

Perkiomen Township
Collegeville, Pennsylvania
December 31, 2023

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BARSZ GOWIE AMON FULTZ

Certified Public Accountants

Independent Auditor's Report

Board of Supervisors
Perkiomen Township
Collegeville, Montgomery County, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Perkiomen Township, Montgomery County, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Perkiomen Township, Montgomery County, Pennsylvania's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Perkiomen Township, Montgomery County, Pennsylvania as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Perkiomen Township, Montgomery County, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 and *Government 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 and *Government 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 Perkiomen Township, Montgomery County, Pennsylvania's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Perkiomen Township, Montgomery County, Pennsylvania's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 – 9 and 38 – 40 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 Perkiomen Township, Montgomery County, Pennsylvania's basic financial statements. The combining statements of the nonmajor governmental funds and the budgetary comparison schedule of the capital reserve fund are presented for purposes of additional analysis and is 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 statements of the nonmajor governmental funds and the budgetary comparison schedule of the capital reserve fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2024, on our consideration of Perkiomen Township, Montgomery County, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Perkiomen Township, Montgomery County, Pennsylvania's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Perkiomen Township, Montgomery County, Pennsylvania's internal control over financial reporting and compliance.

Barsz Gowie Amon & Fultz, LLC

Media, Pennsylvania
September 24, 2024

Perkiomen Township
Management's Discussion and Analysis
For the Year Ended December 31, 2023

Our discussion and analysis of Perkiomen Township's financial performance provides an overview of the Township's financial activities for the year ended December 31, 2023. Please read it in conjunction with the Township's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The Township enjoys a General Fund budgetary fund balance of \$15,778,386, which is also a clear indication of the Township's overall financial health. The General Fund Budgetary Comparison Schedule is presented on page 35.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11, and page 12) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE TOWNSHIP AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the Township as a whole begins on page 6. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenditures are taken into account regardless of when cash is received or paid.

These two statements report the Township's net position and changes in them. You can think of the Township's net position – the difference between assets, and liabilities and deferred inflows of resources – as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's tax base and the condition of the Township's infrastructure, to assess the overall health of the Township.

Perkiomen Township
Management's Discussion and Analysis
For the Year Ended December 31, 2023

The Statement of Net Position and the Statement of Activities present the following:

- Governmental Activities – Most of the Township's basic services are reported here, including general administration, public safety, public works, and parks and recreation. Property taxes, earned income taxes, and real estate transfer taxes finance most of these activities.
- Component units – The Township includes two separate legal entities in its report: Perkiomen Township Fire Company (a 501(c)(3) nonprofit organization) and the Perkiomen Township Municipal Authority. Although legally separate, these component units are important because the Township is financially accountable for them. Separate audited financial statements are issued and available for the Municipal Authority.

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements begin on page 13 and provide detailed information about the most significant funds – not the Township as a whole. Perkiomen Township Board of Supervisors establishes funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities. The Township has one kind of fund that uses the following accounting approach.

- Governmental Funds – The Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a separate reconciliation following the fund financial statements.

THE TOWNSHIP AS TRUSTEE

Reporting the Township's Fiduciary Responsibilities

The Township is the trustee, or fiduciary, for its employees' pension fund. Because of legal restrictions, this fund can only be used for the designated beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 17 and 18. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in this fund are used for their intended purpose.

The Township also has a custodial fund, the Land Development Escrow Fund, which accounts for funds paid by developers in advance to be used for land subdivision costs.

Perkiomen Township
Management's Discussion and Analysis
For the Year Ended December 31, 2023

THE TOWNSHIP AS A WHOLE

Tables 1 and 2 that follow present a summarization of Perkiomen Township's net position and changes in net position for fiscal years ended in 2023 and 2022.

Table 1
Net Position
(Actual Dollars)

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Current assets	\$ 18,763,738	\$ 17,219,850
Capital assets	8,230,238	7,405,836
Lease receivable	<u>1,196,706</u>	<u>1,219,975</u>
 Total assets	 <u>\$ 28,190,682</u>	 <u>\$ 25,845,661</u>
 Long-term debt outstanding	 \$ -	 \$ -
Other liabilities	191,669	642,411
Deferred inflow of resources - lease of land	<u>1,219,975</u>	<u>1,243,244</u>
 Total liabilities and deferred inflow of resources	 <u>\$ 1,411,644</u>	 <u>\$ 1,885,655</u>
 Net position:		
Invested in capital assets, net of debt	\$ 8,230,238	\$ 7,405,836
Restricted	3,726,824	3,043,061
Unrestricted	<u>14,821,976</u>	<u>13,511,109</u>
 Total net position	 <u>\$ 26,779,038</u>	 <u>\$ 23,960,006</u>

The Township has a significant investment in capital assets for its governmental activities. Also, the Township enjoys a healthy balance of unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Present capital expenditure requirements are relatively low because the Township is not expanding the scope of its operations and the Township's successful preventive maintenance program has prolonged the life of existing capital assets. The financial statements present a reconciliation of the Governmental Fund Balances to the Total Net Position on page 14.

Perkiomen Township
Management's Discussion and Analysis
For the Year Ended December 31, 2023

Table 2
Changes in Net Position
(Actual Dollars)

	Governmental Activities	
	2023	2022
Revenues		
Program Revenues:		
Charges for Services	\$ 63,057	\$ 55,057
Operating Grants	1,805,833	793,971
Capital Grants	659,665	-
General Revenues:		
Earned Income Tax	2,906,018	2,869,817
Real Estate Tax	302,668	347,622
Real Estate Transfer Tax	168,223	324,929
Licenses and Permits	134,494	156,371
Other General Revenues	539,786	185,421
Total Revenues	6,579,744	4,733,188
 Program Expenses		
General Government	1,856,924	627,473
Public Safety	295,120	260,031
Public Works	1,392,602	1,952,730
Culture and Recreation	216,066	229,081
Total Expenses	3,760,712	3,069,315
 Increase in Net Position	\$ 2,819,032	\$ 1,663,873

The cost of all governmental activities this year was \$3,760,712 compared with \$3,069,315 for the prior year. The increase is primarily the result of floodplain management expenditures totaling \$1,118,103 that were funded with the proceeds of a Hazard Mitigation grant. As shown in the Statement of Activities on page 12, the amount our taxpayers ultimately financed for these activities through taxes was \$1,232,157 as compared with \$2,220,287 for 2022. The balance of these costs was paid by those who directly benefited by the programs (\$63,057) in 2023 and (\$55,057) in 2022, or by other governments or organizations that subsidized certain programs with grants and contributions (\$1,805,833) in 2023 and (\$793,971) in 2022.

Perkiomen Township
Management's Discussion and Analysis
For the Year Ended December 31, 2023

Overall, the Township's governmental program revenues and general revenues amounted to \$6,579,744 in fiscal 2023 compared with \$4,733,188 in fiscal 2022. The difference is primarily due to Hazard Mitigation grant funds totaling \$1,118,103 used to fund floodplain management expenditures.

Table 3
Governmental Activities
(Actual Dollars)

	<u>2023</u>		<u>2022</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General Government	\$ 1,856,924	\$ 738,821	\$ 627,473	\$ 627,473
Public Safety	295,120	168,433	260,031	142,067
Public Works	1,392,602	108,837	1,952,730	1,221,666
Culture and Recreation	216,066	216,066	229,081	229,081
Totals	<u>\$ 3,760,712</u>	<u>\$ 1,232,157</u>	<u>\$ 3,069,315</u>	<u>\$ 2,220,287</u>

THE TOWNSHIP'S FUNDS

As the Township completed the fiscal year, its governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of \$18,309,950, which is an increase of \$2,112,928 from last year's total of \$16,197,022. As of December 31, 2023, the General Fund reported a fund balance of \$15,778,386, which represented an increase of \$1,605,717 from the previous year. As of December 31, 2023, the Capital Reserve Fund reported a fund balance of \$892,198, which represented an increase of \$79,594 from the previous year. As of December 31, 2023, the Highway Reserve Fund reported a fund balance of \$560,237, which represented an increase of \$120,298 from the previous year.

General Fund Budgetary Highlights

The General Fund Budgetary Comparison Schedule on page 35 reflects that the Township ended fiscal 2023 with a budgetary fund balance of \$15,778,386. At the time the 2023 budget was passed, the prior year ending fund balance was not yet known. A conservative figure was used for budgeting purposes.

Overall revenues were better than projected. Intergovernmental revenue was \$769,717 greater than the total budgeted, earned income tax revenue was \$549,317 greater than the total budgeted, and interest earnings were \$292,316 higher than the total budgeted.

Overall expenditures in 2023 for the General Fund were less than budgeted, resulting in a favorable variance of \$124,767.

Perkiomen Township
Management's Discussion and Analysis
For the Year Ended December 31, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the Township had \$8,230,238 invested in a broad range of capital assets including public works equipment, municipal buildings and land, park facilities, roads, bridges, and storm sewer. The Township expended \$1,149,684 for capital assets in 2023. The capital expenditures were made to public works projects, building improvements, and the purchase of new equipment.

The Township's fiscal 2023 capital budget called for an increased level of capital expenditures for Building Projects, Construction of Pollution Reduction Plan (PRP), and Road Projects. These projects are being funded from the capital projects fund and general fund.

Debt

At year-end, the Township had no notes outstanding in either 2023 or 2022. There was no new debt incurred during the past year.

ECONOMIC FACTORS AND THE 2024 BUDGET AND RATES

The Township's elected and appointed officials consider many factors when setting the fiscal year 2024 budget. One of those factors was the economy. Increases in tax revenues were assumed to be modest. Inflation and interest rates were expected to remain consistent throughout 2024.

These indicators were taken into account when adopting the General Fund budget for 2024. General Fund Budgeted Revenues for 2024 were estimated to be \$4,707,024.00. The decrease was a result of receipt in 2023 of funds from the American Rescue Fund, an ARLE Grant, and a MONTCO 2024 Grant used to complete these projects earmarked for 2023. Based upon the future needs of the Perkiomen Township Fire Company, the Board of Supervisors increase the Fire Tax in 2024 from .27 mils to .6 mils.

Budgeted General Fund expenditures for 2024 are expected to be decreased from 2023. These budget decreases are due to the completion of some of the capital projects - an installation of a traffic signal, and construction of the Pollution Reduction Plan (PRP) – Stormwater Management. For 2024, the Township proposes to expand the Salt Bins and continue with its Road Projects.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need clarification, please contact Perkiomen Township at 1 Trappe Road, Collegeville, Pennsylvania 19426. Separately issued financial statements are available for the Perkiomen Township Municipal Authority, a separately listed component unit in these financial statements.

Perkiomen Township
Statement of Net Position
December 31, 2023

	Primary Governmental Activities	Component Units	
		Perkiomen Township Municipal Authority	Perkiomen Township Fire Company
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 17,353,214	\$ 4,580,674	\$ 373,427
Taxes receivable	829,853	-	-
Lease receivable	23,269	-	-
Other receivables	513,065	429,971	-
Due from component unit	12,881	-	-
Prepaid expenses	31,456	-	-
	<u>18,763,738</u>	<u>5,010,645</u>	<u>373,427</u>
<u>Total Current Assets</u>			
<u>Non-Current Assets</u>			
<u>Capital Assets</u>			
Land	3,537,002	-	-
Buildings and building improvements (net)	1,562,449	-	275,482
Infrastructure (net)	2,581,545	-	-
Sewer system (net)	-	2,495,905	-
Equipment (net)	536,537	110,335	104,491
Vehicles (net)	12,705	-	440,571
	<u>8,230,238</u>	<u>2,606,240</u>	<u>820,544</u>
<u>Total Capital Assets</u>			
Lease receivable	1,196,706	-	-
Recoverable Sewer Capacity Fees	-	14,000	-
	<u>1,196,706</u>	<u>14,000</u>	<u>-</u>
<u>Total Non-Current Assets</u>	<u>9,426,944</u>	<u>2,620,240</u>	<u>820,544</u>
<u>Total Assets</u>	<u>\$ 28,190,682</u>	<u>\$ 7,630,885</u>	<u>\$ 1,193,971</u>

(Continued)

See accompanying notes to the financial statements.

Perkiomen Township
Statement of Net Position (Continued)
December 31, 2023

	Primary Government Governmental Activities	Component Units	
		Perkiomen Township Municipal Authority	Perkiomen Township Fire Company
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>			
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued expenses	\$ 96,073	\$ 125,480	\$ 2,708
Unearned revenue	92,331	773	-
Payroll taxes payable	3,265	68	-
Due to primary government	-	12,881	-
Current portion of long-term debt	-	-	21,055
	<u>191,669</u>	<u>139,202</u>	<u>23,763</u>
<u>Total Current Liabilities</u>			
<u>Non-Current Liabilities</u>			
Long-term debt, net of current portion	-	-	160,660
	<u>-</u>	<u>-</u>	<u>160,660</u>
<u>Total Non-Current Liabilities</u>			
	<u>191,669</u>	<u>139,202</u>	<u>184,423</u>
<u>Total Liabilities</u>			
<u>Deferred Inflows of Resources</u>			
Lease of Land	1,219,975	-	-
	<u>1,219,975</u>	<u>-</u>	<u>-</u>
<u>Total Deferred Inflows of Resources</u>			
<u>Net Position</u>			
Net investment in capital assets	8,230,238	2,606,240	638,829
Restricted for:			
Highway construction and maintenance	560,237	-	-
Open space	3,166,587	-	-
Unrestricted	14,821,976	4,885,443	370,719
	<u>26,779,038</u>	<u>7,491,683</u>	<u>1,009,548</u>
<u>Total Net Position</u>			
<u>Total Liabilities, Deferred Inflows of Resources, and Net Position</u>			
	<u>\$ 28,190,682</u>	<u>\$ 7,630,885</u>	<u>\$ 1,193,971</u>

See accompanying notes to the financial statements.

**Perkiomen Township
Statement of Activities
For the Year Ended December 31, 2023**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units		
						Perkiomen Township Municipal Authority	Perkiomen Township Fire Company	
<u>Primary Government</u>								
<u>Governmental Activities</u>								
General government	\$ 1,856,924	\$ -	\$ 1,118,103	\$ -	\$ (738,821)			
Public safety	301,120	62,557	64,130	-	(174,433)			
Public works - sanitation	79,322	-	-	-	(79,322)			
Public works - highway and streets	1,228,667	500	623,600	-	(604,567)			
Public works - stormwater management	16,515	-	-	659,665	643,150			
Public works - water	62,098	-	-	-	(62,098)			
Culture and recreation	216,066	-	-	-	(216,066)			
<u>Total Governmental Activities</u>	<u>3,760,712</u>	<u>63,057</u>	<u>1,805,833</u>	<u>659,665</u>	<u>(1,232,157)</u>			
<u>Total Primary Government</u>	<u>\$ 3,760,712</u>	<u>\$ 63,057</u>	<u>\$ 1,805,833</u>	<u>\$ 659,665</u>	<u>\$ (1,232,157)</u>			
<u>Component Units:</u>								
Perkiomen Township Municipal Authority	\$ 1,323,815	\$ 785,429	\$ 440,561	\$ 255,357		\$ 157,532	\$ -	
Perkiomen Township Fire Company	383,148	-	317,645	-		-	(65,503)	
<u>Total Component Units</u>	<u>\$ 1,706,963</u>	<u>\$ 785,429</u>	<u>\$ 758,206</u>	<u>\$ 255,357</u>		<u>157,532</u>	<u>(65,503)</u>	
<u>General Revenues:</u>								
Real estate taxes					\$ 302,668			
Real estate transfer taxes					168,223			
Earned income taxes					2,906,018			
Licenses and permits					134,494			
Fines and forfeitures					7,227			
Interest earnings					457,182		3,201	
Intergovernmental revenues					40,995			
Miscellaneous revenue					34,382		20,998	
<u>Total General Revenues</u>					<u>4,051,189</u>		<u>191,397</u>	<u>24,199</u>
<u>Change in Net Position</u>					<u>2,819,032</u>		<u>348,929</u>	<u>(41,304)</u>
<u>Net Position - Beginning of Year</u>					<u>23,960,006</u>		<u>7,142,754</u>	<u>1,050,852</u>
<u>Net Position - End of Year</u>					<u>\$ 26,779,038</u>		<u>\$ 7,491,683</u>	<u>\$ 1,009,548</u>

See accompanying notes to the financial statements.

Perkiomen Township
Balance Sheet
Governmental Funds
December 31, 2023

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Highway Aid Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and cash equivalents	\$ 15,040,920	\$ 660,014	\$ 566,613	\$ 1,085,667	\$ 17,353,214
Taxes receivable	829,291	-	-	562	829,853
Other receivables	233,216	277,410	-	-	510,626
Interfund receivables	9,539	-	-	-	9,539
Due from component unit	12,881	-	-	-	12,881
Prepaid expenditures	31,456	-	-	-	31,456
<u>Total Assets</u>	<u>\$ 16,157,303</u>	<u>\$ 937,424</u>	<u>\$ 566,613</u>	<u>\$ 1,086,229</u>	<u>\$ 18,747,569</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
<u>Liabilities</u>					
Accounts payable and accrued liabilities	\$ 44,471	\$ 45,226	\$ 6,376	\$ -	\$ 96,073
Payroll taxes payable	3,265	-	-	-	3,265
Interfund payables	-	-	-	7,100	7,100
Unearned revenue	92,331	-	-	-	92,331
<u>Total Liabilities</u>	<u>140,067</u>	<u>45,226</u>	<u>6,376</u>	<u>7,100</u>	<u>198,769</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue - earned income taxes	238,850	-	-	-	238,850
<u>Total Deferred Inflows of Resources</u>	<u>238,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,850</u>
<u>Fund Balances</u>					
Non-spendable	31,456	-	-	-	31,456
Restricted for:					
Highway construction and maintenance	-	-	560,237	-	560,237
Open space	3,166,587	-	-	-	3,166,587
Assigned for:					
Future capital projects	1,139,016	892,198	-	-	2,031,214
Equipment replacement	500,000	-	-	-	500,000
Contingencies and emergencies	3,000,000	-	-	-	3,000,000
Other purposes	-	-	-	1,079,129	1,079,129
Unassigned	7,941,327	-	-	-	7,941,327
<u>Total Fund Balances</u>	<u>15,778,386</u>	<u>892,198</u>	<u>560,237</u>	<u>1,079,129</u>	<u>18,309,950</u>
<u>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</u>	<u>\$ 16,157,303</u>	<u>\$ 937,424</u>	<u>\$ 566,613</u>	<u>\$ 1,086,229</u>	<u>\$ 18,747,569</u>

See accompanying notes to the financial statements.

Perkiomen Township
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
December 31, 2023

Total Governmental Fund Balances \$ 18,309,950

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:

Cost of assets	\$ 12,835,044	
Accumulated depreciation	<u>(4,604,806)</u>	
		8,230,238

Earned income taxes receivable will not be collected soon
enough to pay for the current period's expenditures and,
therefore, are deferred in the funds

238,850

Net Position of Governmental Activities

\$ 26,779,038

See accompanying notes to the financial statements.

Perkiomen Township
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Capital Reserve Fund	Highway Aid Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Real estate taxes	\$ 171,464	\$ -	\$ -	\$ 131,198	\$ 302,662
Real estate transfer taxes	168,223	-	-	-	168,223
Earned income taxes	3,024,317	-	-	-	3,024,317
Licenses and permits	134,494	-	-	-	134,494
Fines and forfeits	7,227	-	-	-	7,227
Interest earnings	348,316	42,672	28,128	38,070	457,186
Rents	28,307	-	-	-	28,307
Intergovernmental revenues	1,975,895	277,410	253,189	-	2,506,494
Charges for services	64,307	-	-	500	64,807
Total Revenues	5,926,875	320,082	281,317	169,768	6,698,042
Expenditures					
Current Operating:					
General government	1,768,430	213,571	-	-	1,982,001
Public safety	288,976	-	-	6,595	295,571
Public works - sanitation	45,348	-	-	33,974	79,322
Public works - highway and streets	579,726	694,061	161,019	-	1,434,806
Public works - stormwater management	38,118	459,665	-	-	497,783
Public works - water	62,098	-	-	-	62,098
Culture and recreation	233,533	-	-	-	233,533
Total Expenditures	3,016,229	1,367,297	161,019	40,569	4,585,114
Excess of Revenues Over (Under) Expenditures	2,910,646	(1,047,215)	120,298	129,199	2,112,928
Other Financing Sources (Uses)					
Transfers in	-	1,126,809	-	178,120	1,304,929
Transfers out	(1,304,929)	-	-	-	(1,304,929)
Total Other Financing Sources and Uses	(1,304,929)	1,126,809	-	178,120	-
Net Change in Fund Balances	1,605,717	79,594	120,298	307,319	2,112,928
Fund Balances - Beginning of Year	14,172,669	812,604	439,939	771,810	16,197,022
Fund Balances - End of Year	\$ 15,778,386	\$ 892,198	\$ 560,237	\$ 1,079,129	\$ 18,309,950

See accompanying notes to the financial statements.

Perkiomen Township
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2023

Net Change in Fund Balances - Governmental Funds \$ 2,112,928

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 depreciation differs from outlays in the period:

Depreciation expense	\$ (325,282)	
Capital outlays	1,149,684	
	<u>824,402</u>	824,402

Earned income taxes receivable is recorded if collected within sixty days after year-end for the fund financial statements, whereas the full accrual method is used for the government-wide financial statements.

(118,298)

Change in Net Position of Governmental Activities \$ 2,819,032

See accompanying notes to the financial statements.

Perkiomen Township
Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2023

	Pension Trust Fund Municipal Pension Plan	Custodial Fund Land Development Escrow Fund
<u>Assets</u>		
Cash and cash equivalents	\$ -	\$ 559,670
Investments	788,604	-
<u>Total Assets</u>	\$ 788,604	\$ 559,670
<u>Liabilities and Net Position</u>		
<u>Liabilities</u>		
Due to General Fund	\$ -	\$ 2,439
<u>Total Liabilities</u>	-	2,439
<u>Net Position</u>		
Restricted for pension benefits	788,604	-
Held in trust for developers	-	557,231
<u>Total Net Position</u>	\$ 788,604	\$ 557,231

See accompanying notes to the financial statements.

Perkiomen Township
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended December 31, 2023

	<u>Pension Trust Fund Municipal Pension Plan</u>	<u>Custodial Fund Land Development Escrow Fund</u>
<u>Additions</u>		
Contributions		
Employer	\$ 39,177	\$ -
Total Contributions	<u>39,177</u>	<u>-</u>
Investment Income		
Interest and dividends	12,028	-
Realized and unrealized gains on investments	82,859	-
Net Investment Income	<u>94,887</u>	<u>-</u>
Escrow Deposits	<u>-</u>	<u>165,048</u>
<u>Total Additions</u>	<u>134,064</u>	<u>165,048</u>
<u>Deductions</u>		
Administrative expenses	6,937	-
Released from escrow	<u>-</u>	<u>82,505</u>
<u>Total Deductions</u>	<u>6,937</u>	<u>82,505</u>
<u>Change in Net Position</u>	127,127	82,543
<u>Net Position - Beginning of Year</u>	<u>661,477</u>	<u>474,688</u>
<u>Net Position - End of Year</u>	<u>\$ 788,604</u>	<u>\$ 557,231</u>

See accompanying notes to the financial statements.

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 1 Summary of Significant Accounting Policies

The financial statements of Perkiomen Township have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to State and Local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Township are described below.

A. The Financial Reporting Entity

Perkiomen Township is a municipality governed by an elected five-member board. The Township's financial reporting entity is comprised of Perkiomen Township (the primary government) and its discretely presented component units.

A component unit is a legal entity that is either a separate government organization that is not a primary government, a not-for-profit corporation, or a for-profit corporation, that meets any one of the following four conditions:

1. The primary government appoints a voting majority of the entity's governing body; and the primary government can impose its will on the entity, and/or a financial benefit/burden relationship exists between the primary government and the entity.
2. The entity is fiscally dependent on the primary government and has a financial benefit/burden relationship with the primary government.
3. The primary government holds a majority equity interest in the entity for purpose of facilitating government services; or
4. The primary government's financial statements would be misleading if the entity were excluded.

A component unit's financial statements are blended with the financial statements of the primary government when one of the following four circumstances is met:

1. There is substantively the same governing body for both the primary government and the component unit; and there is a financial benefit or burden relationship between the primary government and the component unit, or the operational responsibility for the component unit rests with management of the primary government.
2. A component unit provides services entirely (or almost entirely) to the primary government or benefits the primary government exclusively (or almost exclusively).
3. A component unit's debt, including leases, is expected to be repaid entirely or almost entirely with the primary government's resources.

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

4. A component unit is incorporated as a not-for-profit corporation and the primary government is the sole corporate member.

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following component units' financial statements are presented discretely in the primary government's government-wide financial statements.

1. Perkiomen Township Municipal Authority is a body corporate and politic formed on March 20, 1969, under the Municipality Authority Act of 1945. The Authority constructed and currently operates a sewage collection system in the Township to connect with the sewage treatment plant operated by the Lower Perkiomen Valley Regional Sewer Authority. The members of the Municipal Authority are appointed by the Township Board of Supervisors.
2. The Perkiomen Township Fire Company is a separate nonprofit entity, which operates independently of the Township but services the same geographic area. The Township instituted a fire tax which assists the Fire Company to finance its operations. The Fire Company Board is elected by its members.

Complete financial statements of Perkiomen Township Municipal Authority can be obtained from their administrative offices.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole, including the discretely presented component units. These statements distinguish between activities that are governmental and those that are considered business-type activities. The Township does not have any business-type activities. These statements exclude fiduciary activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements.

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The government-wide statement of activities presents a comparison between expenses and program revenues for each functional area. Expenses are those that are specifically associated with and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each functional area is self-financing or draws from the general revenues of the Township.

Internal activity is limited to interfund transfers, which are eliminated to avoid “doubling up” revenues and expenses.

Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the Township’s policy to use restricted resources first and then unrestricted resources, as they are needed.

Fund Financial Statements

Fund financial statements report detailed information about the Township. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are represented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The Township considers property taxes and earned income taxes as available if they are collected within 60 days after year-end. Revenues for state and federally funded projects are recognized at the time the expenditures are made. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Governmental Funds (Continued)

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

The Township reports the following major governmental funds:

- General Fund: The General Fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.
- Capital Reserve Fund: The Capital Reserve Fund was established to accumulate resources for future equipment and facilities maintenance expenditures.
- Highway Aid Fund: The Highway Aid Fund is used to account for the proceeds of state grants earmarked for highways and streets.

The Township operates the following non-major funds: Fire Tax Fund and Municipal Services and Facilities Fund.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, or others. The Township has one private-purpose trust fund, the Municipal Pension Fund, which accounts for all pension activity.

The Township also has a custodial fund, the Land Development Escrow Fund, which accounts for funds paid by developers in advance to be used for land subdivision costs. Funds received in excess of total costs are returned to the developers. It uses the accrual basis of accounting to recognize receivables and payables.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

D. Budgets

Annual appropriated budgets are adopted for the general and special revenue funds on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

E. Cash and Investments

Cash includes amounts in demand deposits. Pennsylvania Act 10 of March 25, 2016, sets forth those investments in which the Township may invest, which include certificates of deposit, obligations of the United States Treasury, and other secured and insured investments. Investments are stated at market value.

F. Capital Assets

Primary Government

Capital assets, which include land, buildings and improvements, infrastructure, furniture and fixtures, equipment, and vehicles, are reported in the government-wide financial statements and are recorded at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Capital acquisition and construction are reflected as expenditures in the fund financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings and Building Improvements	15 – 50
Infrastructure	20 – 40
Furniture and Fixtures	10
Equipment	3 – 7
Vehicles	7 – 10

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

F. Capital Assets (Continued)

Component Units

Perkiomen Township Municipal Authority assets are recorded at cost and are depreciated over their estimated useful lives. Equipment is depreciated over 5 to 10 years using the straight-line method. The sewer system and additions to the sewer system are being depreciated over a 50-year life using the straight-line method.

Perkiomen Township Fire Company buildings and equipment are recorded at cost or estimated historical cost. Assets are depreciated on a straight-line basis over assets' lives ranging from 5 to 10 years on equipment and trucks, and 39 years for the building.

G. Property Taxes

The tax on real estate in Perkiomen Township for 2023 was 0.62 mills (\$0.62 per \$1,000 of assessed valuation) as levied by the Supervisors. The breakdown of the millage is 0.35 mills for general purposes and 0.27 mills for fire safety. Assessed valuations of property are determined by Montgomery County, and the tax collector is responsible for collection. The schedule for real estate taxes levied for 2023 was as follows:

March 1	Levy Date
March 1 – April 30	2% Discount Period
May 1 – June 30	Face Payment Period
July 1 – December 31, 2023	10% Penalty Period
January 15, 2024	Lien Date

H. Sick Leave/Vacation Pay

The Township's policy regarding sick leave provides that employees may carry up to 60 days of sick leave forward with no provision for payout of this accumulated time upon termination; therefore, no liability is recorded. The policy for vacation pay is that unused vacation may not be carried forward from year to year.

I. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums and discounts. Bond issuance costs are expensed as incurred.

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

I. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, generally are reported as debt service expenditures.

J. Fund Balance

In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Township classifies governmental fund balances as follows:

- Non-Spendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the Board of Supervisors, the highest level of decision-making authority and does not lapse at year-end.
- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the Board of Supervisors.
- Unassigned – Includes positive fund balances within the General Fund that have not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first and then unrestricted resources as they are needed. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Township considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed.

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 1 Summary of Significant Accounting Policies (Continued)

J. Fund Balance (Continued)

The Board of Supervisors establishes fund balance commitments by passage of resolutions or ordinances. Assigned fund balances are established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purposes such as acquisition, construction, and renovation of major capital facilities in its general fund, and for the purchase of equipment and future facilities maintenance in its capital reserve fund.

The Township does not have a minimum fund balance policy for its general fund.

K. New Accounting Standards Adopted

The Township adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (“GASB 96”), beginning January 1, 2023. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. GASB 96 defines a SBITA as a contract that conveys control of the right to use another party’s information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 96 establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

Note 2 Legal Compliance – Budgets

An annual budget is prepared for each governmental fund. The proposed budget is presented to and approved by the Board of Supervisors each year. The budget is published as required by Township code.

Note 3 Deposits and Investments

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Township’s deposits may not be returned to it. The Township’s deposit policy for custodial credit risk is to have uninsured deposits collateralized, pursuant to Pennsylvania Act 72 of 1971, as amended.

As of December 31, 2023, the carrying amount of the Township’s deposits totaled \$17,912,884, and the bank balances totaled \$17,923,803. The bank balances are covered by Federal depository insurance up to \$250,000 or pooled collateral held by the applicable custodian financial institution under the provisions of Act 72 of 1971.

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 3 Deposits and Investments (Continued)

As of December 31, 2023, the carrying amount of the Municipal Authority Sewer Fund’s deposits totaled \$4,580,674 and the bank balance totaled \$4,582,232, and the carrying amount of the Fire Company’s deposits totaled \$373,427 and the bank balances totaled \$374,750.

Credit Risk – Deposits

The PLGIT portfolios may contain a combination of obligations of the U.S. government or its agencies, obligations of the Commonwealth of Pennsylvania or its agencies, Federal securities subject to repurchase obligations (collateralized by U.S. Treasury or Federal Agency or instrumentality obligations held by the Trust’s Custodian), FDIC insured certificates of deposit (CDs), CDs secured by U.S. Government-backed investments or secured on a pooled basis, or shares of Registered Money Market Funds which invest solely in the securities described above and which are rated in the highest capacity by a nationally recognized rating agency. The Township’s PLGIT portfolios are currently rated AAAM by Standard & Poor’s.

Investments

The investments of the Municipal Pension Plan are held by the Pennsylvania State Association of Boroughs and consist of a Balanced Fund that offers a moderate blend of domestic stocks, foreign stocks, real estate, and high-quality bonds.

Note 4 Interfund Receivables and Payables and Interfund Transfers

Interfund Receivables and Payables

During the course of operations, loans may occur between individual funds for working capital purposes. In the government-wide financial statements, interfund receivables and payables between governmental funds are eliminated. In the fund financial statements, these receivables and payables are classified as “Interfund Receivables” or “Interfund Payables.”

Interfund receivables and payables consisted of the following as of December 31, 2023:

Due from Fund	Due to Fund	Amount
Fire Tax Fund	General Fund	\$ 7,100
Land Development Escrow Fund	General Fund	2,439

The interfund receivable and payable between the General Fund and the Fire Tax Fund have been eliminated in the government-wide financial statements.

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 4 Interfund Receivables and Payables and Interfund Transfers (Continued)

Interfund Transfers

During 2023, the Township executed the following interfund transfers:

<u>Transferred From</u>	<u>Transferred To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Capital Reserve Fund	Capital Projects	\$ 1,126,809
General Fund	Fire Tax Fund	Future Funding of Perkiomen Township Fire Company	178,120

Note 5 Taxes Receivable

Taxes receivable on the Statement of Net Position and the Balance Sheet – Governmental Funds as of December 31, 2023, consist of the following:

Earned income tax	\$ 810,000
Real estate transfer taxes	18,555
Real estate taxes	<u>736</u>
Total	<u><u>\$ 829,291</u></u>

Presentation in Government-wide Financial Statements

Since all taxes receivable as of December 31, 2023, are deemed collectible, the entire balance of \$829,291 is reported as taxes receivable on the statement of net position.

Presentation in Fund Financial Statements

Since earned income taxes collected beyond sixty days of year-end do not represent current financial resources, the related receivables are offset by an amount reported as deferred inflows of resources on the balance sheet – governmental funds. Accordingly, included in deferred inflows of resources is earned income taxes receivable expected to be collected beyond sixty days of year-end, totaling \$238.850.

Note 6 Lease Receivable

The Township leases approximately 2,500 square feet of land to T-Mobile USA Tower LLC under a site lease dated March 12, 2007 and a first amendment to the site lease dated October 9, 2018, which provide for renewal terms through June 10, 2056. Rental revenue totaled \$28,307 for the year ended December 31, 2023, which included fixed lease revenue totaling \$23,269 and a revenue sharing component totaling \$5,038. Variable payments not included in the measurement of the lease receivable are based on revenue earned by the lessee.

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 6 Lease Receivable (Continued)

Total lease receivable and related deferred inflow of resources totaled \$1,219,975 as of December 31, 2023, which are reported in the government-wide statement of financial position. Long-term leases receivable are not reported in the fund financial statements.

Note 6 Capital Assets

Township

Capital asset activity for the year ended December 31, 2023, for the Township was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Primary Government - Governmental Activities</u>				
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 3,537,002	\$ -	\$ -	\$ 3,537,002
Construction in Progress	759,083	-	(759,083)	-
<u>Total Assets Not Being Depreciated</u>	<u>4,296,085</u>	<u>-</u>	<u>(759,083)</u>	<u>3,537,002</u>
<u>Capital Assets Being Depreciated</u>				
Buildings and building improvements	1,932,276	913,226	-	2,845,502
Infrastructure	3,311,011	981,634	-	4,292,645
Furniture and fixtures	104,007	-	-	104,007
Equipment	1,593,279	13,907	-	1,607,186
Vehicles	448,702	-	-	448,702
<u>Total Assets Being Depreciated</u>	<u>7,389,275</u>	<u>1,908,767</u>	<u>-</u>	<u>9,298,042</u>
<u>Less Accumulated Depreciation</u>				
Buildings and building improvements	(1,221,811)	(61,242)	-	(1,283,053)
Infrastructure	(1,569,752)	(141,348)	-	(1,711,100)
Furniture and fixtures	(104,007)	-	-	(104,007)
Equipment	(962,588)	(108,061)	-	(1,070,649)
Vehicles	(421,366)	(14,631)	-	(435,997)
<u>Total Accumulated Depreciation</u>	<u>(4,279,524)</u>	<u>(325,282)</u>	<u>-</u>	<u>(4,604,806)</u>
<u>Total Capital Assets Being Depreciated, Net</u>	<u>3,109,751</u>	<u>1,583,485</u>	<u>-</u>	<u>4,693,236</u>
<u>Governmental Activities Capital Assets, Net</u>	<u>\$ 7,405,836</u>	<u>\$ 1,583,485</u>	<u>\$ (759,083)</u>	<u>\$ 8,230,238</u>

Depreciation expense was charged to functions of the Township as follows:

General government	\$ 42,974
Public safety	5,549
Public works - highway and streets	241,777
Public works - stormwater management	9,607
Culture and recreation	25,375
	<u> </u>
Total Depreciation Expense	<u>\$ 325,282</u>

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 6 Capital Assets (Continued)

Component Units

Capital Assets presented in the component unit financial statements are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Perkiomen Township Municipal Authority</u>				
<u>Capital Assets Being Depreciated</u>				
Sewer system	\$ 5,798,410	\$ 308,740	\$ -	\$ 6,107,150
Equipment	<u>333,145</u>	<u>111,664</u>	<u>-</u>	<u>444,809</u>
<u>Total Capital Assets Being Depreciated</u>	<u>6,131,555</u>	<u>420,404</u>	<u>-</u>	<u>6,551,959</u>
<u>Less Accumulated Depreciation</u>				
Sewer system	(3,531,572)	(79,673)	-	(3,611,245)
Equipment	<u>(331,379)</u>	<u>(3,095)</u>	<u>-</u>	<u>(334,474)</u>
<u>Total Accumulated Depreciation</u>	<u>(3,862,951)</u>	<u>(82,768)</u>	<u>-</u>	<u>(3,945,719)</u>
<u>Perkiomen Township Municipal Authority Capital Assets, Net</u>	<u>\$ 2,268,604</u>	<u>\$ 337,636</u>	<u>\$ -</u>	<u>\$ 2,606,240</u>
<u>Perkiomen Township Fire Company</u>				
<u>Capital Assets Being Depreciated</u>				
Buildings and building improvements	\$ 926,751	\$ -	\$ -	\$ 926,751
Equipment	920,753	-	-	920,753
Vehicles	<u>1,530,319</u>	<u>-</u>	<u>-</u>	<u>1,530,319</u>
<u>Total Capital Assets Being Depreciated</u>	<u>3,377,823</u>	<u>-</u>	<u>-</u>	<u>3,377,823</u>
<u>Less Accumulated Depreciation</u>				
Buildings and building improvements	(622,716)	-	-	(622,716)
Equipment	(816,181)	-	-	(816,181)
Vehicles	<u>(1,056,071)</u>	<u>-</u>	<u>-</u>	<u>(1,056,071)</u>
<u>Total Accumulated Depreciation</u>	<u>(2,494,968)</u>	<u>-</u>	<u>-</u>	<u>(2,494,968)</u>
<u>Perkiomen Township Fire Company Capital Assets, Net</u>	<u>\$ 882,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 882,855</u>

Note 7 Unearned Revenue

Unearned revenue of \$92,331 as of December 31, 2023 represents grant proceeds received for which the related expenditures have not yet been incurred.

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 8 Deferred Inflows of Resources

Deferred inflows of resources on the balance sheet – government funds as of December 31, 2023, totaling \$238,850, consists of earned income taxes that do not meet the availability criteria for the fund financial statements. These earned income taxes are recorded as revenue in the government-wide financial statements.

Note 9 Long-Term Debt

Component Unit – Perkiomen Township Fire Company

The Fire Company obtained a \$160,000 promissory note from the Commonwealth of Pennsylvania through the Pennsylvania Emergency Management Agency (PEMA), dated November 12, 2009. This note is payable in 180 equal monthly installments of \$1,030, including principal and interest at 2%, maturing on April 1, 2025.

The Fire Company obtained a \$200,000 promissory note from the Commonwealth of Pennsylvania through the Pennsylvania Emergency Management Agency (PEMA), dated June 3, 2019. This note is payable in 240 equal monthly installments of \$1,012, including principal and interest at 2%, maturing on October 1, 2039.

Future debt service payments on the above notes payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 21,055	\$ 3,442	\$ 24,497
2025	14,044	3,054	17,098
2026	9,294	2,847	12,141
2027	9,481	2,660	12,141
2028	9,673	2,468	12,141
2023 - 2033	51,372	9,334	60,706
2034 - 2038	56,771	3,936	60,707
2039	10,025	92	10,117
Totals	<u>\$ 181,715</u>	<u>\$ 27,833</u>	<u>\$ 209,548</u>

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 9 Long-Term Debt (Continued)

Changes in General Long-Term Debt

The following summarizes the changes in long-term debt for the discretely presented component units for the year ended December 31, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Perkiomen Township Fire Company:</u>					
Note Payable - PEMA Loans:					
# 0010673	\$ 28,961	\$ -	\$ (11,902)	\$ 17,059	\$ 12,125
# P31003895-201	173,408	-	(8,752)	164,656	8,930
<u>Total Long-Term Debt</u>	<u>\$202,369</u>	<u>\$ -</u>	<u>\$ (20,654)</u>	<u>\$181,715</u>	<u>\$ 21,055</u>

Note 10 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The Township expects such amounts, if any, to be immaterial.

Significant losses for possible claims and judgments are covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior fiscal year, and settlement amounts have not exceeded insurance coverage for the current fiscal year or the three prior fiscal years.

Note 11 Perkiomen Township Non-Uniformed Employees' Pension Plan

Description of Plan

The Perkiomen Township Non-Uniformed Employees' Pension Plan is a single-employer defined contribution pension plan controlled by the provisions of Ordinance No. 126. The plan is governed by the Board of Township Supervisors, which is responsible for the management of plan assets. The Board of Township Supervisors has delegated the authority to manage certain plan assets to the Pennsylvania State Association of Boroughs (PSAB).

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 11 Perkiomen Township Non-Uniformed Employees' Pension Plan (Continued)

Benefit Provisions

As of December 31, 2023, the pension plan's benefit provisions were as follows:

- Eligibility Requirements: Full-time employees that work over 35 hours a week are eligible for the plan upon completion of six months of service;
- Retirement Benefit: Normal Retirement – Benefits are payable upon attainment of age 65; Early Retirement – Benefits are payable upon attainment of age 62; Vesting – Based upon completed years of service;
- Other Benefits: The plan also provides for death and disability benefits.

Funding Policy

Active members are not required to contribute to the plan. The municipality is required to contribute six percent of each eligible participant's base compensation.

The pension plan may also be eligible for an annual allocation from the General Municipal Pension System State Aid Program, which must be used to reduce or eliminate the required municipal contribution. Contributions to the plan for 2023 totaled \$39,177. The total investments of \$788,604 under the plan are invested with the PSAB Municipal Retirement Trust, which represents 100% of the plan assets.

Summary of Significant Accounting Policies

A. Basis of Accounting

The plan's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

B. Valuation of Investments

Investments are reported at market value. Consequently, the carrying value of investments is adjusted for unrealized gains and unrealized losses.

C. Deposits and Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township may not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The investments held in the fiduciary funds consist of open-ended mutual funds, and as such, are not exposed to custodial credit risk.

Perkiomen Township
Notes to Financial Statements
December 31, 2023

Note 12 Deferred Compensation (IRC § 457(b)) Plan

The Township established a deferred compensation plan to provide employees a convenient way to save for retirement. Under the plan, deferred compensation is held until paid to the participant or to his/her beneficiary according to the provisions of the plan. An employee may become a participant in the plan by completing and executing the forms required by the plan administrator. Contribution limits are determined in accordance with IRC Code § 457(c)(2), which for 2023 limited the amount that may be deferred to the lesser of \$22,500, or 100% of the participant's compensation. Additional catch-up contributions may be made by employees who are 50 years of age or older. Catch-up contributions of \$7,500 were allowed for the year ended December 31, 2023. The investment of funds under the plan is self-directed by the participants and administered by the plan administrator. The Township has no fiduciary responsibility under the plan.

Note 13 Restricted Net Position and Fund Balances

In the Statement of Net Position, the restricted net position of the primary government and the restricted fund balances of the governmental funds consists of assets restricted for open space, totaling \$3,166,587, and highway construction and maintenance, totaling \$560,237.

Assigned fund balances are for future capital projects, equipment replacement, contingencies and emergencies, and other purposes established by the Board of Supervisors through Resolution.

Note 14 Commitments and Contingencies

Grant Programs

The Township participates in state and federally assisted grant programs including State Highway Aid. These programs are subject to program compliance audits by the grantors or their representatives. The Township is potentially liable for any expenditures that may be disallowed pursuant to the terms of these grant programs.

Note 15 Subsequent Events

The Township's management has evaluated subsequent events to determine if events or transactions occurring through September 24, 2024, the date which the financial statements were available for issuance, require potential adjustment to, or disclosures in, the accompanying financial statements. Based upon the evaluation, the Township's management did not identify any subsequent events other than the event noted above that require adjustment or disclosure in the financial statements.

Perkiomen Township
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>
<u>Revenues</u>				
Real estate taxes	\$ 171,200	\$ 171,200	\$ 171,464	\$ 264
Real estate transfer taxes	262,503	262,503	168,223	(94,280)
Earned income taxes	2,475,000	2,475,000	3,024,317	549,317
Licenses and permits	143,200	143,200	134,494	(8,706)
Fines and forfeits	2,700	2,700	7,227	4,527
Interest earnings	56,000	56,000	348,316	292,316
Rents	25,000	25,000	28,307	3,307
Intergovernmental revenues	1,206,178	1,206,178	1,975,895	769,717
Charges for services	44,600	44,600	64,307	19,707
Other revenue	45,000	45,000	4,325	(40,675)
<u>Total Revenues</u>	<u>4,431,381</u>	<u>4,431,381</u>	<u>5,926,875</u>	<u>1,495,494</u>
<u>Expenditures</u>				
Current Operating:				
General government	912,623	912,623	1,768,430	(855,807)
Public safety	323,450	323,450	288,976	34,474
Public works - sanitation	58,952	58,952	45,348	13,604
Public works - highway and streets	921,919	921,919	579,726	342,193
Public works - stormwater management	194,628	194,628	38,118	156,510
Public works - water	64,000	64,000	62,098	1,902
Culture and recreation	665,424	665,424	233,533	431,891
<u>Total Expenditures</u>	<u>3,140,996</u>	<u>3,140,996</u>	<u>3,016,229</u>	<u>124,767</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>1,290,385</u>	<u>1,290,385</u>	<u>2,910,646</u>	<u>1,620,261</u>
<u>Other Financing Sources (Uses)</u>				
Transfers out	(1,713,644)	(1,713,644)	(1,304,929)	408,715
<u>Total Other Financing Sources and Uses</u>	<u>(1,713,644)</u>	<u>(1,713,644)</u>	<u>(1,304,929)</u>	<u>408,715</u>
<u>Net Change in Fund Balances</u>	<u>(423,259)</u>	<u>(423,259)</u>	<u>1,605,717</u>	<u>2,028,976</u>
<u>Fund Balances - Beginning of Year</u>	<u>423,259</u>	<u>423,259</u>	<u>14,172,669</u>	<u>13,749,410</u>
<u>Fund Balances - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,778,386</u>	<u>\$ 15,778,386</u>

Perkiomen Township
Budgetary Comparison Schedule - Highway Aid Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>
<u>Revenues</u>				
Interest earnings	\$ -	\$ -	\$ 28,128	\$ 28,128
Intergovernmental revenues	289,239	289,239	253,189	(36,050)
<u>Total Revenues</u>	<u>289,239</u>	<u>289,239</u>	<u>281,317</u>	<u>(7,922)</u>
<u>Expenditures</u>				
Current Operating:				
Public works - highway and streets	289,239	289,239	161,019	128,220
<u>Total Expenditures</u>	<u>289,239</u>	<u>289,239</u>	<u>161,019</u>	<u>128,220</u>
<u>Fund Balances - Beginning of Year</u>	<u>-</u>	<u>-</u>	<u>439,939</u>	<u>439,939</u>
<u>Fund Balances - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 560,237</u>	<u>\$ 560,237</u>

Perkiomen Township
Notes to Budgetary Comparison Schedules
December 31, 2023

Note 1 **Included Funds**

The Township presents budgetary comparison schedules for its General Fund and for each major special revenue fund that has a legally adopted annual budget, which includes the Highway Aid Fund.

Note 2 **Budgetary Basis of Accounting**

The Township prepares its budgets on a GAAP basis.

Perkiomen Township
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	<u>Fire Tax Fund</u>	<u>Municipal Services and Facilities Fund</u>	<u>Nonmajor Governmental Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 1,070,849	\$ 14,818	\$ 1,085,667
Taxes receivable	562	-	562
<u>Total Assets</u>	<u>\$ 1,071,411</u>	<u>\$ 14,818</u>	<u>\$ 1,086,229</u>
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Interfund payables	\$ 7,100	\$ -	\$ 7,100
<u>Total Liabilities</u>	<u>7,100</u>	<u>-</u>	<u>7,100</u>
<u>Fund Balances</u>			
Assigned	1,064,311	14,818	1,079,129
<u>Total Fund Balances</u>	<u>1,064,311</u>	<u>14,818</u>	<u>1,079,129</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 1,071,411</u>	<u>\$ 14,818</u>	<u>\$ 1,086,229</u>

Perkiomen Township
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Fire Tax Fund	Municipal Services and Facilities Fund	Nonmajor Governmental Funds
<u>Revenues</u>			
Real estate taxes	\$ 131,198	\$ -	\$ 131,198
Interest earnings	38,070	-	38,070
Charges for services	-	500	500
<u>Total Revenues</u>	<u>169,268</u>	<u>500</u>	<u>169,768</u>
<u>Expenditures</u>			
Current Operating			
General government	6,595	-	6,595
Public safety	33,974	-	33,974
<u>Total Expenditures</u>	<u>40,569</u>	<u>-</u>	<u>40,569</u>
<u>Excess of Revenues Over Expenditures</u>	<u>128,699</u>	<u>500</u>	<u>129,199</u>
<u>Other Financing (Uses)</u>			
Transfers in	178,120	-	178,120
<u>Total Other Financing Sources</u>	<u>178,120</u>	<u>-</u>	<u>178,120</u>
<u>Net Change in Fund Balances</u>	<u>306,819</u>	<u>500</u>	<u>307,319</u>
<u>Fund Balances - Beginning of Year</u>	<u>757,492</u>	<u>14,318</u>	<u>771,810</u>
<u>Fund Balances - End of Year</u>	<u>\$ 1,064,311</u>	<u>\$ 14,818</u>	<u>\$ 1,079,129</u>

Perkiomen Township
Budgetary Comparison Schedule - Capital Reserve Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>
<u>Revenues</u>				
Interest earnings	\$ -	\$ -	\$ 42,672	\$ 42,672
Intergovernmental Revenues	-	-	277,410	277,410
<u>Total Revenues</u>	<u>-</u>	<u>-</u>	<u>320,082</u>	<u>320,082</u>
<u>Expenditures</u>				
Current Operating:				
General government	265,000	265,000	213,571	51,429
Public works	1,279,644	1,279,644	694,061	585,583
<u>Total Expenditures</u>	<u>1,544,644</u>	<u>1,544,644</u>	<u>907,632</u>	<u>637,012</u>
<u>Excess of Revenues (Under) Expenditures</u>	<u>(1,544,644)</u>	<u>(1,544,644)</u>	<u>(587,550)</u>	<u>957,094</u>
<u>Other Financing Sources</u>				
Transfers in	1,544,644	1,544,644	1,126,809	(417,835)
<u>Total Other Financing Sources</u>	<u>1,544,644</u>	<u>1,544,644</u>	<u>1,126,809</u>	<u>(417,835)</u>
<u>Net Change in Fund Balances</u>	<u>-</u>	<u>-</u>	<u>539,259</u>	<u>539,259</u>
<u>Fund Balances - Beginning of Year</u>	<u>-</u>	<u>-</u>	<u>812,604</u>	<u>812,604</u>
<u>Fund Balances - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,351,863</u>	<u>\$ 1,351,863</u>

Perkiomen Township
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor / Pass-Through Grantor / Program Title	Federal AL Number	Pass-Through Grantor's Number	Expenditures of Federal Awards	
			Total	Paid to Sub- Recipients
<u>U.S. Department of the Treasury</u>				
<u>Passed Through the Commonwealth of Pennsylvania,</u>				
<u>Department of Community and Economic Development</u>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 459,665	\$ -
<u>Total - AL # 21.027</u>			459,665	-
<u>Total U.S. Department of the Treasury</u>			459,665	-
<u>U.S. Department of Homeland Security</u>				
<u>Passed Through the Commonwealth of Pennsylvania,</u>				
<u>Pennsylvania Emergency Management Agency</u>				
Public Assistance Grant Program	97.036	091-59392-00	93,001	-
<u>Total - AL # 97.036</u>			93,001	-
<u>Passed Through the Commonwealth of Pennsylvania,</u>				
<u>Pennsylvania Emergency Management Agency</u>				
Hazard Mitigation Grant Program (HMGP)	97.039	2057-4506-HMGP	1,019,058	-
<u>Total - AL # 97.039</u>			1,019,058	-
<u>Total U.S. Department of Homeland Security</u>			1,112,059	-
<u>Total Expenditure of Federal Awards</u>			\$ 1,571,724	\$ -

Perkiomen Township
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Perkiomen Township under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Perkiomen Township, it is not intended to and does not present the financial position, changes in net position, or cash flows of Perkiomen Township.

Note 2 **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Perkiomen Township did not elect to use the 10% *de minimis* indirect cost rate.

BGA&F

BARSZ GOWIE AMON FULTZ
Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Supervisors
Perkiomen Township
Collegeville, Montgomery County, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Perkiomen Township, Montgomery County, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Perkiomen Township, Montgomery County, Pennsylvania's basic financial statements and have issued our report thereon dated September 24, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Perkiomen Township, Montgomery County, Pennsylvania's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Perkiomen Township, Montgomery County, Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of Perkiomen Township, Montgomery County, Pennsylvania's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Perkiomen Township, Montgomery County, Pennsylvania's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baroz Gowie Amon & Fultz, LLC

Media, Pennsylvania
September 24, 2024

BGA&F
BARSZ GOWIE AMON FULTZ
Certified Public Accountants

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by The Uniform Guidance

Board of Supervisors
Perkiomen Township
Collegeville, Montgomery County, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Perkiomen Township's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Perkiomen Township's major federal programs for the year ended December 31, 2023. Perkiomen Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Perkiomen Township complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Perkiomen Township and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Perkiomen Township's compliance with the compliance requirements referred to above.

Barsz Gowie Amon & Fultz, LLC
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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Perkiomen Township's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Perkiomen Township's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Perkiomen Township's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Perkiomen Township's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Perkiomen Township's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Perkiomen Township's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Perkiomen Township's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Perkiomen Township's response was not

subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Barz Gowie Amon & Fultz, LLC

Media, Pennsylvania
September 24, 2024

Perkiomen Township
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major program:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes

Identification of Major Programs:

<u>Program Title</u>	<u>Federal AL Number</u>	<u>Expenditures of Federal Awards</u>
Hazard Mitigation Grant Program (HMGP)	97.039	<u>\$ 1,019,058</u>
Total Major Programs		<u>\$ 1,019,058</u>
Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low risk auditee?		No

Section II – Financial Statement Findings

Status of Prior-Year Findings:

None

Current-Year Findings:

None

Perkiomen Township
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section III – Federal Award Findings and Questioned Costs

Status of Prior-Year Findings:

Not applicable.

Current-Year Findings and Questioned Costs:

Questioned
Costs

2023-001 Hazard Mitigation Grant Program (HMGP) – Assistance Listing No. 97.039; Grant No. 2057-4506-HMGP; Grant Period Year Ended December 31, 2023 – Cash Management

Condition: Perkiomen Township has no written policy regarding cash management of funds received under Federal grants that are subject to the Cash Management compliance requirement.

Criteria: Non-federal entities must minimize the time elapsing between the transfer of funds from the US Treasury or pass-through entity and disbursement by the non-federal entity for direct program or project costs and the proportionate share of allowable indirect costs, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means (2 CFR section 200.305(b)).

Cause: Management was not aware of specific compliance requirements to minimize the time elapsing between the transfer of funds from Pennsylvania Emergency Management Agency (PEMA) and the disbursement by the Township for project costs.

Effect: Although Perkiomen Township has no written policy regarding cash management of funds received under Federal grants that are subject to the Cash Management compliance requirement, of the funds received on November 13, 2023, totaling \$1,154,359.30, the Township had disbursed most of these funds, totaling \$1,118,102.77, by December 31, 2023.

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Context: The results of audit procedures revealed that funds totaling \$1,154,359.30 were received on November 13, 2023, and that the Township had disbursed most of these funds, totaling \$1,118,102.77, by December 31, 2023.

Perkiomen Township
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Questioned
Costs

2023-001 Hazard Mitigation Grant Program (HMGP) – Assistance Listing No. 97.039; Grant No. 2057-4506-HMGP; Grant Period Year Ended December 31, 2023 – Cash Management (Continued)

Recommendation: Perkiomen Township should adopt a written policy regarding cash management of funds received under Federal grants that is designed to minimize the time elapsing between the transfer of funds from the US Treasury or pass-through entity and disbursement by the Township.

2023-002 Hazard Mitigation Grant Program (HMGP) – Assistance Listing No. 97.039; Grant No. 2057-4506-HMGP; Grant Period Year Ended December 31, 2023 – Reporting

Condition: Although Perkiomen Township received funds totaling \$1,154,359.30 on November 13, 2023, the Township did not submit a monthly reconciliation report to PEMA for the month of November 2023.

Criteria: The “U.S. Department of Homeland Security Federal Fiscal Year 2019 Hazard Mitigation Grant Program Agreement” entered by and between the Commonwealth of Pennsylvania, acting through the Pennsylvania Emergency Management Agency (“PEMA”), and Perkiomen Township, states the following:

“The Subrecipient shall submit monthly reconciliation reports to PEMA by the tenth working day of each month during and until the conclusion of the period of performance of this grant, comprised of the following information:

- i. Account balance and interest earned from account stated in subsection 25.c. above;
- ii. Monitoring report to include project progress and project cost breakdown to date”

Cause: Oversight of not filing the monthly reconciliation report for November 2023.

Effect: The Township did not submit a monthly reconciliation report to PEMA for the month of November 2023

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Perkiomen Township
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Questioned
Costs

2023-002 Hazard Mitigation Grant Program (HMGP) – Assistance Listing No. 97.039; Grant No. 2057-4506-HMGP; Grant Period Year Ended December 31, 2023 – Reporting

Context: In order to test Perkiomen Township’s compliance with the reporting requirements, the auditor requested copies of all monthly reconciliation reports filed for 2023. The Township did not have a report for the month of November 2023 on file.

Recommendation: The Township should file a monthly reconciliation report for November 2023 and should ensure that a monthly reconciliation report is filed for each month during the program period.



Perkiomen Township
Corrective Action Plan
For the Year Ended December 31, 2023

Finding

2023-001 **Hazard Mitigation Grant Program (HMGP) – Assistance Listing No. 97.039; Grant No. 2057-4506-HMGP; Grant Period Year Ended December 31, 2023 – Cash Management**

Recommendation: Perkiomen Township should adopt a written policy regarding cash management of funds received under Federal grants that is designed to minimize the time elapsing between the transfer of funds from the US Treasury or pass-through entity and disbursement by the Township.

Corrective Action Plan: The Township will adopt a written policy regarding cash management of funds designed to minimize the time elapsing between the transfer of funds from the US Treasury and when distributed by the Township.

2023-002 **Hazard Mitigation Grant Program (HMGP) – Assistance Listing No. 97.039; Grant No. 2057-4506-HMGP; Grant Period Year Ended December 31, 2023 – Reporting**

Recommendation: The Township should file a monthly reconciliation report for November 2023 and should ensure that a monthly reconciliation report is filed for each month during the program period.

Corrective Action Plan: A copy of the November 2023 Report has been filed.

