

# **Borough of Green Tree**

## **Financial Statements and Required Supplementary Information and Supplementary Information**

**Year Ended December 31, 2022  
with Independent Auditor's Report**

**MaherDuessel**

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# BOROUGH OF GREEN TREE

YEAR ENDED DECEMBER 31, 2022

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# BOROUGH OF GREEN TREE

YEAR ENDED DECEMBER 31, 2022

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## Independent Auditor's Report

**Members of Council  
Borough of Green Tree**

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Borough of Green Tree (Borough), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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

#### Basis for Opinions

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

#### Emphasis of Matter

As further described in Note 12 to the financial statements, beginning net position and fund balance have been restated to properly account for governmental activities capital assets and sanitary sewer fund unavailable revenue. Our opinion is not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with 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 Borough'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 Borough's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

*Maher Duessel*

Pittsburgh, Pennsylvania  
August 30, 2023

**Borough of Green Tree  
Management’s Discussion and Analysis  
December 31, 2022**

The Management’s Discussion and Analysis (MD&A) of the Borough of Green Tree’s (Borough) financial performance provides an overall review of the Borough’s financial activities for the fiscal year ended December 31, 2022. The intent of this MD&A is to look at the Borough’s financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Borough’s financial performance.

The MD&A is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their statement No. 34, “*Basic Financial Statements - and Management’s Discussion and Analysis - for the State and Local Governments.*” Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

Funding sources for 2022 included \$11,240,246 in revenues. Expenditures for 2022 included \$9,301,737 in operating expenses and debt service in the amount of \$496,003. The two most significant components of current revenue continue to be real estate and business privilege taxes. They alone account for 41% of the Borough’s current revenue generated in 2022. One mill of real estate tax generated approximately \$650,000 in revenue in 2022.

For the year ended December 31, 2022, the sources and effective rates of taxes were:

- 4.61 Mills Real Estate Tax (General Purpose)
- 0.5% Earned Income
- 1% Real Estate Transfer
- \$47 Emergency Municipal Service Tax
- 1.5 Mills Business Privilege Tax - Retail
- 1.0 Mills Business Privilege Tax - Wholesale

**Using the Annual Financial Report**

The financial section of this report consists of three parts: MD&A, the basic financial statements (including notes to the financial statements) and other financial information including required pension supplementary information, combining and individual fund statements, and detailed budgetary comparison schedules. The basic financial statements present two different views of the Borough through the use of government-wide financial statements and fund financial statements.

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

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

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

**Borough of Green Tree  
Management's Discussion and Analysis  
December 31, 2022**

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

Figure A – 1  
Required Components of Borough of Green Tree's Financial Report

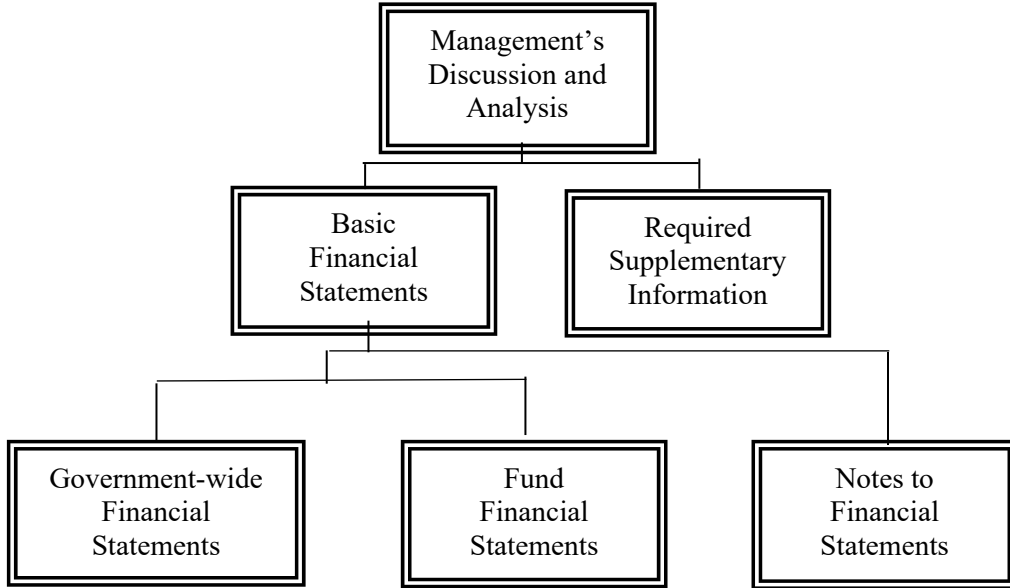


Figure A-2 summarizes the major features of the Borough's financial statements, including the portion of the Borough they cover and the types of information they contain. The remainder of this overview section of MD&A explains the structure and contents of each of the statements.

**Borough of Green Tree  
Management's Discussion and Analysis  
December 31, 2022**

Figure A – 2  
Major Features of Borough of Green Tree's  
Government-Wide and Fund Financial Statements

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

**Overview of Financial Statements**

Government-Wide Financial Statements

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

**Borough of Green Tree  
Management's Discussion and Analysis  
December 31, 2022**

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

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

To assess the overall health of the Borough, you need to consider additional non-financial factors, such as changes in the Borough's property tax base services provided to its taxpayers.

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

- Governmental activities - All of the Borough's basic services are included here, such as general government, public safety, public works, culture and recreation, and conservation and development. Property and other local taxes finance most of these activities.
- Component unit - The Borough includes the Green Tree Public Library.

#### Fund Financial Statements

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

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

*Fiduciary funds* - The Borough is the trustee, or fiduciary, for two single-employee pension plans for the police and non-uniformed employees. All of the Borough's fiduciary activities are reported in separate statements of fiduciary net position on page 7 and changes in net position on page 8. We exclude these activities from the Borough's other financial statement because the Borough cannot use these assets to finance its operations.

**Borough of Green Tree  
Management's Discussion and Analysis  
December 31, 2022**

**Financial Analysis of the Borough as a Whole**

The Borough's total net position was \$10,330,222 at December 31, 2022 and \$12,021,286 at December 31, 2021.

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

	Governmental Activities	
	2022	2021
Current and Other Assets	\$ 18,983,151	\$ 17,712,460
Capital Assets	<u>2,546,269</u>	<u>6,329,289</u>
<b>Total Assets</b>	<u>21,529,420</u>	<u>24,041,749</u>
Deferred Outflows of Resources	<u>1,434,750</u>	<u>344,641</u>
Current and Other Liabilities	1,396,689	1,315,368
Noncurrent Liabilities		
Due Within One Year	347,541	297,000
Due In More Than One Year	<u>10,640,977</u>	<u>9,575,084</u>
<b>Total Liabilities</b>	<u>12,385,207</u>	<u>11,187,452</u>
Deferred Inflows of Resources	<u>248,741</u>	<u>1,177,652</u>
<b>Net Position</b>		
Net Investment in Capital Assets	2,546,269	3,178,735
Restricted	470,182	219,057
Unrestricted	<u>7,313,771</u>	<u>8,623,494</u>
<b>Total Net Position</b>	<u>\$ 10,330,222</u>	<u>\$ 12,021,286</u>

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

The results of this year's operations as a whole are reported in the statement of activities on page 2. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Borough's activities that are supported by other general revenues. The largest general revenues are the local taxes assessed to community taxpayers.

**Borough of Green Tree  
Management's Discussion and Analysis  
December 31, 2022**

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

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

	Governmental Activities	
	2022	2021
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 3,129,936	\$ 2,522,726
Opening Grants and Contribs.	1,040,936	801,072
General Revenues		
Property Taxes	2,892,005	2,686,755
Earned Income Taxes	1,414,145	1,145,879
Other Taxes	2,570,776	2,094,962
Grants, Subsidies and Contribs.		
Unrestricted	8,148	5,840
Investment Earnings	309,904	21,754
Miscellaneous Income	229,767	406,024
Sale of capital assets	21,635	-
<b>Total Revenues</b>	<u>11,617,252</u>	<u>9,685,012</u>
<b>Expenses</b>		
General Government	1,373,725	1,151,240
Public Safety	2,478,677	2,055,243
Publis Works - Sanitation	2,321,918	2,394,032
Publis Works - Highways	2,254,912	1,283,879
Culture - Recreation	1,020,623	1,583,511
Community Development	6,070	4,466
Interest on Long-Term Debt	<u>192,701</u>	<u>179,663</u>
<b>Total Expenses</b>	<u>9,648,626</u>	<u>8,652,034</u>
<b>Change in Net Position</b>	1,968,626	1,032,978
<b>Beginning Net Position, as restated</b>	8,361,596	10,988,308
<b>Ending Net Position</b>	<u>\$ 10,330,222</u>	<u>\$ 12,021,286</u>

**Borough of Green Tree  
Management's Discussion and Analysis  
December 31, 2022**

**Borough Funds**

The Borough entered 2022 with fiscal stability and continues to evaluate the many services and programs offered in a continuing effort to control expenditures, while also keeping abreast of economic factors that could affect revenues.

A comprehensive budget document is prepared on an annual basis which includes a budget message that briefly summarizes the results of the previous year and details of the objectives for the upcoming year. General Fund expenses and a five-year plan for capital expenditures are included. The Borough's policy has been and continues to be that all budget surpluses are deposited into the Capital Fund. The budget is available in the municipal offices, library, and on the Borough's web page for public review.

The Borough provides excellent and diverse residential areas and is one of the region's premier locations for businesses. There is over 2.5 million square feet of privately-owned office space within the Borough, which provides employment for over 10,000 at approximately 525 businesses located in the Borough. This not only provides a significant economic value to the Borough, but also to the region.

The Borough's total real estate value has leveled out. The assessed value as of January 1, 2022 was \$608,694,540. The real estate collection rate for 2022 was 98%.

In 2007, the state law for Act 511 tax was amended to allow for a Local Services Tax in the amount of \$52 on all persons who work in the Borough. The Borough imposed tax is \$47 per person and the Keystone Oaks School District imposes a \$5 per person for a total combined tax of \$52 which, in accordance with state legislation, is collected at a rate of \$1 per week.

**Significant Issues**

The Borough continues work on the requirements of the Allegheny County Consent Decree which outlines specific repairs and procedures for the Borough's sanitary sewer system. The Borough spent over \$166,841 during 2022.

The 2022 General Fund Budget included \$700,000 for road and sidewalk restoration which included work originally budgeted for 2021 but was not completed due to construction by Columbia Gas on the roads scheduled to be paved. The restoration of all 2021 and 2022 Road Paving projects were completed in 2022.

The Bond Funds secured in 2021 in the amount of \$7,500,000 for the Trumbull Drive Bridge replacement project, and also for the rehabilitation of the Wilson Park Swimming Pool remain largely unspent. While progress has been made on the Trumbull Drive Bridge project, the Wilson Park Swimming Pool renovation is still under review consideration. These projects are expected to be completed within the next three years.

**Contacting the Borough's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Borough's finances and to demonstrate the Borough's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact: Judy Miller, Manager, Borough of Green Tree, 10 West Manilla Avenue, Pittsburgh, PA 15220.

# BOROUGH OF GREEN TREE

## STATEMENT OF NET POSITION

DECEMBER 31, 2022

	Primary Government Governmental Activities	Component Unit Green Tree Public Library
<b>Assets</b>		
Cash and cash equivalents	\$ 17,576,553	\$ 158,519
Investments	-	129,323
Taxes receivable, net	536,785	-
Other receivables	777,048	830
Prepaid items	92,765	-
Capital assets, not being depreciated	1,609,021	-
Capital assets, net of accumulated depreciation	937,248	24,776
<b>Total Assets</b>	<b>21,529,420</b>	<b>313,448</b>
<b>Deferred Outflows of Resources</b>		
Amounts related to OPEB	39,157	-
Amounts related to pension	1,395,593	-
<b>Total Deferred Outflows of Resources</b>	<b>1,434,750</b>	<b>-</b>
<b>Liabilities</b>		
Accounts payable	1,251,789	3,483
Accrued salaries and benefits	104,201	-
Payroll deductions and withholdings	2,999	-
Other current liabilities	37,700	-
Notes and loans payable:		
Due within one year	347,541	-
Due in more than one year, net of premiums	9,115,176	-
Total OPEB liability	213,303	-
Long-term portion of compensated absences	110,883	-
Net pension liability	1,201,615	-
<b>Total Liabilities</b>	<b>12,385,207</b>	<b>3,483</b>
<b>Deferred Inflows of Resources</b>		
Amounts related to OPEB	28,969	-
Amounts related to pension	219,772	-
<b>Total Deferred Inflows of Resources</b>	<b>248,741</b>	<b>-</b>
<b>Net Position</b>		
Net investment in capital assets	2,546,269	-
Restricted	470,182	-
Unrestricted	7,313,771	309,965
<b>Total Net Position</b>	<b>\$ 10,330,222</b>	<b>\$ 309,965</b>

See accompanying notes to financial statements.

# BOROUGH OF GREEN TREE

## STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	Component Unit
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities Total	Green Tree Public Library
Primary Government:					
Governmental activities:					
General government	\$ 1,373,725	\$ 175,590	\$ 507,547	\$ (690,588)	\$ -
Public safety	2,478,677	103,212	205,467	(2,169,998)	-
Public works - sanitation	2,321,918	2,744,383	36,135	458,600	-
Public works - highways	2,254,912	30,577	139,246	(2,085,089)	-
Culture and recreation	1,020,623	76,174	152,541	(791,908)	-
Community development	6,070	-	-	(6,070)	-
Interest on long-term debt	192,701	-	-	(192,701)	-
Total governmental activities/primary government	\$ 9,648,626	\$ 3,129,936	\$ 1,040,936	(5,477,754)	-
Component unit:					
Green Tree Public Library	\$ 226,399	\$ 13,172	\$ 195,669	-	(17,558)
General revenues:					
Taxes:					
Property taxes levied for general purposes, net				2,892,005	-
Earned income				1,414,145	-
Business privilege				1,076,436	-
Real estate transfer				996,467	-
Other				497,873	-
Grant, subsidies, and contributions not restricted				8,148	-
Investment earnings				309,904	(7,992)
Miscellaneous income				229,767	-
Sale of capital assets				21,635	-
Total general revenues				7,446,380	(7,992)
<b>Change in Net Position</b>				1,968,626	(25,550)
Net position - beginning of year, as restated				8,361,596	335,515
Net position - end of year				\$ 10,330,222	\$ 309,965

See accompanying notes to financial statements.

**BOROUGH OF GREEN TREE**

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2022

	General Fund	Sanitary Sewer Fund	Capital Improvement Fund	2021 Capital Improvement Fund	Non-Major Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 3,468,183	\$ 1,997,571	\$ 3,901,536	\$ 7,331,894	\$ 877,369	\$ 17,576,553
Taxes receivable, net	536,785	-	-	-	-	536,785
Other receivables	50,120	726,928	-	-	-	777,048
Prepaid items	92,765	-	-	-	-	92,765
<b>Total Assets</b>	<b>\$ 4,147,853</b>	<b>\$ 2,724,499</b>	<b>\$ 3,901,536</b>	<b>\$ 7,331,894</b>	<b>\$ 877,369</b>	<b>\$ 18,983,151</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 67,870	\$ 542,092	\$ 641,827	\$ -	\$ -	\$ 1,251,789
Accrued salaries and benefits	104,201	-	-	-	-	104,201
Payroll deductions and withholdings	2,999	-	-	-	-	2,999
Other current liabilities	37,700	-	-	-	-	37,700
<b>Total Liabilities</b>	<b>212,770</b>	<b>542,092</b>	<b>641,827</b>	<b>-</b>	<b>-</b>	<b>1,396,689</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenues	198,278	378,668	-	-	-	576,946
<b>Fund Balance:</b>						
Nonspendable	92,765	-	-	-	-	92,765
Restricted	63,936	-	-	7,331,894	406,246	7,802,076
Committed	593,733	1,803,739	-	-	471,123	2,868,595
Assigned	2,451,198	-	3,259,709	-	-	5,710,907
Unassigned	535,173	-	-	-	-	535,173
<b>Total Fund Balance</b>	<b>3,736,805</b>	<b>1,803,739</b>	<b>3,259,709</b>	<b>7,331,894</b>	<b>877,369</b>	<b>17,009,516</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 4,147,853</b>	<b>\$ 2,724,499</b>	<b>\$ 3,901,536</b>	<b>\$ 7,331,894</b>	<b>\$ 877,369</b>	<b>\$ 18,983,151</b>

See accompanying notes to financial statements.

# BOROUGH OF GREEN TREE

## RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2022

**Total Fund Balance - Governmental Funds** \$ 17,009,516

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the funds. The cost of assets of \$9,316,282 and the accumulated depreciation is \$6,770,013. 2,546,269

Property and earned income tax receivables, as well as certain other receivables, will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and, therefore are reported as unavailable revenue in the funds. 576,946

Deferred outflows/inflows of resources for pension and other postemployment benefits are recorded and amortized in the statement of net position. Additionally, deferred outflows/inflows of resources for pension and other postemployment benefits are not recorded on the fund financial statements. 1,186,009

Long-term liabilities, including notes and loans payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Notes and loans payable, net of premiums	\$	(9,462,717)	
Other post-employment benefits payable		(213,303)	
Compensated absences		(110,883)	
Net pension liability		(1,201,615)	(10,988,518)

**Net Position - Governmental Activities** \$ 10,330,222

See accompanying notes to financial statements.

## BOROUGH OF GREEN TREE

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

#### GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2022

	General Fund	Sanitary Sewer Fund	Capital Improvement Fund	2021 Capital Improvement Fund	Non-Major Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 6,742,523	\$ -	\$ -	\$ -	\$ -	\$ 6,742,523
Licenses and permits	128,082	-	-	-	-	128,082
Fines and forfeits	33,374	-	-	-	-	33,374
Interest, rent, and royalties	113,196	17,893	42,143	122,987	13,685	309,904
Intergovernmental	875,857	36,135	-	-	139,246	1,051,238
Charges for services	221,943	2,523,415	-	-	-	2,745,358
Miscellaneous	175,663	10,240	43,864	-	-	229,767
Total revenues	<u>8,290,638</u>	<u>2,587,683</u>	<u>86,007</u>	<u>122,987</u>	<u>152,931</u>	<u>11,240,246</u>
<b>Expenditures:</b>						
Current:						
General government	1,006,370	-	-	220,759	-	1,227,129
Public safety	2,437,768	-	11,687	-	-	2,449,455
Public works -sanitation	444,462	1,882,541	-	-	-	2,327,003
Public works - highway	1,444,280	-	642,477	-	142,563	2,229,320
Culture - recreation	935,420	-	9,000	-	-	944,420
Conservation and development	6,070	-	-	-	-	6,070
Miscellaneous	118,340	-	-	-	-	118,340
Debt service:						
Principal	85,137	209,863	-	-	-	295,000
Interest	58,545	142,458	-	-	-	201,003
Total expenditures	<u>6,536,392</u>	<u>2,234,862</u>	<u>663,164</u>	<u>220,759</u>	<u>142,563</u>	<u>9,797,740</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,754,246</u>	<u>352,821</u>	<u>(577,157)</u>	<u>(97,772)</u>	<u>10,368</u>	<u>1,442,506</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds of sale of capital assets	-	-	14,635	-	7,000	21,635
Proceeds on issuance of debt	-	-	-	-	249,590	249,590
Transfers in	808,645	-	1,231,285	-	50,000	2,089,930
Transfers out	(1,281,285)	(131,000)	(677,645)	-	-	(2,089,930)
Total other financing sources (uses)	<u>(472,640)</u>	<u>(131,000)</u>	<u>568,275</u>	<u>-</u>	<u>306,590</u>	<u>271,225</u>
<b>Net Change in Fund Balance</b>	<u>1,281,606</u>	<u>221,821</u>	<u>(8,882)</u>	<u>(97,772)</u>	<u>316,958</u>	<u>1,713,731</u>
<b>Fund Balance:</b>						
Beginning of year, as restated	2,455,199	1,581,918	3,268,591	7,429,666	560,411	15,295,785
End of year	<u>\$ 3,736,805</u>	<u>\$ 1,803,739</u>	<u>\$ 3,259,709</u>	<u>\$ 7,331,894</u>	<u>\$ 877,369</u>	<u>\$ 17,009,516</u>

See accompanying notes to financial statements.

# BOROUGH OF GREEN TREE

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

**Net Change in Fund Balance - Governmental Funds** \$ 1,713,731

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

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

	Depreciation expense	\$ (184,652)	
	Capital outlays	<u>88,931</u>	(95,721)

The net effect of various transactions involving capital assets (e.g., sales, dispositions, trade-ins) is to decrease net position. (27,609)

Because some taxes and other revenues will not be collected for several months after the Borough's year-end, they are not considered as "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year. 355,371

Current year long-term debt principal payments reported as expenditures in the governmental fund financial statements are shown as a reduction in the debt in the government-wide financial statements. Also, governmental funds report the effect of premiums when debt is first issued, whereas the amount is deferred and amortized in the statement of activities. 309,882

Debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. (249,590)

Changes in the net pension liability (asset) and other postemployment benefits liability and related deferred inflows and outflows of resources do not affect current financial resources and, therefore, are not reflected on the fund statements. (45,663)

Changes in the long-term portion of the compensated absences liability and changes in accrued interest are reflected as an adjustment to expense on the statement of activities, but not included in the fund statements. 8,225

**Change in Net Position of Governmental Activities** \$ 1,968,626

See accompanying notes to financial statements.

# BOROUGH OF GREEN TREE

## STATEMENT OF NET POSITION FIDUCIARY FUNDS - TRUST FUNDS

DECEMBER 31, 2022

	Pension Trust Funds
<hr/>	
<b>Assets</b>	
<hr/>	
Cash and cash equivalents	\$ 293,250
Investments:	
Mutual funds	7,119,547
ETFs	2,066,012
Other receivables	5,369
	<hr/>
<b>Total Assets</b>	<b>9,484,178</b>
	<hr/>
<b>Liabilities</b>	
<hr/>	
	-
	<hr/>
<b>Net Position</b>	
<hr/>	
Net position restricted for pension	<u><u>\$ 9,484,178</u></u>

See accompanying notes to financial statements.

# BOROUGH OF GREEN TREE

## STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS - TRUST FUNDS

YEAR ENDED DECEMBER 31, 2022

	Pension Trust Funds
<b>Additions:</b>	
<hr/>	
Contributions:	
Employer	\$ 382,303
Plan members	119,460
	<hr/>
Total contributions	501,763
	<hr/>
Investment income (loss):	
Net increase (decrease) in fair value of investments	(2,013,272)
Interest and dividends	199,252
	<hr/>
Total investment income (loss)	(1,814,020)
	<hr/>
Less: investment expense	(6,358)
	<hr/>
Net investment income (loss)	(1,820,378)
	<hr/>
Total additions	(1,318,615)
	<hr/>
<b>Deductions:</b>	
<hr/>	
Benefits	470,360
Administrative expense	39,103
	<hr/>
Total deductions	509,463
	<hr/>
<b>Net Increase (Decrease) in Net Position</b>	(1,828,078)
	<hr/>
<b>Net Position:</b>	
<hr/>	
Beginning of year	11,312,256
	<hr/>
End of year	\$ 9,484,178
	<hr/> <hr/>

See accompanying notes to financial statements.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### 1. Summary of Significant Accounting Policies

The Borough of Green Tree (Borough) was incorporated July 14, 1885 under the provisions of Article 9, Section 1 of the Constitution of the Commonwealth of Pennsylvania (Commonwealth), as amended. The Borough operates under a Home Rule Charter with a Mayor/Council form of government.

The financial statements of the Borough have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

#### Reporting Entity

The accompanying financial statements present the Borough and its component unit, an organization for which the Borough is financially accountable for. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Borough.

#### Discretely Presented Component Unit

Green Tree Public Library (Library) is a non-profit organization supporting the educational and intellectual needs of the community. The Library Board of Directors consists of seven (7) members approved by the Council of the Borough. One of the seven directors is an appointed member of the Council. In addition, the Library Director and all other paid employees are employees of the Borough and the Council retains the right to hire and set the salary and benefits. The Library makes an annual report of the monies received from the Borough and the dispositions made thereof to the Council.

#### Jointly Governed Organizations

The Medical Rescue Team South Authority, Inc. (MRTSA) was originally incorporated in 1984 under the provisions of the Municipal Authorities Act of 1945. MRTSA is organized to provide emergency medical services (EMS) to its six contiguous participating municipalities including the Borough. The governing body of MRTSA is its Board of Directors (Board), which is comprised of two members from each member community. The Board appoints an Operations Director to administer the affairs of MRTSA. Beyond

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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appointing Board members, the individual member communities do not have the ability to significantly influence MRTSA operations. Therefore, MRTSA is not considered a component unit of any one member community. Separately issued financial statements of MRTSA are available through MRTSA offices, 315 Cypress Way, Pittsburgh, PA 15228.

### Basic Financial Statements - Government-Wide Statements

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

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

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

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

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

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

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### Basic Financial Statements - Fund Financial Statements

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

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

### Governmental Funds

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

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

The Sanitary Sewer Fund, a special revenue fund, accounts for revenues and expenditures related to providing sewer service to residents.

The Capital Improvement Fund, a capital projects fund, accounts for all financial resources to be used for the acquisition or construction of major capital facilities or equipment.

The 2021 Capital Improvement Fund, a capital projects fund, accounts for all financial resources to be used for the acquisition or construction of major capital facilities or equipment.

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

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# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### Fiduciary Funds

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

The Pension Trust Funds account for the activities of the police and non-uniformed pension plans, which accumulate resources for pension benefit payments to covered employees.

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

### Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

#### Accrual

Governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting and use the economic resources measurement focus. Property taxes are reported in the period for which levied. Other non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

#### Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting and use the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Borough considers revenues to be available if they are collected within 60 days after year-end. Governmental fund revenues accrued on this basis include earned income taxes,

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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property taxes, local services, tax, sales tax, deed transfer tax, business-privilege tax, and sewer assessments. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. All other revenue items are considered to be measurable and available only when cash is received by the Borough. Expenditures are recognized when the related liability is incurred, as under accrual accounting. Exceptions to this general rule include debt service expenditures and expenditures related to compensated absences, other post-employment benefits, pension contributions, and claims and judgements, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under financed purchases are reported as other financing sources.

### Budgets and Budgetary Accounting

An operating budget is legally adopted each year for the General Fund, Highway Aid Fund, Storm Sewer Fund, Drug Enforcement Fund, Capital Projects Fund, Sanitary Sewer Fund, Fire Department Apparatus Fund, and the Public Works Department Equipment Capital Fund on the cash basis of accounting.

No budgets are legally adopted for the Pension Trust Funds.

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

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

- 1) On or before the fifteenth (15th) day of November each year, the Borough Manager is required to submit to Council a proposed budget.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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- 2) Upon submission to Council, the proposed budget is considered public record and, as such, is available to the public for their review.
- 3) Final adoption of the budget shall occur prior to the commencement of the year for which it is prepared, but only after it has been available for public inspection, after due notice, for at least ten days.
- 4) Budgets are adopted on an on-line item basis by department. Appropriations authorized by the budget cannot exceed anticipated income. At any time during the year, the Borough Manager may request Council approval to transfer monies among programs within a department. All appropriations lapse at the end of each fiscal year (December 31).

The following is a reconciliation of the actual results of operations in the statement of revenues, expenditures, and changes in fund balance to the budgetary cash basis of accounting used in the statement of revenues, expenditures, and changes in fund balance – budget and actual.

	<u>General Fund</u>	<u>Sanitary Sewer Fund</u>
Net change in fund balance as presented (modified accrual)	\$ 1,281,606	\$ 221,821
Adjustment to reconcile taxes and other receivables to budgetary basis	45,648	65,229
Adjustment to reconcile prepaids and accounts/payroll payable to budgetary basis	<u>(32,784)</u>	<u>48,033</u>
Net change in fund balance - budgetary basis (cash basis)	<u>\$ 1,294,470</u>	<u>\$ 335,083</u>

### Cash and Cash Equivalents

The Borough's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Borough's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The fair values for the funds approximate cost.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### Investments

Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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

### Compensated Absences

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

### Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

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

All taxes receivable are shown net of an allowance for uncollectible amounts.

### Capital Assets

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

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# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. In accordance with GASB Statement No. 34, infrastructure has been prospectively capitalized, beginning January 1, 2005. The Borough did not elect retroactive reporting of infrastructure in the year of adoption of GASB Statement No. 34.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50 years
Building Improvements	25-30 years
Land Improvements	20 years
Furniture	20 years
Vehicles	8 years
Equipment	10 years
Infrastructure	50 years

### Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt.

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

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets and/or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Borough has the following item that qualifies for reporting in this category:

Certain amounts determined in connection with pension and other postemployment benefits accounting requirements are reported as deferred outflows of resources on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the plans. Note 8 presents additional information about the pension plan and Note 10 presents additional information about the other postemployment benefit plan.

In addition to liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets and/or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Borough has the following items that qualify for reporting in this category:

Unavailable revenue is reported only on the balance sheet and represents property and earned income taxes and sewer assessments which will not be collected within the available period. This amount will be recognized as an inflow of resources in the period the amounts become available.

Certain amounts determined in connection with pension and other postemployment benefits accounting requirements are reported as deferred outflows of resources on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for the plans. Note 8 presents additional information about the pension plan and Note 10 presents additional information about the other postemployment benefit plan.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### Government-wide Fund Net Position

Government-wide fund net position is divided into three components:

- Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position - consist of assets that are restricted by the Borough's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors less related liabilities and deferred inflows of resources.
- Unrestricted - all other net position is reported in this category.

### Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

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

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

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

Assigned - reflects the Borough's intent to use the money for a specific purpose but is not considered restricted or committed. Fund balance may be assigned by the Borough Manager.

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

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Borough's informal policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Borough's informal policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

### Interfund Activity

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

### Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### Adoption of Accounting Pronouncements

The following GASB Statements were adopted for the year ended December 31, 2022: Statement Nos. 87 (Leases), 91 (Conduit Debt Obligations), 92 (Omnibus 2020), 97 (Deferred Compensation Plans), and 99 (Omnibus 2022 – paragraphs 26 through 32). These statements had no significant impact on the Borough's financial statements for the year ended December 31, 2022.

### Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology

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# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections), and 101 (Compensated Absences). Management has not yet determined the impact of these statements on the financial statements.

### 2. Fund Balance Classifications

The purposes of the restricted, committed, and assigned fund balances as of December 31, 2022 are as follows:

1. The nonspendable fund balance in the General Fund in the amount of \$92,765 is for prepaid insurance.
2. The restricted fund balance in the amount of \$63,936 in the General Fund is for the Green Tree Cemetery maintenance.
3. The restricted fund balance in nonmajor funds is restricted for the following:
  - a. Highway maintenance, rebuilding, and construction \$127,464
  - b. Storm sewer 26,585
  - c. Public safety 2,607
  - d. Fire department apparatus 249,590
4. The committed fund balance in the amount of \$1,803,739 in the Sanitary Sewer Fund is for sewer expenditures.
5. The committed fund balance in the General Fund is reserved for future fiscal emergencies in the amount of \$593,733.
6. The committed fund balance in nonmajor funds is for the following:
  - a. Public works equipment \$44,091
  - b. Fire department apparatus 427,032
7. The assigned fund balance in the General Fund is for the following:
  - a. Future solid waste expenditure \$222,726
  - b. Reimbursement of employee healthcare co-payments 240,200
  - c. Potential real estate tax refunds 611,802
  - d. Future workers' compensation rate increases 1,376,470
8. The restricted and assigned fund balances in the Capital Projects Funds of \$7,331,894 and \$3,259,709, respectively, is for future capital expenditures.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### 3. Deposits and Investments

#### Governmental Funds

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

The deposit and investment policy of the Borough adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Borough.

#### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation (FDIC) are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of December 31, 2022, \$2,681,681 of the Borough's bank balance of \$3,181,681 was exposed to custodial credit risk. These deposits have carrying amounts of \$2,125,304 at December 31, 2022.

#### Investments

The Borough's cash equivalent investments in Pennsylvania Local Government Investment Trust (PLGIT) are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The Borough's position in the external investment pool is the same as the value of the pool shares and is reported at amortized cost, which approximates fair value. PLGIT activities are invested directly in a portfolio of securities, which are held by a third-party custodian. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth. The Borough can generally withdraw funds from the external investment pool without limitation, other than investments within the PLGIT/Reserve-Class account, which limits redemptions or exchanges to two per calendar month. In addition, there are certain limitations placed on the following withdrawals: for PLGIT-Class and PLGIT/Reserve-Class

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# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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accounts, there is a one-day holding period and withdrawals are limited to twice per calendar month for PLGIT/PRIME accounts.

As of December 31, 2022, the total of PLGIT accounts had bank and book balances of \$14,588,893 and \$15,451,249, respectively, which is considered to be a cash equivalent for presentation on the statement of net position and governmental funds balance sheet.

The following is a description of the Borough's investment risks:

*Credit Risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Borough has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2022, the investments in PLGIT have received AAA ratings from Standard & Poor's.

*Interest Rate Risk* – The Borough has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All investments have an average maturity of less than one year.

### Pension Trust Funds

The Pension Trust Funds are used to account for assets held by the Borough in a trustee capacity for future payment of retirement benefits to employees or former employees. In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice. Assets in the Pension Trust Funds are stated at fair value.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

As of December 31, 2022, the Borough had the following cash and investments in its Pension Trust Funds:

Investments by Fair Value Level	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Exchange-traded funds:				
Fixed income	\$ 625,046	\$ 625,046	\$ -	\$ -
Equities	1,440,966	1,440,966	-	-
Total exchanged-traded funds	2,066,012	2,066,012	-	-
Mutual funds:				
Fixed income	2,082,626	2,082,626	-	-
Target date	2,161,723	2,161,723	-	-
Equities:				
US equity small cap	55,898	55,898	-	-
US equity large cap growth	174,794	174,794	-	-
US equity large cap blend	2,238,529	2,238,529	-	-
US equity large cap value	192,827	192,827	-	-
Global equity large cap	213,150	213,150	-	-
Total mutual funds	7,119,547	7,119,547	-	-
Total investments by fair value level	\$ 9,185,559	\$ 9,185,559	\$ -	\$ -

Investments classified in Level 1 are valued using prices quoted in active markets for those securities.

The following is a description of the investment risks of the Pension Trust Funds:

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Borough’s investments. The Borough does not have a policy related to investment rate risk.

**Credit Risk** – The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The Pension Trust Funds do not have a formal investment policy that would limit investment choices based on credit ratings by nationally recognized statistical rating organizations. At December 31, 2022, none of the Pension Trust Fund investments were rated by nationally recognized statistical rating organizations.

**Concentration of Credit Risk** - At December 31, 2022, the Borough does not have a policy for concentration of credit risk.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

### Green Tree Public Library – Component Unit

The deposit and investment policy of the Library adheres to state statutes. Deposits of the Library are either maintained in demand deposits or invested with registered investment companies. There were no deposit or investment transactions during the year that were in violation of either state statutes or the policy of the Library.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. As of December 31, 2022, the Library's entire bank balance of \$158,319 was covered by FDIC insurance. These deposits have carrying amounts of \$158,519 at December 31, 2022.

The Library has investments of \$129,323 at December 31, 2022, comprised of \$59,323 in balanced mutual funds and \$70,000 in certificates of deposit. The balanced mutual funds are classified in Level 1, as they are valued using prices quoted in active markets for those securities. The certificates of deposit are measured at amortized cost, which approximates fair value.

#### 4. Interfund Transfers

For the year ended December 31, 2022, interfund transfers consisted of the following:

Transfers Out	Transfers In				Totals
	General Fund	Sanitary Sewer Fund	Capital Improvement Fund	Non-Major Funds: Fire Department Apparatus Fund	
General Fund	\$ -	\$ -	\$ 1,231,285	\$ 50,000	\$ 1,281,285
Sanitary Sewer Fund	131,000	-	-	-	131,000
Capital Improvement Fund	677,645	-	-	-	677,645
Total	<u>\$ 808,645</u>	<u>\$ -</u>	<u>\$ 1,231,285</u>	<u>\$ 50,000</u>	<u>\$ 2,089,930</u>

The transfer from the General Fund to the Capital Improvement Fund was to provide funds for current and future capital projects.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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The transfer from the General Fund to the Fire Department Apparatus Fund was to provide funding for future expenditures of the fire department.

The transfer from the Sewer Fund to the General Fund was to reimburse for expenditures of the Sanitary Sewer Fund.

The transfer from the Capital Improvement Fund to the General Fund was to assist in balancing the 2022 budget.

### 5. Real Estate Taxes

The tax collector bills and collects real estate taxes on behalf of the Borough based upon assessed values provided by the County. The Borough's tax rate for all purposes in 2022 was 4.61 mills (\$4.61 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2022 is as follows:

Tax Levy Date	April 1, 2022
2% Discount Period	April 1 to May 31, 2022
Face Payment Period	June 1 to July 31, 2022
10% Penalty Period	August 1, 2022

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

### 6. Capital Assets

A summary of changes in capital assets during 2022 is as follows:

	Balance at January 1, 2022, as restated	Additions	Deletions	Balance at December 31, 2022
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,609,021	\$ -	\$ -	\$ 1,609,021
Total capital assets, not being depreciated	1,609,021	-	-	1,609,021
Capital assets, being depreciated:				
Land improvements	672,155	-	-	672,155
Buildings and building improvements	1,983,038	-	-	1,983,038
Furniture and equipment	5,128,394	88,931	(165,257)	5,052,068
Total capital assets, being depreciated	7,783,587	88,931	(165,257)	7,707,261
Less: accumulated depreciation for:				
Land improvements	(574,516)	(12,674)	-	(587,190)
Buildings and building improvements	(1,670,234)	(34,728)	-	(1,704,962)
Furniture and equipment	(4,478,259)	(137,250)	137,648	(4,477,861)
Total accumulated depreciation	(6,723,009)	(184,652)	137,648	(6,770,013)
Total capital assets, being depreciated net	1,060,578	(95,721)	(27,609)	937,248
Governmental activities, capital assets, net	\$ 2,669,599	\$ (95,721)	\$ (27,609)	\$ 2,546,269

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Depreciation expense was charged to functions/programs of the Borough as follows:

Governmental activities:		
General government	\$	17,007
Public Safety		62,175
Public Works - highways		29,267
Culture - recreation		76,203
		<hr/>
Total depreciation expense	\$	<u>184,652</u>

### Green Tree Public Library – Component Unit

The Library's capital asset activity for the year ended December 31, 2022 was as follows:

	Balance at January 1, 2022	Additions	Deletions	Balance at December 31, 2022
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Component Unit:</b>				
Capital assets, being depreciated:				
Furniture and equipment	\$ 173,482	\$ -	\$ -	\$ 173,482
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, being depreciated	173,482	-	-	173,482
	<hr/>	<hr/>	<hr/>	<hr/>
Less: accumulated depreciation for:				
Furniture and equipment	(147,545)	(1,161)	-	(148,706)
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	(147,545)	(1,161)	-	(148,706)
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, net	\$ 25,937	\$ (1,161)	\$ -	\$ 24,776
	<hr/>	<hr/>	<hr/>	<hr/>

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# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### 7. Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Balance at December 31, 2021	Additions	Reductions	Balance at December 31, 2022	Due Within One Year
Governmental Activities:					
General obligation note	\$ 9,165,000	\$ -	\$ (295,000)	\$ 8,870,000	\$ 300,000
Note premium	358,009	-	(14,882)	343,127	-
Fire department apparatus loan (direct borrowing)	-	249,590	-	249,590	47,541
Compensated absences	125,688	-	(14,805)	110,883	-
Net pension liability	-	1,573,020	(371,405)	1,201,615	-
Other postemployment benefits obligation	223,387	37,370	(47,454)	213,303	-
Total long-term liabilities	<u>\$ 9,872,084</u>	<u>\$ 1,859,980</u>	<u>\$ (743,546)</u>	<u>\$ 10,988,518</u>	<u>\$ 347,541</u>

In February 2021, the Borough issued a General Obligation Note, Series of 2021 totaling \$9,490,000 with interest rates from 0.25% to 4.00% to currently refund the outstanding 2014 general obligation bonds and provide funds for various capital projects. The Series 2021 Note is due in December 2045. The Series 2021 Note was issued at a premium of \$372,044, which is being amortized over the life of the note. Interest for the year ended December 31, 2022 totaled \$200,250.

In February 2022, the Borough obtained a fire department apparatus loan from a local bank, the proceeds of which will be used to purchase a new fire truck. The loan bears interest at 2.44% per annum and matures in March 2027. No principal or interest payments were made during the year ended December 31, 2022.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

The annual debt service requirements to maturity including principal and interest for long-term debt as of December 31, 2021, are as follows:

	General Obligation Note		Total
	Principal	Interest	
2023	\$ 300,000	\$ 195,775	\$ 495,775
2024	310,000	186,575	496,575
2025	325,000	173,875	498,875
2026	330,000	165,725	495,725
2027	335,000	162,400	497,400
2028-2032	1,760,000	730,613	2,490,613
2033-2037	1,940,000	549,450	2,489,450
2038-2042	2,145,000	343,150	2,488,150
2043-2045	1,425,000	65,025	1,490,025
	<u>\$ 8,870,000</u>	<u>\$ 2,572,588</u>	<u>\$ 11,442,588</u>

	Fire Department Apparatus Loan		Total
	Principal	Interest	
2023	\$ 47,541	\$ 6,089	\$ 53,630
2024	48,701	4,929	53,630
2025	49,889	3,741	53,630
2026	51,106	2,524	53,630
2027	52,353	1,277	53,630
	<u>\$ 249,590</u>	<u>\$ 18,560</u>	<u>\$ 268,150</u>

Compensated absences in governmental activities are liquidated from the General Fund.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### 8. Defined Benefit Pension Plan

#### Plan Descriptions, Contribution Information, and Funding Policies

The Borough contributes to a Defined Benefit Pension Plan. Assets are held separately and may be used only for the payment of benefits to the members of the Plan.

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

Actuarial valuations are performed biannually. For additional information related to basis of accounting and reported investment values, see Notes 1 and 3. The Plan does not issue a stand-alone financial report.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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

Date Established	December 30, 1958
Governing Authority and Administrator	Borough Council and Ordinances
Determination of Contribution:	
Requirements	Actuarially Determined
Employer	\$251,945
Plan Members	5% of Covered Wages
Funding of Administrative Costs	Investment Earnings
Eligibility Requirements:	
Normal Requirements	Earlier of age 50 and 25 years of service or age 55 and 20 years of service. For participants hired on or after January 24, 2001, age 50 and 25 years of service.
Early Retirement	None
Vesting	12 years of service
Retirement Benefit	50% of final 36 months' average compensation at retirement plus a service increment
Service Increment	\$100 per month benefit for those employees retiring with 26 or more years of service, increasing by \$100 per month for each additional year of service to a maximum of \$500 per month
Post-Retirement Benefit Increases	None
Provisions for Disability Benefits	Greater of 50% of accrued benefit at disability or 50% of salary at disability less Social Security Disability benefits
Provision for Death Benefits	50% of pension participant was receiving or would have been receiving, payable to spouse until death or to children under 18 or age 23 if attending college
Drop Benefit	Participants are eligible to participate in the deferred retirement option program (DROP) for five years upon attainment of age 54 and 25 years of service

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# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Membership of the Plan is as follows, based on the latest actuarial valuation reports dated December 31, 2022:

Inactive plan members or beneficiaries currently receiving benefits	13*
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>8</u>
Total plan members	<u>22</u>

\*Includes one DROP participant. Benefit payments are deposited into a separate money market account. At the end of the DROP, the lump sum payment will be paid from this account.

### Investment Policy

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

<u>Asset Class</u>	
Fixed Income	40.00%
Equities	60.00%

### Money-Weighted Rate of Return

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

The annual money-weighted rate of return on the Plan's investments for the measurement period was (17.14%).

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

There are no long-term contracts for contributions.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

### Net Pension Liability

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

	Increases / Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2021	\$ 7,967,385	\$ 8,855,522	\$ (888,137)
Changes for the year:			
Service cost	187,321	-	187,321
Interest	547,969	-	547,969
Differences between expected and actual experience	268,844	-	268,844
Contributions - employer	-	251,945	(251,945)
Contributions - employee	-	119,460	(119,460)
Net investment income (loss)	-	(1,429,800)	1,429,800
Benefit payments, including refunds	(465,839)	(465,839)	-
Other	-	(27,223)	27,223
Net changes	538,295	(1,551,457)	2,089,752
Balances at December 31, 2022	<u>\$ 8,505,680</u>	<u>\$ 7,304,065</u>	<u>\$ 1,201,615</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>85.87%</u>

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### Actuarial Assumptions

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

Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Investment rate of return	7.00%
Projected salary increases	5.00%
Cost-of-living adjustments	N/A
Mortality	Pub-2010 Safety Employees Amount- Weight Mortality Table

N/A - not applicable

There were no changes to actuarial assumptions from the December 31, 2021 actuarial valuation.

### Expected Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future real rates of return is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the Plan's target asset allocation are summarized in the following table. All rates are reported as arithmetic averages.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighted Return by Asset Class</u>
Fixed Income	40.00%	4.11%	1.64%
Equities	<u>60.00%</u>	8.95%	<u>5.37%</u>
	<u>100.00%</u>		
Implied long-term rate of return			<u>7.01%</u>
Long-term rate of return of investments assumption used			<u>7.00%</u>

There has been no change to the long-term rate of return on investments since the last report.

### Discount Rate

The discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions would continue at the current rates, expenses would continue at their current level and that the employer would contribute the Minimum Municipal Obligation in the future. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current Plan members through the lifetime of the Plan.

The long-term expected rate of return on Plan investments is applied to all periods of projected benefit payments where assets are available. For periods of projected benefit payments where assets are insufficient to meet benefit payments, an average 20-year municipal bond rate for bonds rated Aa and above as of December 31, 2022 of 3.40% is applied. A single-level discount rate is determined that is equivalent to the two individual rates used to discount cash flows. Since assets are projected to cover all future benefit payments, the long-term expected rate of return on Plan investments of 7.00% is used as the discount rate.

The rate used to discount liabilities has not been changed since the last report.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

### Discount Rate Sensitivity

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net Pension Liability	\$ 2,217,383	\$ 1,201,615	\$ 354,216

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2022, the Borough recognized pension expense of \$299,846. At December 31, 2022, the Borough reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources:</u>	
Differences between expected and actual experience	\$ 232,640
Assumption changes	66,347
Net difference between expected and actual earnings	<u>1,096,606</u>
Total deferred outflows of resources	<u>\$ 1,395,593</u>
<u>Deferred Inflows of Resources:</u>	
Differences between expected and actual experience	<u>\$ 219,772</u>

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

<u>Year ending December 31,</u>	
2023	\$ 140,680
2024	264,580
2025	317,812
2026	428,309
2027	<u>24,440</u>
	<u>\$ 1,175,821</u>

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### 9. Defined Contribution Pension Plan

#### Plan Description

The Borough provides pension benefits for Non-Uniformed employees through a defined contribution plan by contributing to the Borough of Green-Tree Non-Uniformed Employees' Money Purchase Pension Plan (Plan). The Plan's total current membership consists of 22 total active and terminated employees.

Any person (non-uniform) employed on a full-time basis by the Borough with a minimum of one year of service is eligible to participate in the Plan. Employees eligible for pension are those who reach the age of sixty-five (65). There is no mandatory contribution by employees.

Employer contributions are as follows:

<u>Years of Service</u>	<u>Administrative Employees' Percentage of Salary</u>	<u>Public Works Bargaining Group</u>
1 - 5	10%	11%
6 - 10	11%	12%
11 - 15	12%	13%
16 and over	15%	16%

The current year covered payroll for employees covered by this Plan was approximately \$900,000. For the year ended December 31, 2022, the amount contributed by the Borough to the Plan was \$130,358. The financial statements of the Plan are included as a Pension Trust Fund in this report. For additional information relating to basis of accounting and investment values, see Notes 1 and 3.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### 10. Other Post-Employment Benefits (OPEBs)

#### Plan Description

The Borough administers a single-employer defined benefit post-employment benefit plan (Plan). The Plan provides medical premium reimbursement and life insurance benefits to police retirees. Benefit provisions are mostly established through negotiations between the Borough and union or group representing the employees. The Plan does not issue a publicly available financial report.

#### Plan Eligibility

Police employees are eligible for incentive upon retirement after reaching age 50 and 25 years of service (if hired before January 24, 2001, earlier of age 50 and 25 years of service or age 55 and 20 years of service). Police employees are also eligible upon total and permanent service-related disability with no service requirement.

#### Benefits Provided

Eligible retirees receive reimbursement of medical premiums paid to a maximum of \$250 per month for single retiree or \$400 per month for married retiree and spouse. Reimbursement ceases at earlier of the retiree's Medicare eligibility or the death of the retiree, or for the spouse, the earlier of death of retiree or death of spouse or spouse's Medicare eligibility. Eligible retirees are also provided for a \$3,000 Life Insurance Contract, with premiums paid by the Borough.

#### Participant Contributions for Healthcare Coverage

There are no participant contributions required.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### Employees Covered by Benefit Terms

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

Current retired participants receiving medical and life benefits	3
Current retired participants receiving life benefits only	3
Covered spouses of retirees	2
Active participants	9
	<hr/>
	17
	<hr/>

### Total OPEB Liability

The Borough's total OPEB liability of \$213,303 was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2023.

### Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	5.00%
Discount Rate	4.31%
Healthcare Cost Trend Rates	6.25% in 2023 graded 5.20% over 2 years and following the Getzen Model thereafter to an ultimate rate of 3.94% in 2075.

The discount rate was based on the S & P Municipal Bond 20-Year High Grade Rate Index.

Mortality rates were based on the PubH.G-2010 with mortality improvement scale MP-2021.

The actuarial assumptions used in the January 1, 2023 valuation were selected using input from the Borough based upon actual experience.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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	<u>Total OPEB Liability</u>
Balance at January 1, 2021	\$ 223,387
Changes for the year:	
Service cost	8,708
Interest	4,160
Changes of assumptions	(30,892)
Differences between expected and actual experience	24,502
Benefit payments	<u>(16,562)</u>
Net changes	<u>(10,084)</u>
Balance at December 31, 2022	<u>\$ 213,303</u>

### Changes of Assumptions and Other Inputs

The discount rate of 4.31% is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 30, 2022, compared to the prior discount rate of 1.93% as of December 31, 2021. Mortality was updated to PubH.G-2010 with mortality improvement scale MP-2021. Healthcare cost trends were also updated.

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

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate as of December 31, 2022:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 227,339</u>	<u>\$ 213,303</u>	<u>\$ 200,660</u>

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates as of December 31, 2022:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 213,303	\$ 213,303	\$ 213,303

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Borough recognized OPEB expense of \$14,323. At December 31, 2022, the Borough reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirement to contribute:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,439	\$ 1,939
Changes of assumptions	17,718	27,030
	\$ 39,157	\$ 28,969

Other amounts reported as deferred outflows of resources and deferred inflows of resources as a result of the contribution will be recognized in expense as follows:

Year ending December 31,	
2023	\$ 1,455
2024	1,455
2025	1,455
2026	1,455
2027	1,455
Thereafter	2,913
	\$ 10,188

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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### 11. Risk Management

The Borough is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. The Borough also purchases commercial insurance for its employees' health and accident insurance coverage. There were no significant insurance coverage reductions in the prior year.

For its property and liability coverage, the Borough participates as a member of the Municipal Risk Management Property and Liability Trust (Trust), a public entity risk pool operated for the benefit of approximately 165 cities, municipalities, boroughs, townships, and municipal authorities. The Trust operates pursuant to the Pa Intergovernmental Cooperation Act (1972 P.L., 762, No. 180; 53 P.S. Section 2303) and 42 Pa. C.S.A., Section 8564. The Trust purchases excess insurance with a \$150,000 per occurrence retention. The Trust may impose special assessments, when such assessments are required to reduce or eliminate a deficit of the Trust. The liability of current, former, and terminated members for special assessments shall be only for liabilities resulting from the actual plans of coverage of property and liability exposures provided by the Trust during the specific period of time that the coverages were in force. Political subdivision members may withdraw at the end of any policy or fiscal year by giving 90 days written notice to the Trust prior to the beginning of any policy or fiscal year. At the time of withdrawal, the participant is responsible for their share of assessments but has no claim on any other assets of the Trust.

For its worker's compensation insurance coverage, the Borough participates in the Municipal Risk Management Worker's Compensation Pooled Trust (Trust), a public entity risk pool operated for the benefit of approximately 200 cities, municipalities, boroughs, townships, and municipal authorities. Trust underwriting and rate-setting policies are established after consultation with an independent actuary and certain approvals of the Pennsylvania Department of Labor and Industry as mandated by Act 44 of 1993 (Act 44). All Trust participants may be subject to a supplemental assessment/dividend based on the overall experience of the participants, pursuant to Act 44. Each participant of the Trust agrees to jointly and severally assume and discharges the liabilities arising under the Worker's Compensation Act and Occupational Disease Act of each and every participant of the Trust. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. The Trust purchases excess insurance coverage with statutory limits. The retention for this excess coverage is \$750,000 per occurrence. There were no significant reductions in insurance coverage from coverage in the prior year.

# BOROUGH OF GREEN TREE

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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Political subdivisions joining the Trust must remain members for a minimum of four years; a member may withdraw from the Trust after that time by giving ninety days' notice, subject to approval by the Trust actuary under specified circumstances related to the continued fiscal stability of the pool. At the time of withdrawal, the participant is responsible for their share of assessments but has no claim on any other assets of the Trust. Estimates of any additional assessments are unknown.

### 12. Restatement

Net position and fund balance were restated as of January 1, 2022 to correct beginning governmental activities capital assets and Sanitary Sewer Fund unavailable revenue. The adjustment to beginning net position and fund balance are summarized as follows:

**Governmental Activities:**

Beginning net position, previously reported	\$ 12,021,286
Capital assets adjustment	<u>(3,659,690)</u>
Beginning net position, restated	<u>\$ 8,361,596</u>

**Governmental Funds:**

**Sanitary Sewer Fund**

Beginning fund balance, previously reported	\$ 1,739,618
Unavailable revenue adjustment	<u>(157,700)</u>
Beginning fund balance, restated	<u>\$ 1,581,918</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

# BOROUGH OF GREEN TREE

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### GENERAL FUND

YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final	(See Note 2)	
<b>Revenues:</b>				
Taxes	\$ 5,329,000	\$ 5,329,000	\$ 6,805,382	\$ 1,476,382
Licenses and permits	124,000	124,000	129,116	5,116
Fines and forfeits	24,600	24,600	31,550	6,950
Interest, rent, and royalties	44,250	44,250	113,267	69,017
Intergovernmental	570,800	570,800	875,857	305,057
Charges for services	158,500	158,500	205,392	46,892
Miscellaneous	259,906	259,906	175,722	(84,184)
Total revenues	6,511,056	6,511,056	8,336,286	1,825,230
<b>Expenditures:</b>				
Current:				
General government	1,228,622	1,228,622	1,061,602	(167,020)
Public safety	2,508,021	2,508,021	2,450,474	(57,547)
Public Works - Sanitation	467,000	467,000	443,426	(23,574)
Public Works - Highway	4,812,905	4,812,905	3,252,222	(1,560,683)
Culture - recreation	949,884	949,884	932,172	(17,712)
Conservation and development	6,000	6,000	6,070	70
Miscellaneous	187,055	187,055	125,436	(61,619)
Debt service	497,750	497,750	496,003	(1,747)
Total expenditures	10,657,237	10,657,237	8,767,405	(1,889,832)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(4,146,181)	(4,146,181)	(431,119)	3,715,062
<b>Other Financing Sources (Uses):</b>				
Transfers in	4,196,181	4,196,181	3,006,874	(1,189,307)
Transfers out	(50,000)	(50,000)	(1,281,285)	(1,231,285)
Budgetary reserve	-	-	-	-
Total other financing sources (uses)	4,146,181	4,146,181	1,725,589	(2,420,592)
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ 1,294,470	\$ 1,294,470

# BOROUGH OF GREEN TREE

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

### SANITARY SEWER FUND

YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 2)	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Interest, rent, and royalties	\$ 350	\$ 350	\$ 17,893	\$ 17,543
Intergovernmental	-	-	36,135	36,135
Charges for services	2,485,800	2,485,800	2,588,644	102,844
Miscellaneous	-	-	10,240	10,240
<b>Total revenues</b>	<b>2,486,150</b>	<b>2,486,150</b>	<b>2,652,912</b>	<b>166,762</b>
<b>Expenditures:</b>				
Public Works - Sanitation	200,500	200,500	177,641	(22,859)
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>200,500</b>	<b>200,500</b>	<b>177,641</b>	<b>(22,859)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>2,285,650</b>	<b>2,285,650</b>	<b>2,475,271</b>	<b>189,621</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(3,398,536)	(3,398,536)	(2,140,188)	1,258,348
<b>Net Change in Fund Balance</b>	<b>\$ (1,112,886)</b>	<b>\$ (1,112,886)</b>	<b>\$ 335,083</b>	<b>\$ 1,447,969</b>

**BOROUGH OF GREEN TREE**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION -  
PENSION PLAN

SCHEDULE OF CHANGES IN THE BOROUGH'S NET  
PENSION LIABILITY (ASSET) AND RELATED RATIOS

POLICE PENSION PLAN

YEAR ENDED DECEMBER 31,  
LAST TEN YEARS\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>									
Service cost	\$ 187,321	\$ 175,066	\$ 243,178	\$ 356,562	\$ 200,900	\$ 187,757	\$ 191,367	\$ 183,617	\$ 143,699
Interest	547,969	529,510	530,359	505,728	451,758	424,755	430,897	405,704	373,691
Changes of assumptions	-	-	88,930	-	121,104	-	-	-	-
Differences between expected and actual experience	268,844	-	(387,518)	-	80,496	11,126	(474,250)	-	165,286
Benefit payments	(465,839)	(428,177)	(433,244)	(299,699)	(239,211)	(241,880)	(231,130)	(240,576)	(250,021)
<b>Net Changes in Total Pension Liability</b>	<b>538,295</b>	<b>276,399</b>	<b>41,705</b>	<b>562,591</b>	<b>615,047</b>	<b>381,758</b>	<b>(83,116)</b>	<b>348,745</b>	<b>432,655</b>
<b>Total Pension Liability - Beginning</b>	<b>7,967,385</b>	<b>7,690,986</b>	<b>7,649,281</b>	<b>7,086,690</b>	<b>6,471,643</b>	<b>6,089,885</b>	<b>6,173,001</b>	<b>5,824,256</b>	<b>5,391,601</b>
<b>Total Pension Liability - Ending (a)</b>	<b>8,505,680</b>	<b>7,967,385</b>	<b>7,690,986</b>	<b>7,649,281</b>	<b>7,086,690</b>	<b>6,471,643</b>	<b>6,089,885</b>	<b>6,173,001</b>	<b>5,824,256</b>
<b>Plan Fiduciary Net Position:</b>									
Contributions - state aid	165,774	86,351	88,629	92,169	93,688	91,765	78,744	78,416	93,838
Contributions - employer	86,171	158,963	136,607	70,890	67,739	117,865	151,366	161,073	105,096
Contributions - member	119,460	50,301	47,985	53,874	59,471	58,458	56,124	59,020	55,885
Net investment income (loss)	(1,429,800)	1,020,432	794,910	1,170,973	(431,548)	773,122	254,549	(50,699)	283,655
Benefit payments	(465,839)	(428,176)	(433,244)	(299,699)	(239,211)	(241,880)	(231,130)	(240,576)	(250,021)
Administrative expense	(27,223)	-	(10,050)	-	-	(6,150)	-	(7,120)	-
Other	-	(29,726)	-	(48,739)	(27,653)	(23,224)	(26,297)	(47,722)	(20,494)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(1,551,457)</b>	<b>858,145</b>	<b>624,837</b>	<b>1,039,468</b>	<b>(477,514)</b>	<b>769,956</b>	<b>283,356</b>	<b>(47,608)</b>	<b>267,959</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>8,855,522</b>	<b>7,997,377</b>	<b>7,372,540</b>	<b>6,333,072</b>	<b>6,810,586</b>	<b>6,040,630</b>	<b>5,757,274</b>	<b>5,804,882</b>	<b>5,536,923</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 7,304,065</b>	<b>\$ 8,855,522</b>	<b>\$ 7,997,377</b>	<b>\$ 7,372,540</b>	<b>\$ 6,333,072</b>	<b>\$ 6,810,586</b>	<b>\$ 6,040,630</b>	<b>\$ 5,757,274</b>	<b>\$ 5,804,882</b>
<b>Net Pension Liability (Asset) - Ending (a-b)</b>	<b>\$ 1,201,615</b>	<b>\$ (888,137)</b>	<b>\$ (306,391)</b>	<b>\$ 276,741</b>	<b>\$ 753,618</b>	<b>\$ (338,943)</b>	<b>\$ 49,255</b>	<b>\$ 415,727</b>	<b>\$ 19,374</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>85.87%</b>	<b>111.15%</b>	<b>103.98%</b>	<b>96.38%</b>	<b>89.37%</b>	<b>105.24%</b>	<b>99.19%</b>	<b>93.27%</b>	<b>99.67%</b>
<b>Covered Payroll</b>	<b>\$ 983,818</b>	<b>\$ 1,161,810</b>	<b>\$ 976,860</b>	<b>\$ 1,023,399</b>	<b>\$ 1,210,700</b>	<b>\$ 1,150,000</b>	<b>\$ 1,141,810</b>	<b>\$ 1,054,895</b>	<b>\$ 1,118,418</b>
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>122.14%</b>	<b>-76.44%</b>	<b>-31.36%</b>	<b>27.04%</b>	<b>62.25%</b>	<b>-29.47%</b>	<b>4.31%</b>	<b>39.41%</b>	<b>1.73%</b>

\* Until a full 10-year-trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to schedules of required supplementary information - pension plan.

**BOROUGH OF GREEN TREE**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION -  
PENSION PLAN

SCHEDULE OF BOROUGH CONTRIBUTIONS  
AND INVESTMENT RETURNS

YEAR ENDED DECEMBER 31,  
LAST TEN YEARS

**POLICE PLAN:**

<u>Schedule of Borough Contributions</u>	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 251,945	\$ 245,314	\$ 225,236	\$ 163,059	\$ 160,233	\$ 209,630	\$ 214,622	\$ 239,489	\$ 198,934
Contributions in relation to the actuarially determined contribution	251,945	245,314	225,236	163,059	161,427	209,630	230,110	239,489	198,934
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (1,194)	\$ -	\$ (15,488)	\$ -	\$ -
Covered payroll	\$ 983,818	\$ 1,161,810	\$ 976,860	\$ 1,023,399	\$ 1,210,700	\$ 1,150,000	\$ 1,141,810	\$ 1,054,895	\$ 1,118,418
Contributions as a percentage of covered payroll	25.61%	21.11%	23.06%	15.93%	13.33%	18.23%	20.15%	22.70%	17.79%
<u>Investment Returns</u>	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-17.14%	13.00%	10.69%	18.73%	-6.39%	12.96%	4.45%	-1.33%	5.11%

\* Until a full 10-year-trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to schedules of required supplementary information - pension plan.

# BOROUGH OF GREEN TREE

## NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN

YEAR ENDED DECEMBER 31, 2022

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### Actuarial Methods and Assumptions

The information presented in the required supplementary information – pension plan was determined as part of the actuarial valuations at the dates indicated. Methods and assumptions used to determine contribution rates are as follows:

	Police
Actuarial valuation date	1/1/2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	5.00%
Underlying inflation rate	2.50%
Cost-of-living adjustments	N/A
Post-retirement mortality	Pub-2010 Safety Employees with improvement MP-2020

### Benefit Changes

No benefit terms were modified for the January 1, 2021 actuarial valuation.

### Change in Actuarial Assumptions

For the January 1, 2021 actuarial valuation, mortality was changed from the RP-2006 Fully Generational Mortality Table with mortality improvement MP-2018 from 2006 to the Pub-2010 Safety Employees Amount-Weight Mortality Table with improvement MP-2020.

## BOROUGH OF GREEN TREE

### SCHEDULE OF CHANGES IN THE BOROUGH'S TOTAL OPEB LIABILITY AND RELATED RATIOS

YEARS ENDED DECEMBER 31  
LAST TEN YEARS\*

	2022	2021	2020	2019	2018
<b>Total OPEB Liability:</b>					
Service cost	\$ 8,708	\$ 8,543	\$ 10,237	\$ 9,884	\$ 9,413
Interest	4,160	4,230	6,930	6,759	6,379
Changes of assumptions	-	-	25,311	-	-
Differences between expected and actual experience	24,502	-	(2,770)	-	-
Change of assumptions	(30,892)	-	-	-	-
Benefit payments	(16,562)	(12,971)	(12,208)	(5,611)	(3,096)
<b>Net Changes in Total OPEB Liability</b>	(10,084)	(198)	27,500	11,032	12,696
<b>Total OPEB Liability - Beginning</b>	223,387	223,585	196,085	185,053	172,357
<b>Total OPEB Liability - Ending (a)</b>	213,303	223,387	223,585	196,085	185,053
<b>Covered-Employee Payroll</b>	\$ 1,121,820	\$ 1,133,143	\$ 1,079,184	\$ 1,289,001	\$ 1,227,620
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	19.0%	19.7%	20.7%	15.2%	15.1%

\* Until a full 10-year trend is compiled, the required information for the plan is presented for as many years as are available.

See accompanying notes to schedules of required supplementary information - OPEBs.

# BOROUGH OF GREEN TREE

## NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – OPEBS

YEAR ENDED DECEMBER 31, 2022

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The Borough has no assets accumulated in a trust that meets the criteria as defined in paragraph 4 of GASB Statement No. 75 to pay related other post-employment benefits.

### Benefit Changes

No benefit terms were modified.

### Change in Actuarial Assumptions

The discount rate of 4.31% is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 30, 2022, compared to the prior discount rate of 1.93% as of December 31, 2021. Mortality was updated to PubH.G-2010 with mortality improvement scale MP-2021. Healthcare cost trends were also updated.

**SUPPLEMENTARY  
INFORMATION**

**BOROUGH OF GREEN TREE**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2022

	Special Revenue Funds			Capital Projects Funds		Total
	Highway Aid Fund	Storm Sewer Fund	Drug Enforcement Fund	Fire Dept. Apparatus Fund	Public Works Dept. Equipment Fund	
<b>Assets</b>						
Cash and cash equivalents	\$ 127,464	\$ 26,585	\$ 2,607	\$ 676,622	\$ 44,091	\$ 877,369
<b>Total Assets</b>	<u>\$ 127,464</u>	<u>\$ 26,585</u>	<u>\$ 2,607</u>	<u>\$ 676,622</u>	<u>\$ 44,091</u>	<u>\$ 877,369</u>
<b>Liabilities and Fund Balance</b>						
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance:						
Restricted	127,464	26,585	2,607	249,590	-	406,246
Committed	-	-	-	427,032	44,091	471,123
Total Fund Balance	<u>127,464</u>	<u>26,585</u>	<u>2,607</u>	<u>676,622</u>	<u>44,091</u>	<u>877,369</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 127,464</u>	<u>\$ 26,585</u>	<u>\$ 2,607</u>	<u>\$ 676,622</u>	<u>\$ 44,091</u>	<u>\$ 877,369</u>

# BOROUGH OF GREEN TREE

## NONMAJOR GOVERNMENTAL FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2022

	Special Revenue Funds			Capital Projects Funds		Total
	Highway Aid Fund	Storm Sewer Fund	Drug Enforcement Fund	Fire Dept. Apparatus Fund	Public Works Dept. Equipment Fund	
<b>Revenues:</b>						
Interest, rent, and royalties	\$ 3,527	\$ 378	\$ 38	\$ 9,117	\$ 625	\$ 13,685
Intergovernmental	139,246	-	-	-	-	139,246
Total revenues	<u>142,773</u>	<u>378</u>	<u>38</u>	<u>9,117</u>	<u>625</u>	<u>152,931</u>
<b>Expenditures:</b>						
Current:						
Public Works - Highway	142,563	-	-	-	-	142,563
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>210</u>	<u>378</u>	<u>38</u>	<u>9,117</u>	<u>625</u>	<u>10,368</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds of sale of capital assets	-	-	-	-	7,000	7,000
Proceeds on issuance of debt	-	-	-	249,590	-	249,590
Transfers in	-	-	-	50,000	-	50,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,590</u>	<u>7,000</u>	<u>306,590</u>
<b>Net Change in Fund Balance</b>	<u>210</u>	<u>378</u>	<u>38</u>	<u>308,707</u>	<u>7,625</u>	<u>316,958</u>
<b>Fund Balance:</b>						
Beginning of year	127,254	26,207	2,569	367,915	36,466	560,411
End of year	<u>\$ 127,464</u>	<u>\$ 26,585</u>	<u>\$ 2,607</u>	<u>\$ 676,622</u>	<u>\$ 44,091</u>	<u>\$ 877,369</u>

# BOROUGH OF GREEN TREE

## COMBINING STATEMENT OF NET POSITION FIDUCIARY FUNDS - PENSION TRUST FUNDS

DECEMBER 31, 2022

Assets	Pension Trust Funds		Total
	Police	Non-Uniformed	
Cash and cash equivalents	\$ 274,860	\$ 18,390	\$ 293,250
Investments:			
Mutual funds	4,957,824	2,161,723	7,119,547
ETFs	2,066,012	-	2,066,012
Other receivables	5,369	-	5,369
<b>Total Assets</b>	<b>7,304,065</b>	<b>2,180,113</b>	<b>9,484,178</b>
<b>Liabilities</b>	-	-	-
<b>Net Position</b>			
Net position restricted for pension	\$ 7,304,065	\$ 2,180,113	\$ 9,484,178

# BOROUGH OF GREEN TREE

## COMBINING STATEMENT OF CHANGES IN NET POSITION FIDUCIARY FUNDS - PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2022

	Pension Trust Funds		Total
	Police	Non-Uniformed	
<b>Additions:</b>			
<hr/>			
Contributions:			
Employer	\$ 251,945	\$ 130,358	\$ 382,303
Plan members	119,460	-	119,460
Total contributions	371,405	130,358	501,763
Investment income (loss):			
Net increase (decrease) in fair value of investments	(1,582,794)	(430,478)	(2,013,272)
Interest and dividends	152,994	46,258	199,252
Total investment income (loss)	(1,429,800)	(384,220)	(1,814,020)
Less investment expense	(6,358)	-	(6,358)
Net investment income (loss)	(1,436,158)	(384,220)	(1,820,378)
Total additions	(1,064,753)	(253,862)	(1,318,615)
<b>Deductions:</b>			
<hr/>			
Benefits	465,839	4,521	470,360
Administrative expense	20,865	18,238	39,103
Total deductions	486,704	22,759	509,463
<b>Net Increase (Decrease) in Net Position</b>	(1,551,457)	(276,621)	(1,828,078)
<b>Net Position:</b>			
<hr/>			
Beginning of year	8,855,522	2,456,734	11,312,256
End of year	\$ 7,304,065	\$ 2,180,113	\$ 9,484,178