

POCONO TOWNSHIP
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023

POCONO TOWNSHIP
FOR THE YEAR ENDED DECEMBER 31, 2023
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
Pocono Township
Tannersville, Pennsylvania

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pocono Township (the "Township") as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

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To the Board of Commissioners
Pocono Township
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therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Adoption of Governmental Accounting Standards Board Pronouncements

In 2023, the Township adopted the provisions of Governmental Accounting Standards Board's Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, and Statement No. 99, *Omnibus 2022*. Our opinion is not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, budgetary comparison information on page 38 and 39, pension plan information on pages 40 to 42, and OPEB plan information on pages 43 and 44, 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



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To the Members of the Board of Commissioners
Pocono Township
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in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are 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. Such 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024, on our consideration of the Pocono Township'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 the Pocono Township'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 the Pocono Township's internal control over financial reporting and compliance.

Basis of Accounting

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

Zelenkofske Axelrod LLC

ZELENKOFSCHE AXELROD LLC

Jamison, Pennsylvania
November 6, 2024

POCONO TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023

This discussion and analysis of Pocono Township's financial performance provides an overall assessment of the Township's financial activities and financial performance for the fiscal year ended December 31, 2023. The financial statements and their accompanying notes provide further insight regarding the Township's financial position. Pocono Township is a First Class Township of Monroe County, Pennsylvania.

FINANCIAL HIGHLIGHTS 2023

- For the year ending 2023, the Township's total net position was \$14,207,964. This figure is comprised of all the revenue from both governmental and business-type activities, less expenses.
- The property tax millage rate increased from 2.429 mills to 3.429 for general purposes and .201 for Fire Tax. The Township collected \$4,966,031 in property tax revenue, net of a 2% discount plus late payment penalties.
- Real estate transfer taxes collected in 2023 were \$391,212. This is \$118,271, or 30.23%, lower than 2022, which indicates sales have leveled out from the high year of 2022.
- Earned Income and Local Service Taxes increased 1.12% and 4.27% respectively, indicating consistent employment numbers for 2023. These taxes are directly affected by the condition of the regional labor market.
- The 5% amusement tax, enacted in early 2022. The revenue collected for the year was \$833,160, \$68,614 higher than in 2022. This aligns with the stable usage locals and by out-of-area visitors.
- 2023 General Fund expenditures excluding transfers out increased 4.41%.
- Pocono Township's General Fund balance increased by \$1,986,813. This is largely attributed to the increased tax collections for 2023.
- Pocono Township's capital expenditures for TLC Park were supported by several state and county grants that allowed Pocono Township to upgrade the park's recreational features and offer high quality amenities for residents.
- The sewer system had positive change in net position of \$20,937 for 2023. The system's net position at year-end was \$4.079 million versus \$4.058 million from the previous year. The revenue collected from sewer usage fees in 2023 was \$3,958,460. Connection fees paid in 2023 were \$266,309, which was a decrease of about \$772,167.
- Revenue for the sewer system remains consistent, as the customer base is predominantly commercial.

Using the Modified Accrual Basis of Accounting Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Pocono Township as a financial whole and entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

POCONO TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023

The Statement of Net Position - Modified Accrual Basis, Statement of Activities - Modified Accrual Basis, and the fund financial statements provide information for the reader to ascertain how services were financed in the short-term as well as what resources remain for future spending. The fund financial statements also present the Township's most significant funds in their own columns with all other nonmajor funds summarized into one column. In the case of Pocono Township, the General Fund, the Sewer Design and Construction Fund, the Capital Reserve Operating Fund, and the American Rescue Plan Fund are reported as major funds.

In the Statement of Net Position - Modified Accrual Basis, and the Statement of Net Activities - Modified Accrual Basis, the Township reports the financial information relating to governmental and business-type activities. Governmental activities include the Township's operations including general government, public works, public safety, and recreation. Business-type activities include the user fees and expenses for the Township's portion of the sewer system.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serve as an introduction and overview of the basic financial statements of the Township of Pocono. The Township's basic financial statements are comprised of:

Government-wide financial statements, which provide short-term information about the Township's overall financial condition.

- *Fund financial statements*, which provide a more detailed look at major individual portions, or funds, of the Township.
- *Notes to the financial statements*, which explain some of the information contained in the financial statements and provide more detailed data.
- *Other supplementary information*, which further explains and supports the information in the financial statements.

Government-wide financial statements. The government-wide financial statements report information about the Township using accounting methods like those used by a private-sector business. The two statements presented are:

- The statement of net position, which includes the Township's assets and liabilities, except for fiduciary and agency funds, with the difference between the two reported as net position. Over time, increases or decreases in net position are an indicator of whether the Township's financial position is improving or deteriorating.
- The statement of activities presents revenues and expenses and their effect on the change in the Township's net position during the current year. These changes in net position are recorded as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid.

The government-wide financial statements of the Township are reflected in two distinct categories:

- *Governmental activities* are primarily supported by taxes and state and federal grants. The governmental activities include the Township's basic services such as general government, public safety, public works, and parks.

POCONO TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023

A second category which is used by some entities is *business-type activities*. Business-type activities are supported by user fees and charges, which are intended to recover all or a significant portion of their costs. The Township operates a waste-water system which falls into this category.

Fund Financial Statements. The fund financial statements provide detailed information about the Township's funds. Funds are accounting devices for groupings of activities that enable the Township to maintain control over resources that have been segregated for restricted purposes or objectives. Some funds are required by state law. Other funds are established to control and manage resources designated for a specific purpose. All the funds of Pocono Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. The governmental funds are used to account for the financial activity of the Township. The government-wide statements focus on a short-term view of the inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the calendar year.

- Governmental funds are useful in evaluating the Township's short-term financing requirements to help the readers of the financial statements better understand the relationships and differences between the long-term view of the government-wide financial statements from the short-term view of the fund financial statements, reconciliations are presented between the fund financial statements and the government-wide statements.
- The Township maintains six (6) individual governmental funds. Financial information is presented separately for the general fund, the sewer design and construction fund, the capital reserve operating fund, and the liquid fuels fund.

Fiduciary Funds. The fiduciary funds are funds for which the Township is the trustee or fiduciary. The Township is the trustee, or fiduciary, for the police employees' pension plan and the developers' escrow accounts. It is also responsible for other assets that are collected and held for others until the funds are allocated to the organizations, government agencies or private parties to which they belong. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These fiduciary activities are reported in a separate statement of fiduciary net position and changes in fiduciary net position. They are not reflected in the government-wide financial statements because the assets are not available to support the Township's operations.

Defining the Classifications of Expenditures

General governmental activities – Include the activities of the Board of Commissioners, financial administration, legal counsel, insurance, and physical plant.

Public Safety activities – Include police protection, code enforcement, fire protection, and planning.

Public works activities – Include general services, servicing of streets and storm sewers, and snow and ice removal, along with sewer system design and construction

Cultural and recreation activities – Include parks operations and maintenance.

Other activities – Include employer payroll taxes, employee benefits and general insurance expense.

Principal and interest include the transactions associated with the payment of interest and other charges relating to the debt of the Township.

POCONO TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023

Wastewater collection and treatment includes operation and maintenance of sewer lines within the Township, and the Township's share of operation expenses for the regional sewer plant.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents additional information in three separate sections: required supplementary information, other supplementary information, and statistical information.

- **Required supplementary information.** Certain information regarding pension plan funding progress for the Township and OPEB liability information, as well as budgeted and actual revenues and expenditures for the Township's general fund is presented in this section. This required supplementary information can be found immediately following the notes to the financial statements.

TOWNSHIP-WIDE FINANCIAL ANALYSIS

Net Position

The Township's total net position increased by \$3,194,322 or 23.05%, from 2022 due to increased revenue collections in both business and government activities.

	Governmental Activities		Business-Type Activities		Total Reporting Entity	
	2023	2022	2023	2022	2023	2022
ASSETS						
Cash and cash equivalents	\$ 10,605,458	\$ 7,214,880	\$ 3,922,633	\$ 3,880,306	\$ 14,528,091	\$ 11,095,186
Investments	-	-	51,495	51,347	51,495	51,347
Taxes receivable	173,114	161,944	-	-	173,114	161,944
Accounts and other receivables	289,884	101,748	113,951	143,089	403,835	244,837
Prepaid expenses	221,437	240,849	15,103	19,969	236,540	260,818
TOTAL ASSETS	\$ 11,289,893	\$ 7,719,421	\$ 4,103,182	\$ 4,094,711	\$ 15,393,075	\$ 11,814,132
LIABILITIES AND NET POSITION						
LIABILITIES						
Accounts payable	\$ 578,203	\$ 183,727	\$ 24,169	\$ 36,635	\$ 602,372	\$ 220,362
Unearned grant revenue	500,000	500,000	-	-	500,000	500,000
Accrued salaries, benefits and related taxes	82,739	80,128	-	-	82,739	80,128
TOTAL LIABILITIES	1,160,942	763,855	24,169	36,635	1,185,111	800,490
NET POSITION						
Restricted	\$ 3,531,510	\$ 2,409,427	\$ -	\$ -	\$ 3,531,510	\$ 2,409,427
Unrestricted	6,597,441	4,546,139	4,079,013	4,058,076	10,676,454	8,604,215
TOTAL NET POSITION	\$ 10,128,951	\$ 6,955,566	\$ 4,079,013	\$ 4,058,076	\$ 14,207,964	\$ 11,013,642

POCONO TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023

Changes in Net Position

For the Fiscal Years 2023 and 2022, net position of the primary government changed as follows:

Statements of Changes in Net Position
Years Ended December 31, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total Reporting Entity	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues						
Charges for services	\$ 940,846	\$ 975,836	\$ 4,224,769	\$ 4,777,843	\$ 5,165,615	\$ 5,753,679
Operating grants and contributions	446,111	1,014,644	-	-	446,111	1,014,644
Capital grants and contributions	688,053	506,903	-	-	688,053	506,903
General Revenues						
Taxes	8,548,932	7,159,762	-	-	8,548,932	7,159,762
Cable television franchise fees	154,724	174,646	-	-	154,724	174,646
Investment earnings	196,195	19,462	75,186	7,193	271,381	26,655
Grants, subsidies and contributions	542,927	346,685	-	-	542,927	346,685
Proceeds from sale of assets	173,613	23,320	-	-	173,613	23,320
Proceeds from capital lease	151,400	381,458	-	-	151,400	381,458
Transfers	1,397,000	817,000	(1,397,000)	(817,000)	-	-
Miscellaneous	854,341	229,739	56,129	-	910,470	229,739
TOTAL REVENUES	\$14,094,142	\$11,649,455	\$ 2,959,084	\$ 3,968,036	\$17,053,226	\$15,617,491
EXPENDITURES						
General government	\$ 1,866,586	\$ 1,846,347	\$ -	\$ -	\$ 1,866,586	\$ 1,846,347
Public safety	5,000,476	4,941,925	-	-	5,000,476	4,941,925
Highways and streets	2,696,771	2,945,484	-	-	2,696,771	2,945,484
Health and sanitation	246,590	937,988	-	-	246,590	937,988
Sewer operations	-	-	2,938,147	3,420,583	2,938,147	3,420,583
Culture and recreation	1,110,334	583,549	-	-	1,110,334	583,549
TOTAL EXPENDITURES	\$10,920,757	\$11,255,293	\$ 2,938,147	\$ 3,420,583	\$13,858,904	\$14,675,876
CHANGE IN NET POSITION	\$ 3,173,385	\$ 394,162	\$ 20,937	\$ 547,453	\$ 3,194,322	\$ 941,615

POCONO TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023

Governmental Activities

To aid in understanding the statement of activities- modified accrual beginning on page 12, some additional explanation is given. The format is significantly different from a typical statement of revenues, expenses, and changes in fund balance. Expenses are listed in the first column, with revenues from the program reported to the right. The result is a net (expense)/revenue. This type of format highlights the cost of services provided by the township to the taxpayers. It also identifies how much each governmental activity draws from general revenues or if it is self-financing through fees, grants, or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue, even if restricted for a specific purpose.

Long-Term Debt

Pocono Township long term debt includes sewer notes with PENNVEST and First Keystone Community Bank. The township has also entered into capital lease agreements to finance vehicle and heavy equipment purchases.

Expenditures and Revenues

Pocono Township's expenditures for 2023 were marked by inflationary increases in the cost of supplies, vehicle fuel, and professional services. Pocono Township also has contractual obligations with its Police and Public Works departments that systematically raise staffing costs, triggering increases in other budget lines. Since Pocono Township's principal function is to deliver essential services to its residents, such services can only be provided by personnel with the necessary skills. It is important to note that Pocono Township is one of the few municipalities in Monroe County with its own police department.

Pocono Township increased its real estate millage in 2023 by 33.09%. The need to increase revenue stemmed from a steady increase in expenditures which, if left unchecked, would erode operational emergency reserves to a critical low level.

POCONO TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2023

ECONOMIC OUTLOOK & KEY FACTORS OF THE 2024 BUDGET

Management has taken a proactive and lean approach to expenditures by closely monitoring budget lines against the funds approved by the Board of Commissioners. This approach led to each department being under budget for the year.

Capital expenditures have focused on open space and recreation projects, in addition to updating current vehicle and heavy equipment fleets.

Sewer system revenue remains strong as the demand for service continues. Furthermore, an increase in land development projects has led to the implementation of reserve fees to hold EDUs for future use and the approval of expanded service areas to increase the system's coverage.

Below are key factors that will affect the 2024 budget:

- The Township kept the millage rate for 2024 to for general purposes at 3.429
- The 2024 paving project includes the use of a new microsurfacing process on identified roads, which will extend the life of these roads and supplement the planned four miles of paving
- Pocono Township is expecting the payment of a sizable amount of open space in lieu of fees that will supplement park and recreation improvements
- Staff turnover due to retirements in 2023 will require the search for talent within and outside of the organization to ensure that qualified personnel are in place to provide the highest quality service to the community
- The purchase of the historic Glenwood Hall for future Parks & Rec usage
- The purchase of the former Northampton Community College to meet the demand for expanded administration & police services

The Board of Commissioners continues to explore options for managing costs and preserving revenue for the Township, as the cost and demand for services rise for residents, businesses, and visitors.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Pocono Township's finances. Questions concerning any information provided in this report or requests for additional information may be addressed through a Right-to-Know request to the Pocono Township Right to Know Officer, 112 Township Drive Tannersville, PA 18372.

POCONO TOWNSHIP
STATEMENT OF NET POSITION-MODIFIED ACCRUAL BASIS
DECEMBER 31, 2023

	Governmental Activities	Business-Type Activities	Total Reporting Entity
ASSETS			
Cash and cash equivalents	\$ 6,578,738	\$ 3,922,633	\$ 10,501,371
Restricted cash and cash equivalents	4,026,720	-	4,026,720
Investments	-	51,495	51,495
Taxes receivable	173,114	-	173,114
Accounts and other receivables	289,884	113,951	403,835
Prepaid expenses	221,437	15,103	236,540
TOTAL ASSETS	\$ 11,289,893	\$ 4,103,182	\$ 15,393,075
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts payable	\$ 578,203	\$ 24,169	\$ 602,372
Unearned grant revenue	500,000	-	500,000
Accrued salaries, benefits and related taxes	82,739	-	82,739
TOTAL LIABILITIES	1,160,942	24,169	1,185,111
NET POSITION			
Restricted	3,531,510	-	3,531,510
Unrestricted	6,597,441	4,079,013	10,676,454
TOTAL NET POSITION	10,128,951	4,079,013	14,207,964
TOTAL LIABILITIES AND NET POSITION	\$ 11,289,893	\$ 4,103,182	\$ 15,393,075

See accompanying notes to the basic financial statements.

POCONO TOWNSHIP
STATEMENT OF ACTIVITIES-MODIFIED ACCRUAL BASIS
YEAR ENDED DECEMBER 31, 2023

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
GOVERNMENTAL ACTIVITIES							
General government	\$ 1,866,586	\$ 21,413	\$ 1,835	\$ -	\$ (1,843,338)	\$ -	\$ (1,843,338)
Public safety	5,000,476	787,397	-	-	(4,213,079)	-	(4,213,079)
Highways and streets	2,696,771	12,208	444,276	-	(2,240,287)	-	(2,240,287)
Health and sanitation	246,590	92,090	-	688,053	533,553	-	533,553
Culture and recreation	1,110,334	27,738	-	-	(1,082,596)	-	(1,082,596)
TOTAL GOVERNMENTAL ACTIVITIES	10,920,757	940,846	446,111	688,053	(8,845,747)	-	(8,845,747)
BUSINESS-TYPE ACTIVITIES							
Sewer operations	2,938,147	4,224,769	-	-	-	1,286,622	1,286,622
TOTAL REPORTING ENTITY	<u>\$ 13,858,904</u>	<u>\$ 5,165,615</u>	<u>\$ 446,111</u>	<u>\$ 688,053</u>	<u>(8,845,747)</u>	<u>1,286,622</u>	<u>(7,559,125)</u>
GENERAL REVENUES							
Taxes							
Property taxes					4,966,031	-	4,966,031
Earned income tax					1,887,819	-	1,887,819
Local services, realty transfer and other taxes					1,695,082	-	1,695,082
Cable television and franchise fees					154,724	-	154,724
Investment earnings					196,195	75,186	271,381
Grants, subsidies and contributions					542,927	-	542,927
Capital lease proceeds					151,400	-	151,400
Proceeds from sale of assets					173,613	-	173,613
Transfers					1,397,000	(1,397,000)	-
Miscellaneous					854,341	56,129	910,470
TOTAL GENERAL REVENUES					12,019,132	(1,265,685)	10,753,447
CHANGE IN NET POSITION					3,173,385	20,937	3,194,322
NET POSITION AT BEGINNING OF YEAR					6,955,566	4,058,076	11,013,642
NET POSITION AT END OF YEAR					<u>\$ 10,128,951</u>	<u>\$ 4,079,013</u>	<u>\$ 14,207,964</u>

See accompanying notes to the financial statements.

POCONO TOWNSHIP
BALANCE SHEET-MODIFIED ACCRUAL BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General Fund	Sewer Design and Construction Fund	Capital Reserve Operating Fund	American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,887,628	\$ 125,615	\$ 565,495	\$ -	\$ -	\$ 6,578,738
Restricted cash and cash equivalents	-	2,733,285	500,000	787,315	6,120	4,026,720
Taxes receivable	173,114	-	-	-	-	173,114
Due from other funds	-	-	177,300	-	-	177,300
Accounts and other receivables	142,932	-	142,162	-	4,790	289,884
Prepaid expenses	221,437	-	-	-	-	221,437
TOTAL ASSETS	\$ 6,425,111	\$ 2,858,900	\$ 1,384,957	\$ 787,315	\$ 10,910	\$ 11,467,193
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 152,200	\$ 125,615	\$ 300,388	\$ -	\$ -	\$ 578,203
Due to other funds	177,300	-	-	-	-	177,300
Unearned grant revenue	-	-	500,000	-	-	500,000
Accrued salaries, benefits and related taxes	82,739	-	-	-	-	82,739
TOTAL LIABILITIES	412,239	125,615	800,388	-	-	1,338,242
FUND BALANCES						
Restricted						
Special Purposes	-	-	-	787,315	8,840	796,155
Sewer design and construction	-	2,733,285	-	-	-	2,733,285
Highways and streets	-	-	-	-	2,070	2,070
Committed	540,058					540,058
Assigned	-	-	584,569	-	-	584,569
Unassigned	5,472,814	-	-	-	-	5,472,814
TOTAL FUND BALANCES	6,012,872	2,733,285	584,569	787,315	10,910	10,128,951
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,425,111	\$ 2,858,900	\$ 1,384,957	\$ 787,315	\$ 10,910	\$ 11,467,193

See accompanying notes to the basic financial statements.

POCONO TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-MODIFIED ACCRUAL BASIS
YEAR ENDED DECEMBER 31, 2023

	General Fund	Sewer Design and Construction Fund	Capital Reserve Operating Fund	American Rescue Plan Fund	Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 8,296,043	\$ -	\$ -	\$ -	\$ 252,889	\$ 8,548,932
Licenses, permits and fees	154,724	-	-	-	-	154,724
Fines and forfeits	100,325	-	-	-	-	100,325
Interest	102,694	55,509	15,957	17,208	4,827	196,195
Intergovernmental	542,927	-	688,053	1,835	444,276	1,677,091
Charges for services	840,521	-	-	-	-	840,521
Refunds of prior year expenses	137,923	-	-	-	-	137,923
Other revenues	716,418	-	-	-	-	716,418
TOTAL REVENUES	10,891,575	55,509	704,010	19,043	701,992	12,372,129
EXPENDITURES						
General government	1,708,625	-	156,443	-	-	1,865,068
Public safety and protective inspection	4,233,884	-	518,610	-	247,982	5,000,476
Public works, highways and streets	1,247,426	-	655,954	-	447,600	2,350,980
Health and sanitation	31,525	215,065	-	-	-	246,590
Culture and recreation	220,652	-	889,682	-	-	1,110,334
Debt Service	-	-	345,791	-	-	345,791
Refunds of prior year revenues	1,518	-	-	-	-	1,518
TOTAL EXPENDITURES	7,443,630	215,065	2,566,480	-	695,582	10,920,757
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,447,945	(159,556)	(1,862,470)	19,043	6,410	1,451,372
OTHER FINANCING SOURCES (USES)						
Transfers in	66,362	1,397,000	1,608,884	-	-	3,072,246
Transfers out	(1,534,432)	-	-	(140,814)	-	(1,675,246)
Lease proceeds	-	-	151,400	-	-	151,400
Proceeds from sale of surplus assets	6,938	-	166,675	-	-	173,613
TOTAL OTHER FINANCING SOURCES (USES)	(1,461,132)	1,397,000	1,926,959	(140,814)	-	1,722,013
NET CHANGE IN FUND BALANCES	1,986,813	1,237,444	64,489	(121,771)	6,410	3,173,385
FUND BALANCE - BEGINNING	4,026,059	1,495,841	520,080	909,086	4,500	6,955,566
FUND BALANCE - ENDING	\$ 6,012,872	\$ 2,733,285	\$ 584,569	\$ 787,315	\$ 10,910	\$ 10,128,951

See accompanying notes to the basic financial statements.

POCONO TOWNSHIP
STATEMENT OF NET POSITION-MODIFIED ACCRUAL BASIS
PROPRIETARY FUND
DECEMBER 31, 2023

	Sewer Operating Fund
ASSETS	
Cash and cash equivalents	\$ 3,922,633
Investments	51,495
Accounts receivable	113,951
Prepaid expenses	15,103
	<hr/>
TOTAL ASSETS	\$ 4,103,182
	<hr/> <hr/>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable	\$ 24,169
NET POSITION	
Unrestricted	4,079,013
	<hr/>
TOTAL LIABILITIES AND NET POSITION	\$ 4,103,182
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

POCONO TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION-MODIFIED ACCRUAL BASIS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2023

	Sewer Operating Fund
OPERATING REVENUES	
Sewage usage fees	\$ 3,958,460
Connection fees	<u>266,309</u>
TOTAL OPERATING REVENUES	<u>4,224,769</u>
OPERATING EXPENSES	
Sewer treatment operations	<u>1,777,202</u>
OPERATING INCOME	2,447,567
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	75,186
Refund of prior year expenses	56,129
Debt service interest	(146,533)
Debt service principal	(1,014,412)
Transfers out	<u>(1,397,000)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(2,426,630)</u>
CHANGE IN NET POSITION	20,937
NET POSITION AT BEGINNING OF YEAR	<u>4,058,076</u>
NET POSITION AT END OF YEAR	<u><u>\$ 4,079,013</u></u>

See accompanying notes to the basic financial statements.

POCONO TOWNSHIP
STATEMENT OF CASH FLOWS-MODIFIED ACCRUAL BASIS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2023

	Sewer Operating Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 4,253,907
Payments to suppliers and vendors	<u>(1,784,802)</u>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>2,469,105</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Refund of prior year expenses	56,129
Interfund transfers	<u>(1,397,000)</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,340,871)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Debt service principal	(1,014,412)
Debt service interest	<u>(146,533)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,160,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>75,038</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,327
CASH AND CASH EQUIVALENTS - BEGINNING	<u>3,880,306</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 3,922,633</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 2,447,567
Adjustments to reconcile operating income to net cash provided by operating activities	
Changes in	
Accounts receivable	29,138
Prepaid expenses	4,866
Accounts payable	<u>(12,466)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 2,469,105</u></u>

See accompanying notes to basic financial statements.

POCONO TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION-MODIFIED ACCRUAL BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Component Unit Police Pension Fund	Escrow Funds	Totals
ASSETS			
Cash and cash equivalents	\$ 160,511	\$ 791,517	\$ 952,028
Investments at fair value	8,775,306	-	8,775,306
Receivables	569	-	569
TOTAL ASSETS	<u>\$ 8,936,386</u>	<u>\$ 791,517</u>	<u>\$ 9,727,903</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Escrow funds	\$ -	\$ 791,517	\$ 791,517
NET POSITION			
Held in trust for pension benefits	8,936,386	-	8,936,386
TOTAL LIABILITIES AND NET POSITION	<u>\$ 8,936,386</u>	<u>\$ 791,517</u>	<u>\$ 9,727,903</u>

See accompanying notes to basic financial statements.

POCONO TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION-MODIFIED ACCRUAL BASIS
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2023

	<u>Component Unit</u> <u>Police Pension</u> <u>Fund</u>	<u>Escrow</u> <u>Funds</u>
ADDITIONS		
Contributions		
General municipal pension state aid	\$ 196,000	\$ -
Employees	123,444	-
TOTAL CONTRIBUTIONS	<u>319,444</u>	<u>-</u>
Investment income		
Net appreciation in fair value of assets	909,702	-
Interest and dividends	238,875	-
TOTAL INVESTMENT INCOME	<u>1,148,577</u>	<u>-</u>
Investment expenses	(38,258)	-
INVESTMENT INCOME, NET	<u>1,110,319</u>	<u>-</u>
Developer deposits	<u>-</u>	<u>461,648</u>
TOTAL ADDITIONS	1,429,763	461,648
DEDUCTIONS		
Developer expenses	-	295,386
Future developer expenses	-	166,262
Benefits	287,773	-
TOTAL DEDUCTIONS	<u>287,773</u>	<u>461,648</u>
CHANGE IN NET POSITION	1,141,990	-
NET POSITION AT BEGINNING OF YEAR	<u>7,794,396</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u><u>\$ 8,936,386</u></u>	<u><u>\$ -</u></u>

See accompanying notes to basic financial statements.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Government

Pocono Township is a First Class Township of Monroe County, Pennsylvania. Pocono Township's citizens elected in November of 2013 to change the Township from a second class township to a first class township beginning January 1, 2014. Subsequently the Commissioners of Monroe County, Pennsylvania appointed five commissioners to Pocono Township's Board with terms beginning on January 1, 2014. Upon expiration of the initial terms, commissioners will be elected by the Township's citizens. The Township's services provided include public safety, maintenance of its highways, roads and streets, planning and zoning, parks and recreation, and general governmental administrative services.

Basis of Accounting

The Government-wide, governmental-type funds', business-type funds, and fiduciary fund's financial statements are presented using the modified accrual basis of accounting, which is an other comprehensive basis of accounting (OCBOA) as applied to governmental units. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment has matured and will be payable shortly after year-end.

The basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

As a result of the use of the modified accrual basis of accounting, certain assets (including capital assets) and their related revenues, and certain liabilities (including long-term debt, pensions, and OPEB) and their related expenditures that would be recognized under accounting principles generally accepted in the United States of America are not recorded in these financial statements.

If the Township had utilized the basis of accounting recognized as generally accepted in the United States of America, the government-wide financials would be presented on the accrual basis of accounting.

The following is a summary of the more significant policies of the Township.

Reporting Entity

The Board of Commissioners ("the Board") is the basic level of government which has financial accountability and control over all activities related to municipal functions in the Township. The Board receives funding from local, state and federal sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by the Government Accounting Standards Board since Board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary accountability for fiscal matters.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township follows the criteria promulgated by GASB for purposes of determining the scope of its reporting entity as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, including whether:

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

Based on these criteria, the Township is not considered to have any component units.

Basis of Presentation

The Government-wide Financial Statements report information on all the non-fiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by mainly general purpose taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Expenses reported on the statement of activities are allocated to functions based on the budget classifications.

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary fund include the cost of personal and contractual services and supplies. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Financial Statements – The accounts of the Township are organized on the basis of funds or account groups, each of which is considered a separate entity. Thus, the operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise it assets, liabilities, fund balance, revenues and expenditures. An emphasis is placed on a major fund within the governmental category. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of that individual fund are at least ten percent (10%) of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenses of the individual fund are at least five percent (5%) of the corresponding total for all funds combined.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds – Governmental Funds are those funds through which most governmental functions of the Township are financed. The acquisition, use and balance of the Township's expendable financial resources are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the Township's Governmental Funds:

Major funds:

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

Sewer Design and Construction Fund – Accounts for specific revenues and expenditures relating to establishing sewer service along Route 611 in Pocono Township and for the Township's share of the regional sewer project.

Capital Reserve Operating Fund – Represents funds that the Township has moved into this separate capital projects fund to provide funding for future capital improvements.

American Rescue Plan Fund – This fund is used to account for funding from the American Rescue Plan Act.

Nonmajor Funds:

State Liquid Fuels Fund – This fund is used to account for funding from the Pennsylvania Municipal Liquid Fuels Program which funds a range of projects to support municipalities' construction, reconstruction, maintenance and repair of public roads or streets.

Fire Tax Fund – This fund is used to account for real estate taxes specific to the Fire Tax.

Proprietary Funds – Proprietary Funds are used to account for business-type operations conducted by the Township. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Sewer Operating Fund are charges to customers for sales and services. Operating expenses of the Sewer Fund include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Sewer Operating Fund – Accounts for the revenues and expenditures relating to operating and maintaining sewer service along Route 611 in Pocono Township and for the Township's share of the regional sewer project's operating expenses.

Fiduciary Funds – The Fiduciary Funds are used to account for assets held by the Township as trustee for and on behalf of individuals or organizations who have designated the Township as trustee of the assets. The Fiduciary Fund consist of the Townships escrow funds which it is holding on behalf of others. The Township excludes these activities from the government-wide financial statements because those assets cannot be used to finance operations.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Escrow Fund – Accounts for funds held by the Township which belong to other parties which have been deposited by the Township for various purposes including payment of professional fees required for development projects and other such purposes.

Fiduciary Component Unit

The Township's Police Pension Plan ("Plan") were established to provide retirement benefits to eligible retirees of the Township. The Plan is included in the financial reporting entity as a blended component unit fiduciary fund because the Plan is (1) considered to be a legally separate entity, (2) the Township appoints a voting majority of the governing board, and (3) the Plan imposes a financial burden on the Township as it is legally obligated to make contributions to the Plan.

Measurement Focus

The Government-wide financial statements utilize the "economic resources" measurement focus, within the limitations of the modified accrual basis of accounting.

The fund financial statements utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present resources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available financial resources at the end of the period.

Budgets and Budgetary Accounting

The Township annually adopts its general operating budget in accordance with the Commonwealth of Pennsylvania First Class Township Code of May 27, 1949 (P.L. 1955, No. 569 as amended). The budget is advertised as required and filed with the Pennsylvania Department of Community and Economic Development as prescribed by the Department.

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the General Fund.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments purchased with an original maturity of three months or less, and that have no withdrawal restrictions, are considered cash equivalents.

Investments

The pension plan deposits and investments are currently governed by Title 20 of the Pennsylvania Consolidated Statutes, Chapter 73, entitled to the Probate, Estates, and Fiduciaries Code, Section 7302, Fiduciaries Investments, act of June 30, 1972. This act allows the trustees of the plan to invest in securities which a prudent person of discretion and intelligence, who is seeking a reasonable income and preservation of capital, would buy.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This discretionary authority, known as the “Prudent Person Rule”, permits the selection of a variety of investments, allowing for diversity in the degree of risk and liquidity. Finally, there were no deposit or investment transactions during the year that were in violation of this state statute or the policy of the plan. The Township has adopted GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 72, *Fair Value Measurement and Application*. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values.

Long-Term Debt

The Township’s long-term debt arising from modified accrual basis transactions to be repaid from governmental resources are not reported as liabilities in the government-wide statements. Long-term debt arising from the modified accrual basis transactions of governmental funds are not reported as liabilities in the fund financial statements or the government-wide financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

Real Property Taxes

The Township levies real property taxes on January 1 of each year based upon the assessed valuation as of January 1, as determined by the County of Monroe. Property taxes are due upon receipt with a discount of 2% allowed through April 30, face amount due from May 1 through June 30 and a penalty of 10% levied for all payments received after June 30. All unpaid real property taxes are lienied with the Monroe County Tax Claim on January 1 following the year levied.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted on the government-wide statements when there are limitations imposed on its use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township’s policy is to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance and GASB Statement No. 54

The Township has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township’s fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance – Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation.
- Committed Fund Balance – Amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (the Board of Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the Township takes the same highest level action to remove or change the constraint.
- Assigned Fund Balance – Amounts the Township intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners or by an official or body to which the Board of Commissioners delegates the authority. The Commissioners have not delegated that authority as of December 31, 2019.
- Unassigned Fund Balance – Amounts available for any purpose. Positive amounts are reported only in the General Fund.

The Board of Commissioners establishes (and modifies or rescinds) fund balance commitments and assignments by passage of a resolution. Assigned fund balance is intended to be used by the Township for specific purposes but does not meet the criteria to be classified as restricted or committed.

The Township will typically use restricted fund balances first, followed by committed resources and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Transactions Between Funds

Short-term amounts owed between funds, if any, are classified as interfund receivables/payables. Legally authorized transfers are treated as operating transfers and are included in the results of operations of the funds.

Use of Estimates

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

Cash

The Township's cash and cash investments consist of deposits with financial institutions.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 CASH AND CASH INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned to it. Pocono Township's investments recorded in governmental and business-type activities are certificates of deposits held at financial institutions. Deposits are insured under Act 72 of the 1971 Session of the Pennsylvania General Assembly, whereby financial institutions were granted the authority to secure deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of FDIC limits. The Township does not have a deposit policy for custodial credit risk. As of December 31, 2023, \$14,817,577 of the Township's bank balance of \$15,619,072 was exposed to custodial credit risk.

Investments

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

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

The Township has no investment policy that would further limit its investment choices.

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

Fair Value Measurement – The Pension Plans categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. At December 31, 2023, all of the Plan's investments are in publicly traded mutual funds and are categorized as Level 1 investments.

NOTE 3 REAL ESTATE TAXES

Based upon taxable assessed valuation provided by the County (\$1,387,727,050 in 2023), the Township bills and collects its own property taxes through an elected tax collector. The Township's general tax rate for all purposes for 2023 was 3.429 mills and the fire tax rate was .201 mills.

Pocono Township participated in Tax Increment Financing Projects ("TIF's"). The TIF's are administered by the Monroe County Industrial Development Authority.

The TIF project (Camelback) consists of 25 acres located in Pocono Township. The Tax Increment Project was developed in accordance with the "Pennsylvania Tax Increment Financing Act of 1990", as amended, for a term of twenty (20) years commencing December 31, 2013, and a maximum borrowing amount not to exceed \$15,000,000.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 REAL ESTATE TAXES (Continued)

As a TIF participant, the Township contributes 100% of the additional or new real estate taxes generated from all new building construction within the TIF districts. All tax revenue generated on the assessed valuation of the TIF base (prior to new construction) will remain with the Township. The allocation of real estate taxes to the TIF district is based upon the millage rate for Pocono Township at the time of the TIF approvals, which was 17.35 mills for the Camelback project. Any millage rate increases above the rate are not included as part of the TIF project. Real estate tax revenues derived from millage exceeding these rates remains with Pocono Township. The amount remitted to the TIF program by the Township was \$215,313 for the year ended December 31, 2023.

NOTE 4 LONG-TERM DEBT

PENNVEST Note Payable – Issued on May 4, 2011, to finance the construction of the Township's sewer facilities. The loan is for \$8,300,000 with interest payments due monthly. The interest rate for the first five years is 1% and will increase to 1.51% for the remaining life of the loan. The loan is scheduled to mature on April 1, 2034. The outstanding balance as of December 31, 2023 was \$4,545,302.

Guaranteed Sewer Revenue Note Series 2021 – Issued in May 2021, to refund the principal balance of the Guaranteed Sewer Revenue Note, Series A of 2014, Guaranteed Sewer Revenue Note Series 2015, Guaranteed Sewer Revenue Note Series 2018, and pay related expenses. The loan is for \$7,207,000 with Peoples Security Bank, with interest payments due semi-annually. The loan is scheduled to mature on December 1, 2035. The outstanding balance as of December 31, 2023 was \$4,717,000.

Annual debt service requirements to maturity for long-term debt are as follows:

Year	Principal	Interest	Total
2024	\$ 1,028,546	\$ 140,777	\$ 1,169,323
2025	1,042,773	125,884	1,168,657
2026	1,058,095	110,784	1,168,879
2027	1,073,513	95,463	1,168,976
2028	1,089,028	79,917	1,168,945
2029-2033	3,812,394	254,815	4,067,209
2034	157,953	36,093	194,046
Total	<u>\$ 9,262,302</u>	<u>\$ 843,733</u>	<u>\$10,106,035</u>

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM DEBT (Continued)

Leases

The Township from time to time enters into lease arrangements to finance public works vehicle purchases. Currently, the Township holds several vehicle purchase leases. These lease agreements and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of minimum lease payments as of December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 274,040
2025	139,987
2026	80,577
2027	33,842
Amount representing interest	(43,304)
Present Value of Minimum Lease Payments	<u>\$ 485,142</u>

The following is a summary of long-term debt transactions of the Township for the year ended December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-Type Activities					
PennVest Loan	\$ 4,948,714	\$ -	\$ 403,412	\$ 4,545,302	\$ 409,546
General Sewer Revenue Note Series 2021	5,328,000	-	611,000	4,717,000	619,000
Total Business-Type Activities	<u>\$ 10,276,714</u>	<u>\$ -</u>	<u>\$ 1,014,412</u>	<u>\$ 9,262,302</u>	<u>\$ 1,028,546</u>
Governmental Activities					
Leases	<u>\$ 652,167</u>	<u>\$ 151,400</u>	<u>\$ 318,425</u>	<u>\$ 485,142</u>	<u>\$ 250,998</u>

NOTE 5 INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances as of December 31, 2023 are as follows:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 177,300	\$ -
Capital Reserve Fund	-	177,300
	<u>\$ 177,300</u>	<u>\$ 177,300</u>

Interfund transfers are executed as a result of certain funds funding the expenditures or expenses of other funds. The amounts transferred for the year ended December 31, 2023 are as follows:

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 INTERFUND BALANCES AND TRANSFERS (Continued)

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 66,362	\$1,534,432
Capital Reserve Fund	1,608,884	-
Sewer Design & Construction Fund	1,397,000	-
American Rescue Plan Fund	-	140,814
Sewer Operating Fund	-	1,397,000
	<u>\$3,072,246</u>	<u>\$3,072,246</u>

NOTE 6 POLICE PENSION PLAN

Plan Description

Plan Administration – The Pocono Township Police Pension Plan is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 145 adopted pursuant to Act 600. The plan is governed by the Pocono Township which may amend plan provisions, and which is responsible for the management of plan assets. The Pocono Township has delegated the authority to manage certain plan assets to US Bank.

The plan provides retirement benefits as well as death and disability benefits under Pennsylvania Act 600. All benefits vest after 12 years of credited service. Officers are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their final average monthly compensation. Final average monthly compensation is the employee's average compensation over the last 60 months of employment. Married officers will receive joint and 50% survivor annuity. Normal retirement is age 53 with at least 25 years of service.

If a member dies in service, a benefit will be paid per Act 30 equal to 100% of salary. The widow of a participant who has attained eligibility for retirement, or a participant who retired on pension, shall receive during the spouse's lifetime, fifty percent (50%) of pension the participant was receiving or would have been receiving had they been retired at the time of their death. If no such widow survives, or if the spouse survives and subsequently dies or remarries, then the children under the age of eighteen (18) (or who are attending college and have not yet attained age twenty-three(23)) shall be entitled to the same benefit described above. The widow of a participant who is killed-in-service shall receive, during the spouse's lifetime, a monthly benefit equal to one hundred percent (100%) of the average monthly compensation of the participant. If no such widow survives, or if the spouse survives and subsequently dies or remarries, then the children under the age of 18 (18) (or who are attending college and have not yet attained age twenty-three (23)) shall be entitled to the same benefit described above. In the event of a permanent service-related injury, the benefit shall be equal to 50% of the average monthly compensation of the participant. The benefit would be payable as if the date of disability had been their normal retirement date. This benefit is reduced by any benefits or payments received by such participant under the Social Security Administration for the same injury. Covered employees are required to contribute 5% of their compensation to the plan. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to finance the plan. If employment is terminated for reasons other than death or retirement, the employee is entitled to a refund of member contributions plus interest at a rate of 3 percent on contributions made from date of employment to December 31, 1978 and not less than 5 percent on contributions made after December 31, 1978.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 POLICE PENSION PLAN (Continued)

Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law. The benefit provisions of the Township's Police Pension Plan are established by Township ordinances.

Plan Membership – At December 31, 2023, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	<u>20</u>
	<u>35</u>

Summary of Significant Accounting Policies

The plan's policy is to prepare its financial statements on the modified accrual basis accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The pension plan's assets are valued at fair market value.

Administrative costs, which may include, but are not limited to, investment management fees and actuarial services, are charged to the appropriate plan and funded through the MMO and/or plan earnings. On-behalf payments of fringe benefits and salaries for the Township's employees were recognized as revenues and expenditures during the year.

Contributions

Contributions – Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the plan's actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer.

As a condition of participation, participants are required to make contributions to the plan. The amount of the contribution is equal to 5% of the participant's pay.

In 2023, the MMO obligation for the plan was \$196,000. For the year 2023 contributions of \$196,000 were made by the Township and the Commonwealth.

Investments

Investment Policy – The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. The investment policy of the Plan is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital among various investments in domestic equity securities, international equity securities, domestic fixed income instruments and other asset classes as may be deemed prudent.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 POLICE PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	
Large cap	40%
Mid cap	1%
International equity	20%
Fixed income	37%
Cash	2%
	<u>100%</u>

At December 31, 2023 the plan had the following investments:

	<u>Fair Market Value</u>
Fixed Income	\$ 3,290,023
U.S. Equities	3,680,848
International Equities	1,804,435
Total Investments	<u>\$ 8,775,306</u>

Concentrations – The plan did not hold investments in any one organization that represent 5% or more of the plan's fiduciary net position.

Net Pension Liability (Asset) of the Township

Note: The net pension liability (asset) information is presented for disclosure purposes only. In accordance with the modified accrual basis of accounting, the net pension liability (asset) is not reported in these financial statements.

The components of the net pension liability (asset) of the Township at December 31, 2023, were as follows:

Total pension liability	\$ 9,396,318
Plan fiduciary net position	<u>8,936,386</u>
Net Pension Liability (Asset)	<u>\$ 459,932</u>

Plan fiduciary net position as a	
percentage of total pension liability (asset)	<u>95.1%</u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increase	5.00%
Investment rate of return	6.75%
Inflation	2.45%

Mortality rates were based on the PubS-2010 projected 5 years past the valuation date using Scale MP-2021.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 POLICE PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.45%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation.

Best estimates of real rates of return for each major asset class that could possibly be included in the plan's target asset allocation as of December 31, 2023 (see Investment Policy), are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity		International equity	6.91%
Large cap	6.20%	Fixed income	3.51%
Mid cap	7.25%	Real Estate	5.01%
Small cap	7.25%	Cash	0.76%
<u>Discount Rate</u>			

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

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 POLICE PENSION PLAN (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 12/31/2022	\$ 9,040,430	\$ 7,794,396	\$ 1,246,034
Changes for the year			
Service cost	321,049	-	321,049
Interest	603,245	-	603,245
Changes in benefit terms	-	-	-
Differences Between Expected and Actual Experience	(303,490)	-	(303,490)
Changes of Assumptions	-	-	-
Contributions			
Employer	-	-	-
State aid	-	196,000	(196,000)
Member	-	100,587	(100,587)
Net investment income	-	1,110,319	(1,110,319)
Contributions - Buy Back	22,857	22,857	-
Benefit payments	(287,773)	(287,773)	-
Administrative expense	-	-	-
Net Changes	<u>355,888</u>	<u>1,141,990</u>	<u>(786,102)</u>
Balances at 12/31/2023	<u>\$ 9,396,318</u>	<u>\$ 8,936,386</u>	<u>\$ 459,932</u>

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

The following presents the net pension liability (asset) of the Township, calculated using the discount rate of 6.75%, as well as what the Township's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	<u>\$1,717,375</u>	<u>\$ 459,932</u>	<u>\$ (578,739)</u>

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.22%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 POLICE PENSION PLAN (Continued)

Deferred Outflows and Inflows of Resources

For the year ended December 31, 2023, the Township recognized a pension expense of \$213,038. At December 31, 2023, the Township reported deferred outflows of resources of deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (448,207)
Change in Assumptions	155,815	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	537,650	-
	<u>\$ 693,465</u>	<u>\$ (448,207)</u>

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

Year Ended December 31:

2024	\$ 59,784
2025	190,426
2026	275,490
2027	(142,374)
2028	(18,527)
Thereafter	(119,541)

NOTE 7 NON-UNIFORMED EMPLOYEES' PENSION PLAN

The Township provided a defined contribution pension plan for eligible full-time non-uniformed employees of the Township. Members are not permitted to contribute to the plan. The Township contributes on behalf of each member who was a participant on the last day of the plan year an amount equal to 9% of the member's compensation. Township contributions to the plan were \$84,174 during the year ended December 31, 2023.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

Early Retirement Incentive – The Township maintains a postemployment benefit plan for its employees for coverage for medical insurance benefits to its qualified retirees and beneficiaries based on eligibility requirements set for each group of employees pursuant to the Government Accounting Standards Board Statement No. 75. The Plan is open to employees hired prior to January 1, 2020. The costs of retiree health care benefits are recognized as expenditures and a net other postemployment benefit liability based on an actuarial valuation dated January 1, 2022. For the year ended December 31, 2023, the Township's OPEB obligation is \$1,923,277 and may continue to increase in each future year; however, in accordance with the modified accrual basis of accounting, the liability is not reported in these financial statements. The following are the Township's OPEB actuarial valuation results:

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (Continued)

Inactive Plan Members, Currently Receiving Benefits	1
Active Plan Members	<u>18</u>
	<u><u>19</u></u>

Actuarial Cost Method – Actuarial costs can be developed using any one of six different methods. The results of the actuarial valuation are based on the Entry Age Normal Cost Method. This cost method estimates the total cost of all projected plan benefits based on the assumptions shown in this report and the participant data and claims/premium information supplies.

Discount Rate – The discount rate is based upon the funding method that the sponsor employs. Since the Township uses the pay-as-you-go method of funding, benefits are expected to be paid out of the general fund of the Township, therefore, a discount rate of 4.00% is utilized, which is the 20 year AA municipal bond rate.

Pre-Retirement Mortality – None assumed.

Post-Retirement Mortality – 2010 Public Safety Amount Weighted mortality tables for male and female healthy annuitants projected 5 years past the valuation date using mortality improvement scale MP-2021.

Retirement – Retirement is assumed to occur at a minimum of age 53 with 25 years of service.

Disability – None assumed. Disability Retirement date is the date a participant is determined to have a Total and Permanent Disability as defined by the Plan.

Participation – 100% of retirees who are eligible to participate are assumed to do so.

Marital Status – 80% of all future retirees are assumed to be married with only 50% of those spouses.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Township, as well as what the Township's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.00 percent) or 1 percentage point higher (5.00) than the current discount rate.

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	<u>\$ 2,107,505</u>	<u>\$ 1,923,277</u>	<u>\$ 1,756,698</u>

Healthcare Trend Rates are as follows:

Medical and prescription drug costs are assumed to decrease by 0.25% per year to an ultimate level of 5% per year. Dental costs are assumed to increase by 2% per year. Vision costs are assumed to increase by 1.5% per year.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease <u>2.45% - 10.00%</u>	Healthcare Cost Trend Rates <u>3.45% - 11.00%</u>	1% Increase <u>4.45% - 12.00%</u>
Net OPEB Liability	<u>\$ 1,673,860</u>	<u>\$ 1,923,277</u>	<u>\$ 2,221,172</u>

The following table shows the changes in Net OPEB liability recognized over 2023.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 12/31/2022	\$ 1,706,770	\$ -	\$ 1,706,770
Changes for the year			
Service cost	110,704	-	110,704
Interest	77,791	-	77,791
Benefit payments	(25,439)	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes in Assumptions and Cost Method	53,451	-	53,451
Net Changes	<u>216,507</u>	<u>-</u>	<u>216,507</u>
Balance at 12/31/2023	<u>\$ 1,923,277</u>	<u>\$ -</u>	<u>\$ 1,923,277</u>

NOTE 9 SECTION 457 DEFERRED COMPENSATION PLAN

The Township provides a Section 457 deferred compensation plan. The plan is governed by the Commissioners of Pocono Township. The Township's Commissioners may amend plan provisions and are responsible for the management of plan assets. All full-time employees are eligible for participation in the plan on the first day of the month following the completion of six (6) months of employment. Employee and employer contributions are one-hundred percent (100%) vested. Pocono Township's police employees, through their collective bargaining agreement, are eligible for matching contributions equal to the lesser of eleven percent (11%) of deferrals or \$600 annually.

NOTE 10 ESCROW FUNDS AND LETTERS OF CREDIT

The Township holds escrow funds and letters of credit which will be released as the public improvements for which they are pledged are completed. The escrowed funds are reported as Fiduciary Funds; the letters of credit are not included in the accompanying financial statements.

POCONO TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11 COMMITMENTS AND CONTINGENCIES

Contingencies

Grant Program Involvement

In the normal course of operations, the Township participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

The Township is a party to various legal proceedings that normally occur in the course of governmental operations. While the outcome of any proceedings cannot be predicted, due to the insurance coverage maintained by the Township and the Commonwealth's statute of relating to judgments, the Township feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Township.

NOTE 14 SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to December 31, 2023 through November 6, 2024, the date the financial statements were available to be issued. In January 2024, the Township leased a Ford Explorer Police Interceptor for \$61,529. In May 2024, the Township incurred General Obligation Note Series of 2024 for \$5,175,000 for future capital projects. In May 2024, the Township purchased property in the amount of \$1,950,000 (Kenny's Way). In May 2024, the Township purchased property in the amount of \$2,920,000 (Northampton Area Community College).

REQUIRED
SUPPLEMENTARY
INFORMATION

POCONO TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 7,573,582	\$ 7,573,582	\$ 8,296,043	\$ 722,461
Licenses, permits and fees	200,100	200,100	154,724	(45,376)
Fines and forfeits	65,000	65,000	100,325	35,325
Interest earnings	3,000	3,000	102,694	99,694
Intergovernmental	524,159	524,159	542,927	18,768
Charges for services	586,500	586,500	840,521	254,021
Refunds of prior year's expenditures	150,000	150,000	137,923	(12,077)
Other revenues	24,000	24,000	716,418	692,418
TOTAL REVENUES	9,126,341	9,126,341	10,891,575	1,765,234
EXPENDITURES				
General government and administration	1,560,085	1,560,085	1,298,411	261,674
Public safety and protective inspection	4,124,618	4,124,618	4,233,884	(109,266)
Highways, roads and streets	1,621,968	1,621,968	1,247,426	374,542
Health and sanitation	51,500	51,500	31,525	19,975
Parks and recreations	209,845	209,845	220,652	(10,807)
Employee benefits and taxes	234,200	234,200	265,590	(31,390)
Insurance	140,000	140,000	144,624	(4,624)
Refunds of prior year's revenues	1,000	1,000	1,518	(518)
TOTAL EXPENDITURES	7,943,216	7,943,216	7,443,630	499,586
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,194,132)	(1,194,132)	(1,534,432)	(340,300)
Transfers in	-	-	66,362	66,362
Debt Service Principal	(535,000)	(535,000)	-	535,000
Proceeds from sale of surplus assets	5,000	5,000	6,938	1,938
TOTAL OTHER FINANCING SOURCES (USES)	(1,724,132)	(1,724,132)	(1,461,132)	263,000
NET CHANGE IN FUND BALANCE	\$ (541,007)	\$ (541,007)	1,986,813	\$ 2,527,820
FUND BALANCE AT BEGINNING OF YEAR	1,024,548	1,024,548	4,026,059	
FUND BALANCE AT END OF YEAR	\$ 483,541	\$ 483,541	\$ 6,012,872	

POCONO TOWNSHIP
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2023

NOTE 1 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following general fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended December 31, 2023:

Public safety and protective inspection	\$ 109,266
Parks and recreations	10,807
Employee benefits and taxes	31,390
Insurance	4,624
Refunds of prior year's revenues	518
Transfers out	340,300

POCONO TOWNSHIP
SCHEDULE OF CHANGES IN THE NET POLICE PENSION PLAN-
LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY									
Service cost	\$ 321,049	\$ 297,944	\$ 283,756	\$ 293,673	\$ 265,172	\$ 214,869	\$ 204,637	\$ 194,547	\$ 185,283
Interest	603,245	579,785	538,159	505,232	453,252	404,103	372,288	356,283	325,413
Differences between expected and actual experience	(303,490)	-	(309,677)	-	212,216	-	(267,965)	-	-
Changes of benefit terms	-	-	-	203,907	-	-	-	-	-
Changes of assumptions	-	-	225,090	-	-	-	15,521	-	-
Contributions - buy back	22,857	22,077	-	-	-	-	-	-	-
Benefit payments	(287,773)	(257,534)	(225,460)	(207,727)	(153,786)	(152,931)	(78,719)	(64,015)	(61,223)
NET CHANGE IN TOTAL PENSION LIABILITY	355,888	642,272	511,868	795,085	776,854	466,041	245,762	486,815	449,473
Total pension liability, beginning	9,040,430	8,398,158	7,886,290	7,091,205	6,314,351	5,848,310	5,602,548	5,115,733	4,666,260
TOTAL PENSION LIABILITY, ENDING (a)	\$ 9,396,318	\$ 9,040,430	\$ 8,398,158	\$ 7,886,290	\$ 7,091,205	\$ 6,314,351	\$ 5,848,310	\$ 5,602,548	\$ 5,115,733
PLAN FIDUCIARY NET POSITION									
Contributions									
Employer	\$ -	\$ 20,187	\$ 4,947	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State aid	196,000	250,572	259,053	221,241	200,000	200,000	182,373	145,320	150,578
Member	100,587	95,655	83,129	81,959	84,883	70,116	76,872	69,963	67,768
Contributions - buy back	22,857	22,077	-	-	-	-	-	-	-
Net investment income (loss)	1,110,319	(1,558,706)	973,539	1,119,334	1,120,024	(343,409)	758,398	268,738	(4,077)
Benefit payments, including refunds of member contributions	(287,773)	(257,534)	(225,460)	(207,727)	(153,786)	(152,931)	(78,719)	(64,015)	(61,223)
Administrative expense	-	-	-	(2,130)	-	(13,970)	(2,228)	(850)	(6,255)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	1,141,990	(1,427,749)	1,095,208	1,212,677	1,251,121	(240,194)	936,696	419,156	146,791
Plan fiduciary net position, beginning	7,794,396	9,222,145	8,126,937	6,914,260	5,663,139	5,903,333	4,966,637	4,547,481	4,400,690
PLAN FIDUCIARY NET POSITION, ENDING (b)	\$ 8,936,386	\$ 7,794,396	\$ 9,222,145	\$ 8,126,937	\$ 6,914,260	\$ 5,663,139	\$ 5,903,333	\$ 4,966,637	\$ 4,547,481
NET PENSION LIABILITY, ENDING (a)-(b)	\$ 459,932	\$ 1,246,034	\$ (823,987)	\$ (240,647)	\$ 176,945	\$ 651,212	\$ (55,023)	\$ 635,911	\$ 568,252
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	95.1%	86.2%	109.8%	103.1%	97.5%	89.7%	100.9%	88.6%	88.9%
COVERED PAYROLL	\$ 1,934,997	\$ 1,625,633	\$ 1,535,651	\$ 1,555,497	\$ 1,465,053	\$ 1,541,333	\$ 1,381,567	\$ 1,137,720	\$ 1,101,102
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-PAYROLL	23.8%	76.6%	-53.7%	-15.5%	12.1%	42.2%	-4.0%	55.9%	51.6%

Note: Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

POCONO TOWNSHIP
SCHEDULE OF PENSION PLAN
CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 196,000	\$ 228,634	\$ 219,150	\$ 221,241	\$ 174,333	\$ 184,360	\$ 168,584	\$ 145,320	\$ 150,578
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	196,000	270,759	264,000	221,241	200,000	200,000	168,584	159,109	150,578
CONTRIBUTION (EXCESS) DEFICIENCY	\$ -	\$ (42,125)	\$ (44,850)	\$ -	\$ (25,667)	\$ (15,640)	\$ -	\$ (13,789)	\$ -
COVERED PAYROLL	<u>\$1,934,997</u>	<u>\$ 1,625,633</u>	<u>\$ 1,535,651</u>	<u>\$ 1,555,497</u>	<u>\$ 1,465,053</u>	<u>\$ 1,541,333</u>	<u>\$ 1,381,567</u>	<u>\$ 1,137,720</u>	<u>\$ 1,101,102</u>
CONTRIBUTION AS A PERCENTAGE OF COVERED- PAYROLL	<u>10.1%</u>	<u>16.7%</u>	<u>17.2%</u>	<u>14.2%</u>	<u>13.7%</u>	<u>13.0%</u>	<u>12.2%</u>	<u>14.0%</u>	<u>13.7%</u>

NOTES TO SCHEDULE

Valuation date:

January 1, 2023

Actuarially determined contribution rates are calculated based on the plan's most recent available Act 205 actuarial valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	14 years
Asset valuation method	Smoothing
Salary increases	5.0% annual increase
Investment rate of return	6.75%
Retirement age	Normal retirement age, 53
Mortality	PubS-2010
Cost of living adjustments	None

Note: Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

POCONO TOWNSHIP
SCHEDULE OF POLICE PENSION PLAN
INVESTMENT RETURNS
LAST 10 FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE	<u>14.22%</u>	<u>-16.78%</u>	<u>11.89%</u>	<u>16.08%</u>	<u>19.55%</u>	<u>-5.77%</u>	<u>15.00%</u>	<u>5.81%</u>	<u>-0.09%</u>

Note: Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

POCONO TOWNSHIP
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY							
Service cost	\$ 110,704	\$ 154,284	\$ 225,966	\$ 215,206	\$ 144,873	\$ 121,447	\$ 115,664
Interest	77,791	37,302	46,623	41,691	52,739	62,852	56,191
Changes of benefit terms		-	-	218,308	-	-	-
Differences between expected and actual experience		(666,224)	-	88,767	(414,547)	-	-
Changes of assumptions	53,451	(251,731)	-	184,604	(62,857)	-	-
Benefit payments	(25,439)	(22,917)	(12,548)	(11,676)	-	-	-
NET CHANGE IN TOTAL OPEB LIABILITY	216,507	(749,286)	260,041	736,900	(279,792)	184,299	171,855
Total OPEB liability, beginning	1,706,770	2,456,056	2,196,015	1,459,115	1,738,907	1,554,608	1,382,753
TOTAL OPEB LIABILITY, ENDING (a)	\$ 1,923,277	\$ 1,706,770	\$ 2,456,056	\$ 2,196,015	\$ 1,459,115	\$ 1,738,907	\$ 1,554,608
PLAN FIDUCIARY NET POSITION							
Contributions							
Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State aid	-	-	-	-	-	-	-
Member	-	-	-	-	-	-	-
Net investment income (loss)	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-	-	-	-	-	-
Plan fiduciary net position, beginning	-	-	-	-	-	-	-
PLAN FIDUCIARY NET POSITION, ENDING (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET OPEB LIABILITY, ENDING (a)-(b)	\$ 1,923,277	\$ 1,706,770	\$ 2,456,056	\$ 2,196,015	\$ 1,459,115	\$ 1,738,907	\$ 1,554,608
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
COVERED PAYROLL	\$ 1,879,380	\$ 1,789,886	\$ 1,887,561	\$ 1,797,677	\$ 1,809,676	\$ 1,504,738	\$ 1,433,084
NET OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	102.3%	95.4%	130.1%	122.2%	80.6%	115.6%	108.5%

Note: Schedules are intended to show information for 10 years. Additional years will be disclosed as they become available, in future years.

POCONO TOWNSHIP
POLICE EMPLOYEES AND RETIREES
FEATURES OF THE PLAN

Eligibility

Minimum age of 53 with 25 years of service.

Retirement Benefits

Medical, prescription drug, dental, and vision coverage same as when active.
Coverage ends when the retiree becomes eligible for Medicare.

Retiree Contributions

Retiree must have 50% of the premium.

Spousal Coverage

Yes, provided the spouse pays 100% of the premium.
Coverage ends for the spouse when the retiree becomes eligible for Medicare.

Dependent Child Coverage

None

Survivor Benefits

None

Permanent Disability

If it is a service-related disability, the officer will receive 100% Township paid coverage until normal retirement age. At normal retirement age, the Township will pay 50% of the cost of coverage.
Coverage ends when the retiree becomes eligible for Medicare.

Life Insurance

None

Actuarial Assumptions

Economic Assumptions:

Valuation Date:	January 1, 2022
Investment return	N/A
Salary increases	5% compounded annually

Healthcare Cost Trend Rate:

Initial rate of 11% in fiscal 2022, then 8.50% in fiscal 2023, grading down to the ultimate trend rate of 3.45% in fiscal 2075.
Dental costs are assumed to increase by 2% per year.
Vision costs are assumed to increase by 2% per year.

Demographic Assumptions:

Pre-Retirement Mortality	None assumed
Post-Retirement Mortality	2010 Public Safety Amount Based Mortality Tables for Healthy Retirees Male and Female Tables Projected 5 years past the valuation date using Scale MP-2021
Spouse Mortality	2010 Public Safety Amount Based Mortality Tables for Contingent Survivors Male and Female Tables Projected 5 years past the valuation date using Scale MP-2021
Termination	None assumed
Disability	None assumed
Retirement Age	Normal retirement, age 53 with 25 years of service
Participation	100% of eligible retirees and spouses
Marital Status	80% of retirees are assumed to be married and 50% have a spouse participating in coverage.
Spouse Age	Female spouses are assumed to be 3 years younger than male spouses.

OTHER
SUPPLEMENTARY
INFORMATION

POCONO TOWNSHIP
COMBINING BALANCE SHEET-MODIFIED ACCRUAL BASIS
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Fire Tax Fund	Liquid Fuels Fund	Total Nonmajor Funds
ASSETS			
Restricted cash and cash equivalents	\$ 4,050	\$ 2,070	\$ 6,120
Accounts Receivable	4,790	-	4,790
TOTAL ASSETS	<u>\$ 8,840</u>	<u>\$ 2,070</u>	<u>\$ 10,910</u>
FUND BALANCES			
Restricted			
Special Purposes	8,840	-	8,840
Highways and streets	-	2,070	2,070
TOTAL FUND BALANCES	<u>\$ 8,840</u>	<u>\$ 2,070</u>	<u>\$ 10,910</u>

POCONO TOWNSHIP
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-MODIFIED ACCRUAL BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2023

	Fire Tax Fund	Liquid Fuels Fund	Total Nonmajor Funds
REVENUES			
Taxes	\$ 252,889	\$ -	\$ 252,889
Interest	160	4,667	4,827
Intergovernmental	-	444,276	444,276
TOTAL REVENUES	253,049	448,943	701,992
EXPENDITURES			
Public safety and protective inspection	247,982	-	247,982
Public works, highways and streets	-	447,600	447,600
TOTAL EXPENDITURES	247,982	447,600	695,582
NET CHANGE IN FUND BALANCES	5,067	1,343	6,410
FUND BALANCE - BEGINNING	3,773	727	4,500
FUND BALANCE - ENDING	\$ 8,840	\$ 2,070	\$ 10,910



Zelenkofske Axelrod LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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

Independent Auditor's Report

To the Members of the Board of Commissioners
Pocono Township
Tannersville, 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 business-type activities, and each major fund and the aggregate remaining fund information of the Pocono Township, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Pocono Township's basic financial statements, and have issued our report thereon dated November 6, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pocono Township'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 the Pocono Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pocono Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses may exist that have not been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses which are findings 2023-001 and 2023-002.

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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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pocono Township'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.

Zelenkofske Axelrod LLC

ZELENKOFSCHE AXELROD LLC

Jamison, Pennsylvania
November 6, 2024

POCONO TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 2023

2023-001 – Basis of Accounting

- Condition: The Township currently reports its entire financial statements on the modified accrual basis of accounting. Governmental Accounting Standards require that the Government-Wide and Proprietary Financial statements to be reported on the accrual basis of accounting rather than the modified accrual basis of accounting.
- Criteria: Government Accounting Standards Board Statements dictate the accounting principles that governmental entities must follow in order to present their financial statements in accordance with Generally Accepted Accounting Principles.
- Cause: The Township keeps all its financials records on the modified accrual basis of accounting and reports its financial statements in that manner.
- Effect: The Township receives a Qualified Opinion in the audit of its Financial Statements. The Financial Statements do not report the entire assets and liabilities of the Township as generally accepted accounting principles require. For example, the financial statements do not report capital assets, compensated absences liability, long-term debt, pension and other post-employment benefit liabilities. The Township is not reporting its true financial position and results of activities in its financial statements.

Recommendation:

We recommend the Township consider presenting its financial statements on the correct basis of accounting on the future. Certain financial amounts may be easy to ascertain such as long-term debt and pension liabilities. However, other amounts, such as capital assets, may require an extensive amount of work to develop.

2023-002 – Personnel Files

- Condition: Our review of Personnel File Information in order to verify information used to develop amounts or disclosures in the financial statement noted the following;
1. Complete and accurate personnel files are not maintained by the Township Manager office, who is designated as the person responsible for Human Resources.
 2. The Police Department maintains the personnel file for the police officers.
- Criteria: Prudent Human Resource policies require that the township maintain full and accurate human resource documentation on its past and present and employees. These files should be maintained by the Individual or Office that is designated to handle the Human Resource process for the Township.
- Cause: The Police Department maintains its own Personnel Files.
- Effect: Amounts reported or disclosed in the financial statements may be inaccurate

POCONO TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 2023

Recommendation:

We recommend that the Township Manager, as the designated Human Resource Director, maintain complete and accurate personnel information in their files in order to adequately maintain the employment records of the Township.

Status:

The personnel files have not been moved to the township manager office charged through the ordinance with Human Resource responsibilities. A separate set of personnel files for each employee are maintained in the manager's office and copies of all personnel related documents are being maintained in the files.

POCONO TOWNSHIP
SCHEDULE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2023

Finding 2022-001: Unresolved, repeated as 2023-001.

Finding 2022-002: Unresolved, repeated as 2023-002.