Increase (Decrease) in Net Position	(561,290)	707,407
Beginning Net Position		
(Restated - See Note 12)	(5,428,480)	(6,135,887)
Ending Net Position	\$ (5,989,770)	\$ (5,428,480)

Township of Scott
Management's Discussion and Analysis
December 31, 2022

Township Funds

The Township entered 2022 in a relatively stable fiscal position. The Township has, within the past several years, re-evaluated many programs and expenditures and has established a very comprehensive budget document and reliable capital improvements programs. All of these initiatives have contributed greatly in the Township's ability to maintain the highest quality of service while keeping a reasonable taxation level.

Significant Issues

The most significant issue the Township is faced with is the Allegheny County Consent Decree which is expected to cost the Township approximately \$12,000,000 over the next five years. The Township is required to televise, repair and replace sewers throughout the Township that are in need of repair or replacement. During 2012, the Township issued \$8,840,000 of general obligation bonds, the proceeds of which will partially fund these projects. During 2021, the Township issued \$13,495,000 to refund \$1,395,452 of Series 2015 notes and to fund the required capital projects. There is \$11,396,352 from this bond issue available in the capital projects fund at December 31, 2022.

The Township is presently negotiating with the Environmental Protection Agency and with other adjacent communities regarding these environmental issues.

Contacting the Township's Financial Management

This financial report is designed to provide the citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact: Township of Scott, 301 Lindsay Road, Scott Township, PA 15106, 412-276-5300.

**Township of Scott
Statement of Net Position
December 31, 2022**

Exhibit 1

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 16,418,103
Cash Held in Escrow	685,102
Taxes Receivable, Net	1,153,567
Other Receivables	1,742,563
Capital Assets not Being Depreciated	
Land	518,669
Capital Assets, Net of Accumulated Depreciation	
Building & Building Improvements, Net	5,878,370
Furniture & Equipment, Net	1,618,098
Intangible Right-to-Use Assets, Net of Amortization	<u>34,303</u>
TOTAL ASSETS	<u>28,048,775</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	383,698
Amounts Related to OPEB	666,561
Amounts Related to Pensions	<u>5,631,986</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>6,682,245</u>
LIABILITIES	
Accounts Payable	1,983,100
Deposits Payable	508,881
Accrued Interest Payable	252,958
Accrued Salaries and Benefits	150,391
Payroll Deductions and Withholdings	1,197
Unearned Revenues	1,265,533
Noncurrent Liabilities	
Due Within One Year:	1,159,158
Due in More Than One Year:	
Compensated Absences	14,909
Financing Agreements	123,410
Lease Liabilities	18,342
Bonds Payable	23,180,671
Net Other Post-Employment Benefit Obligations	3,449,354
Net Pension Liability	<u>5,116,304</u>
TOTAL LIABILITIES	<u>37,224,208</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to OPEB	1,068,323
Amounts Related to Pensions	<u>2,428,259</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,496,582</u>
NET POSITION	
Net Investment in Capital Assets	(4,450,482)
Restricted for:	
Capital Projects	11,396,352
Highways	328,250
Other purposes	37,892
Unrestricted (Deficit)	<u>(13,301,782)</u>
TOTAL NET POSITION	<u>\$ (5,989,770)</u>

See Accompanying Notes

**Township of Scott
Statement of Activities
Year Ended December 31, 2022**

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 2,301,846	\$ 270,996	\$ 336,729	\$ (1,694,121)
Public Safety	5,761,230	445,299	799,847	(4,516,084)
Health & Human Safety	57,212	-	-	(57,212)
Public Works - Sanitation	6,475,569	5,154,715	-	(1,320,854)
Public Works - Highways	1,856,842	33,569	424,735	(1,398,538)
Public Works - Other	12,512	-	-	(12,512)
Culture & Recreation	1,694,884	306,423	-	(1,388,461)
Interest on Long-Term Debt	654,617	-	-	(654,617)
Total Governmental Activities	\$ 18,814,712	\$ 6,211,002	\$ 1,561,311	\$ (11,042,399)
General Revenues				
Taxes				
Property Taxes Levied for General Purposes, Net				5,185,008
Earned Income Taxes				2,906,459
Regional Asset District - Sales Tax				633,225
Real Estate Transfer Taxes				410,558
Other Taxes Levied for General Purposes, Net				601,246
Grants, Subsidies and Contributions not Restricted				15,411
Investment Earnings				329,343
Miscellaneous Income				84,649
Cable TV Franchise Fee				315,210
Total General Revenues				10,481,109
Change in Net Position				(561,290)
Net Position - January 1, 2022 (Restated - See Note 12)				(5,428,480)
Net Position - December 31, 2022				\$ (5,989,770)

See Accompanying Notes

**Township of Scott
Balance Sheet
Governmental Funds
December 31, 2022**

Exhibit 3

	General Fund	Sewer Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,469,539	\$1,033,237	\$13,407,458	\$ 507,869	\$ 16,418,103
Cash Held in Escrow	685,102	-	-	-	685,102
Taxes Receivable, Net	1,153,567	-	-	-	1,153,567
Due from Other Funds	6,547,258	4,016,068	535,701	1,698	11,100,725
Other Receivables	313,840	1,423,875	-	4,848	1,742,563
TOTAL ASSETS	<u>\$10,169,306</u>	<u>\$6,473,180</u>	<u>\$13,943,159</u>	<u>\$ 514,415</u>	<u>\$ 31,100,060</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 4,740,093	\$4,425,445	\$ 1,833,243	\$ 101,944	\$ 11,100,725
Accounts Payable	187,852	1,035,355	713,564	46,329	1,983,100
Deposits Payable	508,881	-	-	-	508,881
Accrued Salaries and Benefits	150,391	-	-	-	150,391
Payroll Deductions and Withholdings	1,197	-	-	-	1,197
Unearned Revenues	1,265,533	-	-	-	1,265,533
Total Liabilities	<u>6,853,947</u>	<u>5,460,800</u>	<u>2,546,807</u>	<u>148,273</u>	<u>15,009,827</u>
Deferred Inflows of Resources					
Unavailable Revenues - Property Taxes	330,103	-	-	-	330,103
Fund Balances					
Restricted	-	-	11,396,352	366,142	11,762,494
Assigned	-	1,012,380	-	-	1,012,380
Unassigned	2,985,256	-	-	-	2,985,256
Total Fund Balances	<u>2,985,256</u>	<u>1,012,380</u>	<u>11,396,352</u>	<u>366,142</u>	<u>15,760,130</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$10,169,306</u>	<u>\$6,473,180</u>	<u>\$13,943,159</u>	<u>\$ 514,415</u>	<u>\$ 31,100,060</u>

See Accompanying Notes

Township of Scott
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2022

Exhibit 4

Total Fund Balances - Governmental Funds		\$ 15,760,130
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$16,232,102 and the accumulated depreciation is \$8,216,965.		8,015,137
Intangible right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The value of these assets is \$76,085 and the accumulated amortization is \$41,782.		34,303
Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and, therefore, are not reported as revenues in governmental funds.		330,103
Deferred charges on refunding bonds issued are amortized over the life of the bonds as deferred outflows of resources in the statement of net position.		(686,973)
Long-term liabilities, including bonds and leases payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds Payable	\$ (23,175,000)	
Accrued Interest on the Bonds	(252,958)	
Financing Agreements	(202,427)	
Leases Payable	(33,483)	
Compensated Absences	(14,909)	
Net Pension Liability	(5,116,304)	
Other Post-Employment Benefits Payable	<u>(3,449,354)</u>	(32,244,435)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions	5,631,986	
Deferred Inflows of Resources Related to Pensions	(2,428,259)	
Deferred Outflows of Resources Related to OPEB	666,561	
Deferred Inflows of Resources Related to OPEB	<u>(1,068,323)</u>	<u>2,801,965</u>
Total Net Position - Governmental Activities		<u>\$ (5,989,770)</u>

See Accompanying Notes

Township of Scott
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2022

Exhibit 5

	General Fund	Sewer Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Revenues					
Taxes	\$ 9,686,839	\$ -	\$ -	\$ 63,893	\$ 9,750,732
Licenses and Permits	353,710	-	-	-	353,710
Fines and Forfeits	22,722	-	-	-	22,722
Interest, Rents and Royalties	82,642	9,451	229,452	7,798	329,343
Intergovernmental	661,565	431,309	32,633	451,215	1,576,722
Charges for Services	793,610	5,154,170	-	-	5,947,780
Miscellaneous	279,793	456	-	6,400	286,649
Total Revenues	11,880,881	5,595,386	262,085	529,306	18,267,658
Expenditures					
Current:					
General Government	1,509,497	125,882	272,644	-	1,908,023
Public Safety	4,838,230	-	-	2,344	4,840,574
Health and Welfare	57,212	-	-	-	57,212
Public Works - Sanitation	1,259,100	4,688,314	527,732	-	6,475,146
Public Works - Highway	1,456,660	-	958,584	402,255	2,817,499
Public Works - Other	12,512	-	-	-	12,512
Culture - Recreation	752,623	-	697,015	63,893	1,513,531
Miscellaneous	958,433	-	-	-	958,433
Refunds of Prior Year's Receipts	120,634	-	-	-	120,634
Debt Service:					
Principal	565,716	275,000	280,000	-	1,120,716
Interest	366,223	325,244	23,000	-	714,467
Total Expenditures	11,896,840	5,414,440	2,758,975	468,492	20,538,747
Excess (Deficiency) of Revenues					
Over Expenditures	(15,959)	180,946	(2,496,890)	60,814	(2,271,089)
Other Financing Sources (Uses)					
Issuance of Leases Payable	-	-	179,072	-	179,072
Net Changes in Fund Balances	(15,959)	180,946	(2,317,818)	60,814	(2,092,017)
Fund Balances - January 1, 2022	3,001,215	831,434	13,714,170	305,328	17,852,147
Fund Balances - December 31, 2022	\$ 2,985,256	\$ 1,012,380	\$ 11,396,352	\$ 366,142	\$ 15,760,130

See Accompanying Notes

**Township of Scott
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended December 31, 2022**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ (2,092,017)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the period.

Depreciation Expense	\$ (711,865)	
Net Book Value of Retired Assets	(1,448)	
Capital Outlays	1,481,179	
Intangible Right-to-Use Assets Amortization	(13,749)	754,117

Because some property taxes and other revenues will not be collected within the current financial resources measurement focus period, they are not considered as "available" revenues in the governmental funds. Unavailable revenues decreased by this amount this year. (14,236)

Repayment of bond and financing agreements principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,148,721

In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) and other post-employment benefits (OPEB)-are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated Absences	1,548	
Other Post-Employment Benefits	(67,337)	(65,789)

**Township of Scott
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended December 31, 2022**

Exhibit 6

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Net Change in Accrued Interest on Bonds	13,275
---	--------

Some expenses reported in the fund financial statements relating to pension expense are recognized based on the annual required contribution or amount actually paid and in the government-wide statements are recognized based on the annual pension cost.	(144,859)
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Bond issuance costs and bond premiums are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Amortization of Premium and Deferred Loss on Refunding	18,570
---	--------

Some capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as an other financing source. The capital leases are not revenues in the statement of activities, but constitute long-term liabilities in the statement of net position.	(179,072)
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Change in Net Position of Governmental Activities	\$ (561,290)
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See Accompanying Notes

**Township of Scott
Statement of Net Position
Fiduciary Funds
December 31, 2022**

Exhibit 7

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 627,714
Investments	20,131,678
Others Receivables	<u>8,388</u>
TOTAL ASSETS	<u>20,767,780</u>
LIABILITIES	
Other Current Liabilities	<u>-</u>
NET POSITION	
Net Position Restricted for Pensions	<u>\$ 20,767,780</u>

See Accompanying Notes

Township of Scott
Statement of Changes in Net Position
Fiduciary Funds
Year Ended December 31, 2022

Exhibit 8

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 847,310
Plan Members	<u>253,315</u>
Total Contributions	<u>1,100,625</u>
Investment Income	
Realized Gain on Investments	286,579
Net Appreciation (Depreciation) in Fair Value of Investments	(3,767,070)
Interest and Dividends	410,055
Less: Investment Expense	<u>(112,458)</u>
Net Investment Income	<u>(3,182,894)</u>
Total Additions	<u>(2,082,269)</u>
Deductions	
Benefits	1,305,891
Administrative Expenses	<u>16,667</u>
Total Deductions	<u>1,322,558</u>
Net Increase in Net Position	(3,404,827)
Beginning of Year	<u>24,172,607</u>
End of Year	<u><u>\$ 20,767,780</u></u>

See Accompanying Notes

Township of Scott
Notes to Financial Statements
December 31, 2022

Note 1 - Summary of Significant Accounting Policies

The Township of Scott was incorporated in 1861 under the provisions of Article 9, Section 1 of the Constitution of the Commonwealth of Pennsylvania as amended. The Township operates under a commissioner/manager form of government.

A. Basic Financial Statements - Government-Wide Statements

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's police, sanitation, highways, parks and general administrative services are all classified as governmental activities. The Township reports no business-type activities.

In the government-wide statement of net position, governmental activities are presented on a consolidated basis by column.

The government-wide statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (certain intergovernmental revenues, charges for services, etc.). The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works - sanitation, public works - highways, culture and recreation, etc.). Operating grants include operating-specific and discretionary (either operating or capital).

The net costs by function are normally covered by general revenues including real estate taxes, earned income taxes, intergovernmental revenues, interest income and rents.

The government-wide focus is more on the Township as an entity and the change in the Township's net position resulting from the current year's activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

B. Basic Financial Statements - Fund Financial Statements

Fund financial statements of the Township are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental, proprietary and fiduciary. The Township reports no proprietary-type funds.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized into a single column. GASBS No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Township of Scott
Notes to Financial Statements
December 31, 2022

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Township reports these major governmental funds and fund types:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *sewer fund*, a special revenue fund, accounts for the revenues and expenditures related to providing sewer service to residents.

The *capital projects fund* accounts for all financial resources to be used for the acquisition or construction of major capital facilities or equipment.

The Township also reports as nonmajor governmental funds the following:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The highway aid fund, library fund, and police special fund are considered special revenue funds.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and are therefore not available to support Township programs. The reporting focus is on net position and changes in net position. The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose, or custodial). The Township reports the following fund types:

The *pension trust fund* accounts for the activities of the police and non-uniformed pension plans, which accumulates resources for pension benefit payments to covered employees.

The *custodial fund* accounts for monies primarily donated to the Fourth of July account held for specific recreational purposes and escrowed monies held in pending satisfactory completion of permitted construction projects within the community.

Fiduciary funds are not incorporated into the government-wide financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of any uncollectible amounts, 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.

Township of Scott
Notes to Financial Statements
December 31, 2022

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes levied but collected beyond 60 days after year end are recorded as deferred revenue to be recognized as revenue when the taxes are collected. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, investment income, rent and certain miscellaneous revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenues (state and federal sources), the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Township; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure. All other revenue items are considered to be measurable and available only when cash is received by the government.

D. Cash and Equivalents

The Township's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost.

E. Budgets and Budgetary Accounting

An operating budget is legally adopted each year for the general fund, sewer fund, highway aid fund, library fund, and capital projects fund on a basis consistent with generally accepted accounting principles (GAAP).

Adoption of the budget by the Commissioners constitutes approximations of the expenditures for the fiscal year and the budget is employed as a management control device during the year. Within the general fund accounts, the Township Commissioners may authorize or ratify transfer of budgeted amounts between operating departments provided that such transfers do not alter total expenditures approved by the Township Commissioners. Therefore, in the General Fund, as in all other funds that have legally adopted budgets, the measurement level of control over expenditures is the surplus or deficit of the funds as a whole. Operating departments are charged with the maintenance of the budget for the department as a whole. Any excess appropriations at the end of the fiscal year are not carried forward, but instead, lapse. No supplemental budgetary appropriations were made during the year ended December 31, 2022.

Township of Scott
Notes to Financial Statements
December 31, 2022

The budgetary procedures followed by the Township of Scott are those prescribed by the Commonwealth of Pennsylvania Department of Community Affairs, and are as follows:

1. Sixty days prior to the close of the fiscal year (December 31), the Township Manager is required to submit to the Commissioners a proposed budget.
2. Upon submission to the Commissioners, the proposed budget is considered public record and, as such, is available to the public for their review.
3. The Commissioners hold a public hearing to obtain input from Township residents on the proposed budget. This hearing must be held no earlier than two weeks after the submittal of the proposed budget to the Commissioners, but no later than two weeks prior to the anticipated adoption date.
4. No sooner than two weeks after the public hearing, but before the close of the fiscal year (December 31), the Commissioners adopt the budget.
5. Budgets are adopted as on-line item basis by departments. At any time during the year, the Township Secretary may transfer monies among programs within a department. Appropriation transfers between functions require Commissioner action.
6. Appropriations authorized by the budget or any addendum cannot exceed anticipated income.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased.

H. Prepaid Items

In both the government-wide and fund financial statements, prepaid items are recorded as assets in the specific governmental fund in which future benefits will be derived.

I. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year.

Township of Scott
Notes to Financial Statements
December 31, 2022

In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with GASB Statement No. 34, infrastructure has been prospectively capitalized, beginning January 1, 2004. The Township did not elect retroactive reporting of infrastructure in the year of adoption of GASB Statement No. 34.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Building Improvements	20-40
Land Improvements	20
Furniture	5
Vehicles	5-15
Equipment	5-15
Computers	3
Infrastructure	20-40

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discount reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discount during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing (uses) sources.

K. Compensated Absences

The Township's policies regarding vacation time under various contracts, provide for employees to accumulate sick days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Township of Scott
Notes to Financial Statements
December 31, 2022

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category, the deferred charge on refunding reported in the government-wide statement of net position is one. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other items are in the government-wide statement of net position and are related to the Township's defined benefit pension plan and OPEB plan.

In addition to liabilities, the statement of financial 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 assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. One item, *unavailable revenue*, is 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 other item is in the government-wide statement of net position and is related to the Township's defined benefit pension plan.

M. Government-Wide Net Position

Government-wide net position is divided into three components:

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

Restricted - consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted - all other net position is reported in this category.

N. Governmental Fund Balances

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the Township classifies governmental funds balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds.

Township of Scott
Notes to Financial Statements
December 31, 2022

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action by the Township's highest level of authority, the Board of Commissioners. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money, which is the passage of a motion.

Assigned - reflects the Township's intent to use the money for a specific purpose but is not considered restricted or committed. Fund balance may be assigned by the Board of Commissioners or the Director of Finance.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

The purposes of the governmental fund balance classifications as of December 31, 2022, are as follows:

1. The restricted fund balances are as follows:

Capital Projects Fund - \$11,396,352 - for sanitary sewer improvements;
Highway Aid Fund - \$328,250 - for highway expenditures;
Police Special Fund - \$37,892 for police purchases

2. The assigned fund balances are as follows:

Sewer Fund - \$1,012,380 - for sanitary sewer expenditures

O. Use of Restricted Resources

The Township's informal policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

P. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Note 2 - Deposits and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U. S. Treasury bills, other short-term U. S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

Township of Scott
Notes to Financial Statements
December 31, 2022

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

The deposit and investment policy of the Township adheres to state statutes and prudent business practice.

The deposits and investments of the fiduciary funds are administered by trustees and are held separately from those of other municipal funds. Investments are reported at fair value. Fair value is based on quoted market prices. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. There were no deposit or investment transactions during the year that were in violation of either state statutes or the policy of the Township.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of December 31, 2022, \$4,018,770 of the Township's bank balance of \$4,523,662 was exposed to custodial credit risk as follows:

Uninsured and Collateral held by Pledging	
Bank's Agent not in the Township's Name	<u>\$4,018,770</u>

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

The Township has the following recurring fair value measurements as of December 31, 2022:

Investments by Fair Value Level	Fair Value Measurements			
	Totals	Level 1	Level 2	Level 3
PLGIT/Money Market	\$ 13,631,939	\$ 13,631,939	\$ -	\$ -
Fixed Income				
Corporate Bonds	5,795,260	5,795,260	-	-
Total Debt Securities	19,427,199	19,427,199	-	-
Equity Securities	14,336,418	14,336,418	-	-
Total Investments	\$ 33,763,617	\$ 33,763,617	\$ -	\$ -

Township of Scott
Notes to Financial Statements
December 31, 2022

Credit Risk - Pennsylvania statutes authorize the type of investments allowed and are described above. The Township has no investment policy that would further limit its investments choices. The Township's investments rated by nationally recognized statistical rating organizations are noted above and are the ratings from Standard and Poor's.

The Township's money market fund investments are all rated AAAM by Standard and Poor's.

Custodial Credit Risk Investments - This is the risk that in the event of failure of the counterparty, the Township will not be able to recover the value of its investments. The Township does not have an investment policy for custodial credit risk. None of the Township's investments are subject to custodial risk.

Concentration of Credit Risk - At December 31, 2022, the Township did have a policy for concentration of credit risk. Investments in several securities exceeded 5% of total assets.

Investments

The Pennsylvania Local Government Investment Trust (PLGIT) was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania and the provision of the Intergovernmental Cooperation Act. Shares of the Fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the Fund is to enable such governmental units to pool their available funds for investments. The Trust is governed by an elected board of trustees who are responsible for the overall management of the Trust. The trustees are elected from the several classes of local governments participating in the Trust. The Trust is audited annually by independent auditors. PLGIT is rated AAAM by Standard and Poor's.

The fund is a local government investment pool and is exempt from the requirement of SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund measures for financial reporting purposes its assets at amortized cost and maintains a stable net asset value of \$1 per share. Accordingly, the fair value of the position in PLGIT is the same as the value of PLGIT shares. There are no limitations or restrictions on withdrawals.

Note 3 - Real Estate Taxes

The tax collector bills and collects real estate taxes on behalf of the Township based upon assessed values provided by the County. The Township's tax rate in 2022 was 5.107 for general purpose and 0.0640856 for the Scott Township Public Library, for a total of 5.171 mills (\$5.17 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2022 is as follows:

Tax Levy Date	July 1, 2022
2% Discount Period	Through August 31, 2022
Face Payment Period	September 1, 2021 - October 31, 2022
10% Penalty Period	November 1, 2022 until Liened
Lien Filing Date	Three Years from Due Date

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as unearned revenue on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$330,103, net of the allowance for uncollectibles (\$110,034), along with other taxes receivable of \$823,464.

Township of Scott
Notes to Financial Statements
December 31, 2022

Note 4 - Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance 01/01/22	Additions	Retirements	Balance 12/31/22
Governmental Activities				
Capital Assets not Being Depreciated				
Land	<u>\$ 518,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 518,669</u>
Capital Assets Being Depreciated				
Buildings and Building Improvements	8,971,661	1,266,070	-	10,237,731
Furniture and Equipment	<u>5,355,843</u>	<u>215,109</u>	<u>95,250</u>	<u>5,475,702</u>
Total Capital Assets Being Depreciated	<u>14,327,504</u>	<u>1,481,179</u>	<u>95,250</u>	<u>15,713,433</u>
Less Accumulated Depreciation				
Buildings and Building Improvements	3,944,746	414,615	-	4,359,361
Furniture and Equipment	<u>3,654,156</u>	<u>297,250</u>	<u>93,802</u>	<u>3,857,604</u>
Total Accumulated Depreciation	<u>7,598,902</u>	<u>711,865</u>	<u>93,802</u>	<u>8,216,965</u>
Total Capital Assets Being Depreciated, Net	<u>6,728,602</u>	<u>769,314</u>	<u>1,448</u>	<u>7,496,468</u>
Governmental Activities Capital Assets, Net	<u>\$7,247,271</u>	<u>\$ 769,314</u>	<u>\$ 1,448</u>	<u>\$8,015,137</u>
Governmental Activities:				
Intangible Right-to-Use Assets:				
Leased Equipment	\$ 76,085	\$ -	\$ -	\$ 76,085
Less Accumulated Amortization	<u>28,033</u>	<u>13,749</u>	<u>-</u>	<u>41,782</u>
Net Intangible Right-to-Use Assets	<u>\$ 48,052</u>	<u>\$ 13,749</u>	<u>\$ -</u>	<u>\$ 34,303</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 42,312
Public Safety	215,154
Public Works - Highways	206,974
Public Works - Sanitation	423
Culture - Recreation	<u>247,002</u>
Total Depreciation Expense	<u>\$ 711,865</u>

Township of Scott
Notes to Financial Statements
December 31, 2022

Governmental Activities

Intangible Right-to-Use Assets:

General Government \$ 13,749

Note 5 - Interfund Balances/Transfers

Interfund balances at December 31, 2022 were:

Fund	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 6,547,258	\$ 4,740,093
Capital Projects Fund	535,701	1,833,243
Sewer Fund	4,016,068	4,425,445
Nonmajor Funds		
Highway Aid Fund	<u>1,698</u>	<u>101,944</u>
	<u>\$ 11,100,725</u>	<u>\$ 11,100,725</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year. Generally, the purpose of interfund transfers is to reimburse the general fund for expenditures paid by the general fund on behalf of the other funds.

Note 6 - Long-Term Liabilities

Long-term liability for the year ended December 30, 2022 was as follows:

	Balance 01/01/22	Additions	Retirements	Balance 12/31/22	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 24,205,000	\$ -	\$ 1,030,000	\$ 23,175,000	\$ 1,065,000
Plus: Bond Premium	<u>1,113,202</u>	<u>-</u>	<u>42,531</u>	<u>1,070,671</u>	<u>-</u>
Total Bonds Payable	<u>25,318,202</u>	<u>-</u>	<u>1,072,531</u>	<u>24,245,671</u>	<u>1,065,000</u>
Financing Ageements	128,536	179,072	105,181	202,427	79,017
Lease Liabilities	47,023		13,540	33,483	15,140
Compensated Absences	<u>16,457</u>	<u>-</u>	<u>1,548</u>	<u>14,909</u>	<u>-</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 25,510,218</u>	<u>\$ 179,072</u>	<u>\$ 1,192,800</u>	<u>\$ 24,496,490</u>	<u>\$ 1,159,157</u>

Township of Scott
Notes to Financial Statements
December 31, 2022

General Obligation Bonds

General Obligation Bonds - \$13,190,000, Issue of 2017, due serially through August 15, 2031; interest at varying rates.	\$ 10,215,000
General Obligation Bonds - \$13,495,000, Issue of 2021, due serially through August 15, 2050; interest at varying rates.	<u>12,960,000</u>
	<u>\$ 23,175,000</u>

Financing Agreements

Agreement dated September 13, 2022, in the amount of \$44,127 due in annual payments of \$11,831 including interest at 4.76% through September 13, 2025.	\$ 32,297
Agreement dated March 28, 2022, in the amount of \$106,262 due in annual payments of \$28,683 including interest at 3.14% through March 28, 2026.	106,262
Agreement dated February 19, 2020, in the amount of \$97,400 due in annual payments of \$20,987 including interest at 3.50% through April 19, 2024.	40,705
Agreement dated April 28, 2021, in the amount of \$69,500 due in annual payments of \$24,023 including interest at 3.65% through April 28, 2023.	<u>23,163</u>
	<u>\$ 202,427</u>

The annual requirements of the Township's funds to amortize all debt outstanding (excluding compensated absences) as of December 31, 2022, are as follows:

Year Ended December 31,	General Obligation Bonds		Financing Agreements		Totals
	Principal	Interest	Principal	Interest	
2023	\$ 1,065,000	\$ 674,554	\$ 79,017	\$ 5,516	\$ 1,824,087
2024	1,105,000	637,854	57,546	3,953	1,804,353
2025	1,140,000	599,654	38,184	2,331	1,780,169
2026	865,000	576,854	27,680	1,004	1,470,538
2027	885,000	558,599	-	-	1,443,599
2028-2032	4,110,000	2,457,643	-	-	6,567,643
2033-2037	3,725,000	1,902,611	-	-	5,627,611
2038-2042	3,920,000	1,309,650	-	-	5,229,650
2043-2047	4,445,000	695,550	-	-	5,140,550
2048-2050	1,915,000	100,200	-	-	2,015,200
	<u>\$23,175,000</u>	<u>\$ 9,513,169</u>	<u>\$ 202,427</u>	<u>\$ 12,804</u>	<u>\$ 32,903,400</u>

Township of Scott
Notes to Financial Statements
December 31, 2022

Note 7 – Lease Liabilities

The Township entered into agreements to lease copiers and a postage machine on various dates. The terms of the leases are for 60 months requiring monthly payments of \$1,314. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at present value of the future minimum lease payments as of the date of their inception. For purposes of discounting future payments, the Township determined an interest rate of 2.4% to be an appropriate discount rate. As of December 31, 2022, the value of the lease liability recorded for the above leases was \$33,483. As a result, the Township has recorded an Intangible Right-to-Use asset with a net book value of \$34,303 as of December 31, 2022. Future minimum lease payments under the leases are as follows:

Year Ended December 31,	Lease Liabilities		Totals
	Principal	Interest	
2023	\$ 15,140	\$ 638	\$ 15,778
2024	5,493	380	5,873
2025	5,626	247	5,873
2026	5,762	110	5,872
2027	1,462	6	1,468
	<u>\$ 33,483</u>	<u>\$ 1,381</u>	<u>\$ 34,864</u>

Note 8 - Defined Benefit Pension Plans

A. Plan Descriptions, Contribution Information, and Funding Policies

The Township contributes to two Defined Benefit Pension Plans. Assets are held separately and may be used only for the payment of benefits to the members of the respective Plans.

Township of Scott Police Pension Plan (PPP) - The Police Pension Plan is a single-employer defined benefit pension trust fund. Any person employed on a full-time basis by the Township as a member of the police force is eligible to participate in the Plan.

Non-Uniformed Pension Plan (NUP) - The Non-Uniformed Pension Plan is a single-employer defined benefit pension trust fund. Any non-uniformed person employed on a full-time basis by the Township is eligible to participate in the Plan.

Actuarial valuations are performed biannually. For additional information related to basis of accounting and reported investment values, see Notes 1C. and 2. The Plan does not issue stand-alone financial reports.

The following is a summary of funding policies, contribution methods, and benefit provisions:

	<u>PPP</u>	<u>NUP</u>
Date Established	October 1, 1963	January 1, 1970
Governing Authority and Administrator	Township Board and Ordinances	Township Board and Ordinances

Township of Scott
Notes to Financial Statements
December 31, 2022

	<u>PPP</u>	<u>NUP</u>
Determination of Contribution		
Requirements	Actuarially Determined	Actuarially Determined
Employer	\$681,822	\$157,273
Plan Members	5% of compensation	4.5% of compensation
Funding of Administrative Costs	Investment Earnings	Investment Earnings
Eligibility Requirements		
Normal Retirement	Age 50 and 25 years of aggregate service	Age 65 and completion of ten years of service
Early Retirement	Completion of 20 years of aggregate service	Age 62 and completion of ten years of service
Vesting	100% after the completion of 12 years of aggregate service	100% after 10 years of service
Retirement Benefit	50% of final 36 months average salary prior to retirement or other severance plus service increment, if any	A monthly benefit equal to 2.0% of final 36 monthly average compensation multiplied by years of service
Service Increment	An additional monthly benefit of \$100 for 26 or more years of aggregate service up to a maximum of \$100,000	None
Cost-of-Living Adjustment	Participants retiring on or after 01/01/01 will receive an annual increase in their monthly benefit equal to the percentage change in the CPI-U during the previous calendar year times the pension benefit.	None

Township of Scott
Notes to Financial Statements
December 31, 2022

	<u>PPP</u>	<u>NUP</u>
	<p>The total of all increases may not exceed 30% of the retiree's original benefit nor may the sum of the retiree's benefit and all increases exceed 75% of final monthly average salary used to compute the original benefit.</p> <p>Participants who retired in 1992 and 1993 will receive an increase in their monthly benefit pursuant to the guidelines set forth in Act 600, as stated in the arbitration award dated 01/28/92.</p>	
Provisions for Disability Benefits	Yes	Yes
Provisions for Death Benefits	Yes	Yes
Drop Benefit	<p>Participants are eligible to participate in the deferred retirement option program (DROP) upon attainment of normal retirement age.</p>	

Memberships of the Plans are as follows, based on the latest actuarial valuation reports dated January 1, 2021:

	<u>PPP</u>	<u>NUP</u>
Active Plan Members	20	26
In Payment Status		
Retirement Benefits	17	18
Disability Benefits	2	1
Survivor Benefits	4	4
Term Vesteds	<u>0</u>	<u>1</u>
	<u>43</u>	<u>50</u>

Actuarial assumptions and other information used to determine the annual required contributions (ARC) are located in the supplementary information section of this report.

Township of Scott
Notes to Financial Statements
December 31, 2022

B. Investment Policy

The Plans are authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. The Plans' target asset allocations are as follows:

<u>Asset Class</u>	<u>Minimum, %</u>	<u>Target, %</u>	<u>Maximum, %</u>	<u>Benchmark</u>
Equities	60.0%	65.0%	70.0%	
Domestic	44.0%	49.0%	54.0%	Russell 3000
International	11.0%	16.0%	21.0%	MSCI ACWI ex U.S. (net)
Fixed Income	30.0%	35.0%	40.0%	
Bonds	28.0%	33.0%	38.0%	Barclay's Intermediate Government/Credit
Cash	0.0%	2.0%	5.0%	ML 90 Day T - Bill

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit ratings of the Plans' investments (excluding obligations explicitly guaranteed by the U.S. government) are not applicable.

Interest rate risk for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. The Plans have no formal policy for interest rate risk.

Money-Weighted Rate of Return

The money-weighted rate of return is calculated as a rate of return on Pension Plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses.

There are no assets legally reserved for purposes other than the payment of the Plans' member benefits for the Plans.

There are no long-term contracts for contributions.

C. Changes in the Township's Net Pension Liability

Changes in the Township's net pension liability for the year ended December 31, 2022 are as follows:

Township of Scott
Notes to Financial Statements
December 31, 2022

Police Pension Fund Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2022	\$ 17,239,005	\$ 16,268,025	\$ 970,980
Changes for the Year:			
Service Cost	445,394	-	445,394
Interest	1,239,818	-	1,239,818
Change in Assumptions	(67,507)	-	(67,507)
Difference Between Expected and Actual Experience	978,071	-	978,071
Contributions - Employer	-	687,256	(687,256)
Contributions - Member	-	178,705	(178,705)
Net Investment Income	-	(2,115,607)	2,115,607
Benefit Payments	(1,020,167)	(1,020,167)	-
Other	-	(10,880)	10,880
Net Changes	<u>1,575,609</u>	<u>(2,280,693)</u>	<u>3,856,302</u>
Balances at December 31, 2022	<u>\$ 18,814,614</u>	<u>\$ 13,987,332</u>	<u>\$ 4,827,282</u>

Non-Uniformed Pension Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2022	\$ 7,205,258	\$ 7,893,094	\$ (687,836)
Changes for the Year:			
Service Cost	133,805	-	133,805
Interest	504,740	-	504,740
Difference Between Expected and Actual Experience	(500,635)	-	(500,635)
Contributions - Employer	-	160,054	(160,054)
Contributions - Member	-	74,610	(74,610)
Net Investment Income	-	(1,067,287)	1,067,287
Benefit Payments	(285,186)	(285,724)	538
Other	-	(5,787)	5,787
Net Changes	<u>(147,276)</u>	<u>(1,124,134)</u>	<u>976,858</u>
Balances at December 31, 2022	<u>\$ 7,057,982</u>	<u>\$ 6,768,960</u>	<u>\$ 289,022</u>

Township of Scott
Notes to Financial Statements
December 31, 2022

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

The following shows the effect of a 1.0% change in the discount rate on the net pension liability:

	Police Pension Plan		
	1.00% Decrease 6.25%	Current Rate 7.25%	1.00% Increase 8.25%
Net Pension Liability	\$ 7,013,657	\$ 4,827,282	\$ 2,991,219

	Non-Uniformed Pension Plan		
	1.00% Decrease 6.25%	Current Rate 7.25%	1.00% Increase 8.25%
Net Pension Liability	\$ 1,056,251	\$ 289,022	\$ (372,741)

E. Components of the Net Pension Liability

The components of the net pension liability at December 31, 2022 are as follows:

	PPP	NUP
Total Pension Liability	\$ 18,814,614	\$7,057,982
Plan Fiduciary Net Position	<u>(13,987,332)</u>	<u>(6,768,960)</u>
Net Pension Liability (Asset)	<u>\$ 4,827,282</u>	<u>\$ 289,022</u>

Plan fiduciary net position as a percentage of the total pension liability 74.3% PPP and 95.9% for NUP.

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

Inflation:	2.50% for Police Pension Plan and 2.25% for Non-Uniformed Pension Plan
Salary Increases:	4.75% for Police Pension Plan and 5.00% for Non-Uniformed Pension Plan
Mortality:	RP-2014 mortality table (no collar adjustment) with base rates set forward 2 years, future mortality improvement using Scale MP-2018

**Township of Scott
Notes to Financial Statements
December 31, 2022**

Expected Long-Term
Rate of Return: 7.25%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) 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 rates of return for each major asset class included in the target asset allocation as of December 31, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real ROR</u>
Equities	7.25%
Fixed Income	7.25%
Cash and Equivalents	7.25%

Discount Rate: The discount rate used to measure the total pension liability was 7.25%. 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.

Police Pension Plan

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 944,846	\$ 159,179
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,627,364	958,503
Change in Assumptions	429,078	56,959
Totals	\$ 4,001,288	\$1,174,641

Township of Scott
Notes to Financial Statements
December 31, 2022

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

Year Ended December 31,	
2023	\$ 287,959
2024	569,386
2025	647,992
2026	821,280
2027	164,439
Thereafter	<u>335,591</u>
	<u>\$2,826,647</u>

Non-Uniformed Pension Plan

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 14,297	\$ 786,529
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,298,976	467,089
Change in Assumptions	<u>317,425</u>	<u>-</u>
Totals	<u>\$ 1,630,698</u>	<u>\$ 1,253,618</u>

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

Year Ended December 31,	
2023	\$ (42,165)
2024	107,946
2025	152,926
2026	237,269
2027	875
Thereafter	<u>(79,771)</u>
	<u>\$ 377,080</u>

Township of Scott
Notes to Financial Statements
December 31, 2022

Note 9 - Risk Management

The Township is exposed the risk of loss related to workman's compensation claims. During 1993, the Township joined together with other Townships and Townships in the state to form Municipal Risk Management Workman's Compensation Pooled Trust, a public risk pool currently operating as a common risk management and insurance program. The Township pays an annual premium to the Pooled Trust for its workman's compensation insurance coverage. The Trust Agreement provides that the Municipal Risk Management will be self-sustaining through members' premiums and will re-insure through commercial companies for claims in excess of \$500,000 per occurrence. Each participant agrees to jointly and severally assume and discharge the liabilities arising under Workman's Compensation Act and Occupation Disease Act of each and every participant of the Trust Agreement.

The Township continues to carry commercial insurance for all other risks of loss. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 10 - Other Post-Employment Benefit Plan

A. Plan Description

The Township of Scott administers a single-employer defined benefit healthcare plan. The Plan provides medical, dental and vision insurance at varying coverages for two groups of employees: police and the non-uniformed group. Benefit provisions are mostly established through negotiations between the Township and union or group representing the employees. The Plan does not issue a publicly available financial report.

1. Eligibility and Duration of Healthcare Coverage

Plan members are eligible for benefits under this Plan if they retire after meeting the retirement requirements in their respective pension plans (i.e., at their Early or Normal Retirement dates).

Police officers are eligible for Normal Retirement benefits under the Scott Township Police Pension Plan upon attaining age 50 and completing 25 years of service; however, they are eligible for reduced Early Retirement benefits under the plan after completion of 20 or more years of service, regardless of age.

Non-uniformed employees are eligible for Normal Retirement benefits under the Scott Township Employees' Pension Plan upon attaining age 65 and completing 10 years of service; however, they are eligible for reduced Early Retirement benefits under the Plan after attaining age 62 and completing 10 years of service.

Eligible members who terminate employment prior to their earliest eligible retirement age, other than due to service related death or disability, will not receive any benefits under the Plan.

Eligible police officers (regardless of service), who retire due to a service-related disability will be eligible for benefits under this Plan.

Non-uniformed employees who have completed at least 10 years of service who retire due to a total and permanent disability which qualifies them for Social Security disability benefits will be eligible for benefits under this Plan.

No plan benefits are payable after the death of a member.

Township of Scott
Notes to Financial Statements
December 31, 2022

Retired police officers may elect to receive medical and prescription drug coverage under the Township's insured medical plan, including dental and vision coverage, until reaching Medicare eligibility age (age 65).

Retired police officers are eligible for medical reimbursement of \$3,000 per year per individual and \$6,000 per family through a Health Reimbursement Account, which is forfeited if not used.

Police officers receive a \$20,000 life insurance benefit at retirement.

Non-uniformed employees receive a \$10,000 life insurance benefit at retirement.

Certain current retired police officers receive \$150 per month after Medicare eligibility age. Certain current retired police receive insurance coverage beyond age 65.

Police officers who retired before 1999 receive a \$5,000 life insurance benefit.

Non-uniformed employees who retired before 2012 receive a \$3,500 life insurance benefit.

Union, non-uniformed employees who retired in 2012-2015 receive a \$5,000 life insurance benefit.

Non-union, non-uniformed employees who retired in 2012-2016 receive a \$5,000 life insurance benefit.

2. Participation Contributions for Healthcare Coverage

All Plan benefits are completely funded by the Employer.

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	31
Active employees	<u>46</u>
	<u>77</u>

B. Total OPEB Liability

The Township's total OPEB liability of \$3,449,354 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Township of Scott
Notes to Financial Statements
December 31, 2022

C. Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	4.75%
Discount Rate	4.31%
Healthcare Cost Trend Rates	8.00% for 3 Years, 7.00% for 4 Years, 6.00% for 5 Years, 5.00% for 15 Years, 4.5% thereafter

The discount rate was based on the 20-Year AA Municipal Bond Rate.

Mortality rates were based on the Public Plan Safety, scale MP2020 Combined Mortality Tables for Males and Females.

The actuarial assumptions used in the December 31, 2022 valuation were selected using input from the Township based upon actual experience.

D. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2021	\$ 4,421,858
Changes for the year:	
Service Cost	254,167
Interest	91,756
Difference Between Expected & Actual Experience	(1,201,863)
Change in Assumptions	32,042
Benefit Payments	<u>(148,606)</u>
Net Changes	<u>(972,504)</u>
Balance at December 31, 2022	<u>\$ 3,449,354</u>

E. Changes of Assumptions and Other Inputs

- Changed discount rate from 2.00% to 4.31%

Township of Scott
Notes to Financial Statements
December 31, 2022

F. Sensitivity of the Total 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 one percentage point lower (3.31%) or one percentage point higher (5.31%) than the current discount rate:

	1.00% Decrease 3.31%	Current Discount Rate 4.31%	1.00% Increase 5.31%
Total OPEB Liability	\$ 3,774,146	\$ 3,449,354	\$ 3,158,769

G. Sensitivity of the Total 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 rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 3,131,165	\$ 3,449,354	\$ 3,820,146

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Township recognized OPEB expense of \$294,398. At December 31, 2022, the Township reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 619,076	\$ -
Difference between Expected and Actual Experience	<u>47,485</u>	<u>1,068,323</u>
	<u>\$ 666,561</u>	<u>\$ 1,068,323</u>

Township of Scott
Notes to Financial Statements
December 31, 2022

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

Year Ended June 30,	
2023	\$ (51,525)
2024	(51,525)
2025	(51,525)
2026	(51,525)
2027	(51,525)
Thereafter	<u>(144,137)</u>
	<u>\$ (401,762)</u>

Note 11 - Contingencies

The Township has been notified that certain parts of the sewage system are causing violations of EPA rules and regulations. In order for the Township to comply with these, it may incur substantial expenditures, presently expected to be in excess of \$12,000,000.

Note 12 – Prior Period Restatement

As a result of the implementation of GASB Statement No. 87 “Leases”, the Township made a prior period adjustment to record the value of the right-to-use asset net of accumulated amortization \$48,052 and the associated lease liability (\$47,023) as of January 1, 2022.

This prior period adjustment and its effect on net position at January 1, 2022 was an increase in governmental activities net position of \$1,029 restating the net position reported in the prior period financial statements of (\$5,429,509) to (\$5,428,480).

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

Township of Scott
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended December 31, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real Estate Taxes				
Current	\$ 4,910,700	\$ 4,910,700	\$ 4,881,930	\$ (28,770)
Delinquent	100,000	100,000	182,709	82,709
Liened	95,000	95,000	70,712	(24,288)
Regional Asset District Sales Tax	508,273	508,273	633,225	124,952
Real Estate Transfer Taxes	275,000	275,000	410,558	135,558
Earned Income Taxes/Wage Taxes	2,600,000	2,600,000	2,906,459	306,459
Mercantile Taxes	252,000	252,000	296,297	44,297
Local Service Taxes	250,000	250,000	304,949	54,949
	<u>8,990,973</u>	<u>8,990,973</u>	<u>9,686,839</u>	<u>695,866</u>
Licenses and Permits				
Cable Television Franchise	332,000	332,000	315,210	(16,790)
All Other Licenses and Permits	10,500	10,500	38,500	28,000
	<u>342,500</u>	<u>342,500</u>	<u>353,710</u>	<u>11,210</u>
Fines and Forfeits				
	<u>24,500</u>	<u>24,500</u>	<u>22,722</u>	<u>(1,778)</u>
Interest, Rents and Royalties				
Interest Earnings	2,000	2,000	40,468	38,468
Rents and Royalties	34,817	34,817	42,174	7,357
	<u>36,817</u>	<u>36,817</u>	<u>82,642</u>	<u>45,825</u>
Intergovernmental				
State				
All Other State Capital & Operating Grants	859,753	859,753	127,595	(732,158)
Public Utility Realty Tax	8,400	8,400	8,803	403
General Municipal Pension System State Aid	319,995	319,995	336,729	16,734
Alcoholic Beverage Taxes	4,100	4,100	3,850	(250)
Marcellus Shale Impact Fee Distribution	1,576	1,576	2,758	1,182
All Other State Shared Revenues & Entitlements	77,354	77,354	96,987	19,633
Local				
All Other Local Governmental Unit Grants	82,393	82,393	84,843	2,450
	<u>1,353,571</u>	<u>1,353,571</u>	<u>661,565</u>	<u>(692,006)</u>

Township of Scott
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended December 31, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges for Services				
General Government	61,500	61,500	68,996	7,496
Public Safety	247,475	247,475	384,077	136,602
All Other Charges for Highways & Street Svcs.	11,000	11,000	33,569	22,569
Solid Waste Collection/Trash	100	100	545	445
Culture-Recreation	221,160	221,160	306,423	85,263
	541,235	541,235	793,610	252,375
 Total Charges for Services	 541,235	 541,235	 793,610	 252,375
Miscellaneous Revenue				
Special Assessments	202,000	202,000	202,000	-
Contributions & Donations from Private Sources	-	-	11,000	11,000
Other Miscellaneous Revenue	-	-	28,713	28,713
Refunds of Prior Year's Expenditures	12,000	12,000	38,080	26,080
	214,000	214,000	279,793	65,793
 Total Miscellaneous Revenue	 214,000	 214,000	 279,793	 65,793
 Total Revenues	 11,503,596	 11,503,596	 11,880,881	 377,285
Expenditures				
Current:				
General Government				
Legislative Body				
Personal Services	37,125	37,125	37,125	-
Executive				
Personal Services	482,193	482,193	438,410	43,783
Supplies	13,600	13,600	16,589	(2,989)
Other Services & Charges	121,225	121,225	97,565	23,660
Capital Purchase	1,000	1,000	-	1,000
Financial Administration				
Other Services & Charges	28,852	28,852	20,659	8,193
Tax Collection				
Personal Services	154,456	154,456	136,238	18,218
Supplies	9,100	9,100	8,606	494
Other Services & Charges	91,492	91,492	98,026	(6,534)
Law				
Other Services & Charges	115,000	115,000	170,767	(55,767)
Data Processing				
Supplies	-	-	72	(72)
Other Services & Charges	86,132	86,132	80,510	5,622
Capital Purchase	10,000	10,000	15,310	(5,310)

Township of Scott
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Engineer				
Other Services & Charges	140,000	140,000	248,780	(108,780)
General Gov't Building & Plant				
Supplies	9,000	9,000	9,415	(415)
Other Services & Charges	121,851	121,851	131,425	(9,574)
Capital Purchase	2,000	2,000	-	2,000
	<u>1,423,026</u>	<u>1,423,026</u>	<u>1,509,497</u>	<u>(86,471)</u>
Total General Government				
Public Safety				
Police				
Personal Services	3,886,743	3,886,743	3,738,594	148,149
Supplies	98,770	98,770	88,052	10,718
Other Services & Charges	114,700	114,700	89,484	25,216
Capital Purchase	81,428	81,428	53,591	27,837
Fire				
Personal Services	32,659	32,659	34,329	(1,670)
Supplies	20,500	20,500	20,445	55
Other Services & Charges	95,537	95,537	93,901	1,636
Contributions, Grants & Subs.	387,026	387,026	406,659	(19,633)
Planning and Zoning				
Personal Services	221,683	221,683	210,228	11,455
Supplies	10,500	10,500	8,744	1,756
Other Services & Charges	97,724	97,724	59,443	38,281
Capital Purchase	6,195	6,195	3,588	2,607
Emergency Management & Communication				
Supplies	400	400	-	400
Other Services & Charges	1,140	1,140	1,116	24
Other Public Safety				
Personal Services	27,230	27,230	27,350	(120)
Supplies	750	750	43	707
Other Services & Charges	21,300	21,300	2,663	18,637
	<u>5,104,285</u>	<u>5,104,285</u>	<u>4,838,230</u>	<u>266,055</u>
Total Public Safety				
Health and Welfare				
Welfare				
Other Services & Charges	52,500	52,500	57,212	(4,712)

Township of Scott
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works - Sanitation				
Recycling Collection and Disposal				
Other Services & Charges	304,214	304,214	304,975	(761)
Solid Waste Collection and Disposal				
Other Services & Charges	<u>953,205</u>	<u>953,205</u>	<u>954,125</u>	<u>(920)</u>
Total Public Works - Sanitation	<u>1,257,419</u>	<u>1,257,419</u>	<u>1,259,100</u>	<u>(1,681)</u>
Public Works - Highways				
General Service - Administration				
Personal Services	1,097,073	1,097,073	1,184,177	(87,104)
Supplies	66,038	66,038	65,405	633
Other Services & Charges	48,352	48,352	39,217	9,135
Capital Purchase	17,000	17,000	16,667	333
Winter Maintenance-Snow Removal				
Supplies	10,000	10,000	5,226	4,774
Traffic Control Devices				
Other Services & Charges	8,000	8,000	7,853	147
Repairs of Tools and Machinery				
Personal Services	102,813	102,813	95,423	7,390
Supplies	35,000	35,000	28,713	6,287
Other Services & Charges	7,000	7,000	6,363	637
Maintenance and Repairs to Roads & Bridges				
Supplies	<u>17,500</u>	<u>17,500</u>	<u>7,616</u>	<u>9,884</u>
Total Public Works - Highways	<u>1,408,776</u>	<u>1,408,776</u>	<u>1,456,660</u>	<u>(47,884)</u>
Public Works - Other Services				
Storm Water and Flood Control				
Other Services & Charges	<u>12,512</u>	<u>12,512</u>	<u>12,512</u>	<u>-</u>
Total Public Works	<u>2,678,707</u>	<u>2,678,707</u>	<u>2,728,272</u>	<u>(49,565)</u>

Township of Scott
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture - Recreation				
Administration				
Personal Services	40,100	40,100	27,578	12,522
Supplies	3,000	3,000	5,610	(2,610)
Other Services & Charges	200	200	33	167
Participant Recreation				
Swimming Pool				
Personal Services	124,100	124,100	138,175	(14,075)
Supplies	48,800	48,800	32,825	15,975
Other Services & Charges	65,515	65,515	83,390	(17,875)
Parks				
Personal Services	365,786	365,786	237,459	128,327
Supplies	30,254	30,254	33,863	(3,609)
Other Services & Charges	47,220	47,220	53,696	(6,476)
Capital Purchase	64,100	64,100	15,370	48,730
Libraries				
Contributions, Grants & Subs.	120,500	120,500	120,500	-
Civil & Military Celebrations				
Supplies	1,000	1,000	1,224	(224)
Contributions, Grants & Subs.	2,900	2,900	2,900	-
	<u>913,475</u>	<u>913,475</u>	<u>752,623</u>	<u>160,852</u>
Total Culture - Recreation				
Miscellaneous				
Retirement Fund Contributions	839,095	839,095	839,095	-
Other Group Insurance Benefits	161,035	161,035	119,338	41,697
Refunds of Prior Year's Receipts	98,300	98,300	119,335	(21,035)
	<u>1,098,430</u>	<u>1,098,430</u>	<u>1,077,768</u>	<u>20,662</u>
Total Miscellaneous				
Debt Service				
Debt				
Interest	363,387	363,387	366,223	(2,836)
Principal	556,561	556,561	565,716	(9,155)
Fiscal Agent Fees	2,000	2,000	1,299	701
	<u>921,948</u>	<u>921,948</u>	<u>933,238</u>	<u>(11,290)</u>
Total Debt Service				
Total Expenditures	<u>12,192,371</u>	<u>12,192,371</u>	<u>11,896,840</u>	<u>295,531</u>

Township of Scott
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Fund Transfers				
Capital Projects Fund	<u>(1,206,253)</u>	<u>(1,206,253)</u>	<u>-</u>	<u>1,206,253</u>
Total Expenditures and Other Financing Sources (Uses)	<u>13,398,624</u>	<u>13,398,624</u>	<u>11,896,840</u>	<u>1,501,784</u>
Net Change in Fund Balance	(1,895,028)	(1,895,028)	(15,959)	1,879,069
Fund Balance - January 1, 2022	<u>1,895,029</u>	<u>1,895,029</u>	<u>3,001,215</u>	<u>1,106,186</u>
Fund Balance - December 31, 2022	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2,985,256</u>	<u>\$ 2,985,255</u>

Township of Scott
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Sewer Fund
Budget and Actual
Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest, Rents and Royalties	\$ 800	\$ 800	\$ 9,451	8,651
Intergovernmental	-	-	431,309	431,309
Charges for Services	5,334,216	5,334,216	5,154,170	(180,046)
Miscellaneous	-	-	456	456
	<u>5,335,016</u>	<u>5,335,016</u>	<u>5,595,386</u>	<u>260,370</u>
Expenditures				
Current				
General Government	-	-	125,882	(125,882)
Public Works - Sanitation	6,332,171	6,332,171	4,688,314	1,643,857
Debt Service				
Principal	275,000	275,000	275,000	-
Interest	325,245	325,245	325,244	1
	<u>6,932,416</u>	<u>6,932,416</u>	<u>5,414,440</u>	<u>1,517,976</u>
Net Change in Fund Balance	(1,597,400)	(1,597,400)	180,946	1,778,346
Fund Balance - January 1, 2022	<u>1,606,535</u>	<u>1,606,535</u>	<u>831,434</u>	<u>(775,101)</u>
Fund Balance - December 31, 2022	<u>\$ 9,135</u>	<u>\$ 9,135</u>	<u>\$ 1,012,380</u>	<u>\$ 1,003,245</u>

Township of Scott
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2022

1. Schedule of Changes in the Township's Net Pension Liability and Related Ratios

	Police Pension Plan								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 445,394	\$ 426,121	\$ 366,127	\$ 356,961	\$ 333,981	\$ 318,460	\$ 328,647	\$ 313,744	\$ 286,640
Interest	1,239,818	1,179,606	1,181,563	1,117,746	1,087,120	1,075,117	1,075,320	1,030,161	1,357,790
Change in Assumptions	(67,507)	-	-	551,674	-	-	-	-	(65,977)
Difference Between Expected and Actual Experience	978,071	-	147,199	-	(247,609)	-	(620,249)	-	(336,451)
Benefit Payments	(1,020,167)	(996,958)	(1,460,791)	(1,186,514)	(686,102)	(682,267)	(870,192)	(643,194)	(851,661)
Net Change in Total Pension Liability	1,575,609	608,769	234,098	839,867	487,390	711,310	(86,474)	700,711	390,341
Total Pension Liability - Beginning	17,239,005	16,630,236	16,396,138	15,556,271	15,068,881	14,357,571	14,444,045	13,743,334	13,352,993
Total Pension Liability - Ending (a)	18,814,614	17,239,005	16,630,236	16,396,138	15,556,271	15,068,881	14,357,571	14,444,045	13,743,334
Plan Fiduciary Net Position									
Contributions - Employer	687,256	583,828	445,104	438,711	415,527	380,436	392,981	541,013	254,003
Contributions - Member	178,705	123,209	104,210	109,309	105,229	103,042	118,605	116,556	106,468
Net Investment Income	(2,115,607)	1,949,927	1,377,015	2,280,109	(446,190)	1,675,618	692,979	84,746	688,876
Benefit Payments	(1,020,167)	(1,057,255)	(1,460,791)	(1,186,514)	(686,102)	(682,267)	(870,192)	(643,194)	(851,661)
Administrative Expenses	(10,880)	(1,595)	(6,826)	(12,994)	(8,384)	(60,247)	(53,089)	(57,765)	(12,909)
Net Change in Plan Fiduciary Net Position	(2,280,693)	1,598,114	458,712	1,628,621	(619,920)	1,416,582	281,284	41,356	184,777
Plan Fiduciary Net Position - Beginning	16,268,025	14,669,911	14,211,199	12,582,578	13,202,498	11,785,916	11,504,632	11,463,276	11,278,499
Plan Fiduciary Net Position - Ending (b)	13,987,332	16,268,025	14,669,911	14,211,199	12,582,578	13,202,498	11,785,916	11,504,632	11,463,276
Township's Net Pension Liability (a-b)	\$ 4,827,282	\$ 970,980	\$ 1,960,325	\$ 2,184,939	\$ 2,973,693	\$ 1,866,383	\$ 2,571,655	\$ 2,939,413	\$ 2,280,058
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.4%	94.4%	88.2%	86.7%	80.9%	87.6%	82.1%	79.6%	83.4%
Covered Payroll	\$ 2,882,930	\$ 2,464,180	\$ 2,207,241	\$ 2,555,553	\$ 2,055,075	\$ 2,027,781	\$ 1,990,514	\$ 2,288,565	\$ 2,129,352
Township's Net Pension Liability as a Percentage of Covered Payroll	167.44%	39.40%	88.81%	85.50%	144.70%	92.04%	129.20%	128.44%	107.08%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

Township of Scott
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2022

1. Schedule of Changes in the Township's Net Pension Liability and Related Ratios

	Non-Uniformed Pension Plan								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 133,805	\$ 204,858	\$ 182,424	\$ 173,936	\$ 144,210	\$ 138,363	\$ 140,215	\$ 133,538	\$ 124,826
Interest	504,740	491,614	529,198	420,440	395,385	405,770	386,611	364,202	391,729
Change in Assumptions Difference Between Expected and Actual Experience	-	-	-	529,045	-	-	-	-	-
Benefit Payments	(500,635)	-	(492,310)	15,912	9,494	(120,879)	(58,189)	-	(203,642)
	<u>(285,186)</u>	<u>(271,878)</u>	<u>(275,325)</u>	<u>(237,497)</u>	<u>(201,730)</u>	<u>(215,343)</u>	<u>(207,315)</u>	<u>(203,951)</u>	<u>(217,226)</u>
Net Change in Total Pension Liability	(147,276)	424,594	(56,013)	901,836	347,359	207,911	261,322	293,789	95,687
Total Pension Liability - Beginning	<u>7,205,258</u>	<u>6,780,664</u>	<u>6,836,677</u>	<u>5,934,841</u>	<u>5,587,482</u>	<u>5,379,571</u>	<u>5,118,249</u>	<u>4,824,460</u>	<u>4,728,773</u>
Total Pension Liability - Ending (a)	<u>7,057,982</u>	<u>7,205,258</u>	<u>6,780,664</u>	<u>6,836,677</u>	<u>5,934,841</u>	<u>5,587,482</u>	<u>5,379,571</u>	<u>5,118,249</u>	<u>4,824,460</u>
Plan Fiduciary Net Position									
Contributions - Employer	160,054	181,709	67,609	73,904	69,030	60,471	57,964	76,564	89,228
Contributions - Member	74,610	67,708	67,538	68,042	69,518	67,217	66,794	61,349	58,491
Net Investment Income	(1,067,287)	924,971	664,582	1,060,339	(206,296)	750,468	309,795	38,433	303,702
Benefit Payments	(285,724)	(278,568)	(275,325)	(237,497)	(201,730)	(215,343)	(207,315)	(203,951)	(217,226)
Administrative Expenses	(5,787)	(825)	(5,412)	(8,526)	(6,021)	(30,468)	(25,589)	(28,078)	(3,417)
Net Change in Plan Fiduciary Net Position	(1,124,134)	894,995	518,992	956,262	(275,499)	632,345	201,649	(55,683)	230,778
Plan Fiduciary Net Position - Beginning	<u>7,893,094</u>	<u>6,998,099</u>	<u>6,479,107</u>	<u>5,522,845</u>	<u>5,798,344</u>	<u>5,165,999</u>	<u>4,964,350</u>	<u>5,020,033</u>	<u>4,789,255</u>
Plan Fiduciary Net Position - Ending (b)	<u>6,768,960</u>	<u>7,893,094</u>	<u>6,998,099</u>	<u>6,479,107</u>	<u>5,522,845</u>	<u>5,798,344</u>	<u>5,165,999</u>	<u>4,964,350</u>	<u>5,020,033</u>
Township's Net Pension Liability (a-b)	<u>\$ 289,022</u>	<u>\$ (687,836)</u>	<u>\$ (217,435)</u>	<u>\$ 357,570</u>	<u>\$ 411,996</u>	<u>\$ (210,862)</u>	<u>\$ 213,572</u>	<u>\$ 153,899</u>	<u>\$ (195,573)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.9%	109.6%	103.2%	94.8%	93.1%	103.8%	96.0%	97.0%	104.1%
Covered Payroll	<u>\$ 1,680,065</u>	<u>\$ 1,504,606</u>	<u>\$ 1,617,621</u>	<u>\$ 1,513,509</u>	<u>\$ 1,554,099</u>	<u>\$ 1,463,743</u>	<u>\$ 1,392,656</u>	<u>\$ 1,733,658</u>	<u>\$ 1,326,321</u>
Township's Net Pension Liability as a Percentage of Covered Payroll	17.20%	-45.72%	-13.44%	23.63%	26.51%	-14.41%	15.34%	8.88%	-14.75%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

Township of Scott
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2022

2. Schedule of Contributions

	Police Pension Plan								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 619,426	\$ 583,828	\$ 445,104	\$ 438,711	\$ 415,527	\$ 380,436	\$ 392,981	\$ 382,968	\$ 254,003
Contributions in Relation to the Actuarially Determined Contribution	<u>687,256</u>	<u>583,828</u>	<u>445,104</u>	<u>438,711</u>	<u>415,527</u>	<u>380,436</u>	<u>392,981</u>	<u>382,968</u>	<u>254,003</u>
Contribution Deficiency (Excess)	<u>\$ (67,830)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$2,882,930</u>	<u>\$2,464,180</u>	<u>\$2,207,241</u>	<u>\$2,555,553</u>	<u>\$2,055,075</u>	<u>\$2,027,781</u>	<u>\$1,990,514</u>	<u>\$2,288,565</u>	<u>\$1,786,656</u>
Contributions as a Percentage of Covered Payroll	23.84%	23.69%	20.17%	17.17%	20.22%	18.76%	19.74%	16.73%	14.22%
	Non-Uniformed Pension Plan								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 157,273	\$ 181,709	\$ 67,609	\$ 73,904	\$ 69,030	\$ 60,471	\$ 57,964	\$ 76,564	\$ 89,228
Contributions in Relation to the Actuarially Determined Contribution	<u>160,054</u>	<u>181,709</u>	<u>67,609</u>	<u>73,904</u>	<u>69,030</u>	<u>60,471</u>	<u>57,964</u>	<u>76,564</u>	<u>89,228</u>
Contribution Deficiency (Excess)	<u>\$ 2,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$1,680,065</u>	<u>\$1,504,606</u>	<u>\$1,617,621</u>	<u>\$1,513,509</u>	<u>\$1,544,099</u>	<u>\$1,463,743</u>	<u>\$1,392,656</u>	<u>\$1,339,472</u>	<u>\$1,235,717</u>
Contributions as a Percentage of Covered Payroll	9.53%	12.08%	4.18%	4.88%	4.47%	4.13%	4.16%	5.72%	7.22%

**Township of Scott
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2022**

3. Investment Returns

	Police Pension Plan								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money Weighted Rate of Return Net of Investment Expenses	N/A	N/A	N/A	N/A	N/A	14.00%	6.21%	0.75%	11.62%
	Non-Uniformed Pension Plan								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money Weighted Rate of Return Net of Investment Expenses	N/A	N/A	N/A	N/A	N/A	14.25%	6.29%	5.72%	12.84%

Township of Scott
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2022

4. Notes to Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial report follows:

	<u>Police Pension Plan</u>	<u>Non-Uniformed Pension Plan</u>
Valuation Date	January 1, 2021	January 1, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar Closed	Level Dollar Closed
Remaining Amortization Period	13	9
Asset Valuation Method	Fair Value	Fair Value
Actuarial Assumptions		
Investment Rate of Return	7.25%	7.25%
Projected Salary Increases	4.75%	5.00%
Underlying Inflation Rate	2.50%	2.25%

Township of Scott
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
and Related Ratios
Last Six Years

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Total OPEB Liability						
Service Cost	\$ 254,167	\$ 246,014	\$ 153,279	\$ 160,087	\$ 137,811	\$ -
Interest	91,756	87,270	112,663	112,164	49,498	-
Change in Assumptions	32,042	-	423,950	-	386,448	-
Difference Between Expected and Actual Experience	(1,201,863)	-	6,826	16,795	49,926	-
Benefit Payments	<u>(148,606)</u>	<u>(210,290)</u>	<u>(163,978)</u>	<u>(203,257)</u>	<u>(150,599)</u>	<u>-</u>
Net Change in Total OPEB Liability	(972,504)	122,994	532,740	85,789	473,084	-
Total OPEB Liability - Beginning	<u>4,421,858</u>	<u>4,298,864</u>	<u>3,766,124</u>	<u>3,680,335</u>	<u>3,207,251</u>	<u>-</u>
Total OPEB Liability - Ending	<u>\$ 3,449,354</u>	<u>\$4,421,858</u>	<u>\$4,298,864</u>	<u>\$3,766,124</u>	<u>\$3,680,335</u>	<u>\$3,207,251</u>
Covered Payroll	\$ 3,763,953	\$4,055,695	\$4,053,575	\$4,069,062	\$4,161,197	N/A
Total OPEB Liability as a Percentage of Covered Payroll	91.64%	109.03%	106.05%	92.56%	88.44%	N/A

Notes to Schedule:

GASB 75 was implemented beginning with fiscal year ended December 31, 2018.

Assumption Changes:

Discount rate used for fiscal year ending December 31, 2022 was 4.31%.

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**OTHER
INFORMATION SECTION**

**Township of Scott
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022**

Exhibit A

	Special Revenue Funds		
	Highway Aid Fund	Police Special Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 467,633	\$ 40,236	\$ 507,869
Other Receivables	-	6,546	6,546
TOTAL ASSETS	467,633	46,782	514,415
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 100,245	\$ 8,890	\$ 109,135
Due to Other Funds	39,138	-	39,138
Total Liabilities	139,383	8,890	148,273
Fund Balances			
Restricted	328,250	37,892	366,142
TOTAL LIABILITIES AND FUND BALANCES	\$ 467,633	\$ 46,782	\$ 514,415

Township of Scott
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2022

Exhibit B

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Highway Aid Fund	Library Fund	Police Special Fund	
Revenues				
Taxes	\$ -	\$ 63,893	\$ -	\$ 63,893
Interest, Rents, and Royalties	7,395	-	403	7,798
Intergovernmental	424,735	-	26,480	451,215
Miscellaneous	-	-	6,400	6,400
	<u>432,130</u>	<u>63,893</u>	<u>33,283</u>	<u>529,306</u>
Total Revenues				
Expenditures				
Public Safety	-	-	2,344	2,344
Public Works - Highways	402,255	-	-	402,255
Culture - Recreation	-	63,893	-	63,893
	<u>402,255</u>	<u>63,893</u>	<u>2,344</u>	<u>468,492</u>
Total Expenditures				
Net Changes in Fund Balances	29,875	-	30,939	60,814
Fund Balances - January 1, 2022	<u>298,375</u>	<u>-</u>	<u>6,953</u>	<u>305,328</u>
Fund Balances - December 31, 2022	<u>\$ 328,250</u>	<u>\$ -</u>	<u>\$ 37,892</u>	<u>\$ 366,142</u>

Township of Scott
Combining Statement of Net Position
Fiduciary Funds
December 31, 2022

Exhibit C

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Uniformed Pension Fund	
ASSETS			
Cash and Cash Equivalents	\$ 547,577	\$ 80,137	\$ 627,714
Investments			
Fixed Income	3,841,846	1,953,414	5,795,260
Equity Securities	9,591,974	4,744,444	14,336,418
Other Receivables	5,928	2,460	8,388
 TOTAL ASSETS	 13,987,325	 6,780,455	 20,767,780
 LIABILITIES	 -	 -	 -
 NET POSITION			
Net Position Restricted for Pensions	\$ 13,987,325	\$ 6,780,455	\$ 20,767,780

Township of Scott
Combining Statement of Changes in Net Position
Fiduciary Funds
Year Ended December 31, 2022

Exhibit D

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Uniformed Pension Fund	
Additions			
Contributions			
Employer	\$ 687,256	\$ 160,054	\$ 847,310
Plan Members	<u>178,705</u>	<u>74,610</u>	<u>253,315</u>
Total Contributions	<u>865,961</u>	<u>234,664</u>	<u>1,100,625</u>
Investment Income			
Realized Gain on Investments	189,277	97,302	286,579
Net Appreciation in Fair Value of Investments	(2,512,508)	(1,254,562)	(3,767,070)
Interest and Dividends	274,653	135,402	410,055
Less: Investment Expense	<u>(67,029)</u>	<u>(45,429)</u>	<u>(112,458)</u>
Net Investment Income	<u>(2,115,607)</u>	<u>(1,067,287)</u>	<u>(3,182,894)</u>
Total Additions	<u>(1,249,646)</u>	<u>(832,623)</u>	<u>(2,082,269)</u>
Deductions			
Benefits	1,020,167	285,724	1,305,891
Administrative Expenses	<u>10,880</u>	<u>5,787</u>	<u>16,667</u>
Total Deductions	<u>1,031,047</u>	<u>291,511</u>	<u>1,322,558</u>
Net Changes in Net Position	(2,280,693)	(1,124,134)	(3,404,827)
Net Position - January 1, 2022	<u>16,268,018</u>	<u>7,904,589</u>	<u>24,172,607</u>
Net Position - December 31, 2022	<u>\$ 13,987,325</u>	<u>\$ 6,780,455</u>	<u>\$ 20,767,780</u>