

Whitemarsh Township

Lafayette Hill, Pennsylvania

December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Whitemarsh Township
Lafayette Hill, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Whitemarsh Township Authority. Those statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, is based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Whitemarsh Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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



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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4-22, budgetary comparison information on pages 70-71, pension fund schedules on pages 72-74, and the OPEB schedule on page 75 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.



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Supplementary Information

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

The budgetary comparison information and combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information and combining fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
July 7, 2023

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
December 31, 2022

The following discussion and analysis of Whitemarsh Township's financial performance provides an overview of the Township's financial condition and activities for the fiscal year ended December 31, 2022. The purpose of this discussion is to provide a narrative summary of the financial position and activities of Whitemarsh Township in order to enhance the reader's understanding of the Township's basic financial statements. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the Township's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, (GASB 34) effective in 2003.

Financial Highlights for Fiscal Year 2022

Government-Wide Financial Statements (Full Accrual)

- The total net position (assets and deferred outflows of resources, less liabilities, and deferred inflows of resources) of the Township's Primary Government, was \$46.25 million at the end of 2022 – an increase of \$5.24 million from the end of 2021. The majority of the increase was due to an increase in the cash balance for the Open Space Fund, capitalized costs of infrastructure improvements, and revenues generated as a result of home purchases through Real Estate Transfer Taxes. The remainder of the change is due to changes in accruals and deferred outflows for Other Postemployment Benefits and changes in Net Pension Liability. General revenues and program revenues of the Township amounted to \$27.97 million in 2022, while expenses totaled \$22.99 million.

Fund Financial Statements (Modified Accrual)

- At year-end, the Township's governmental funds reported a total fund balance of \$27.42 million, an increase of \$2.03 million. The increase is due to a net increase in the Nonmajor Fund of \$1.84 million, a decrease in the General Fund of \$163 thousand, an increase in Open Space fund \$127 thousand, and an increase in the Capital Reserve Fund of \$224 thousand.
- The Township's General Fund reported a net decrease in fund balance of \$163 thousand, resulting in a year end fund balance of \$10.01 million.

Financial Statements

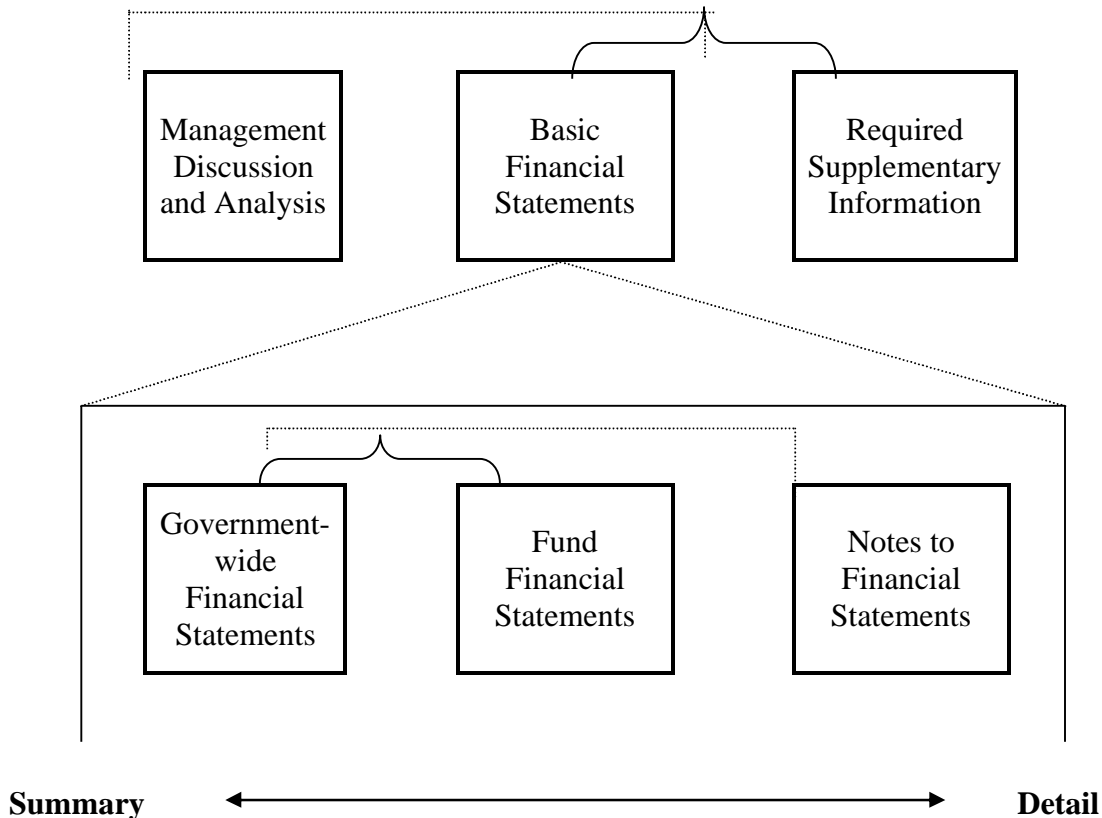
Prior to 2003, the primary focus of local government financial statements had been to provide fund type information on a current financial resource basis. This approach was modified in GASB 34, which established new requirements and a new reporting model for the annual financial reports of state and local governments.

WHITEMARSH TOWNSHIP
Management’s Discussion and Analysis
Required Supplementary Information
December 31, 2022

Whitemarsh Township’s annual financial report consists of two kinds of financial statements – each of which presents a different view of the Township’s finances. The first set of financial statements provides both long-term and short-term information of the Township’s overall financial status. The second set of financial statements focuses on the individual Township funds and reports on the Township’s current operations in more detail than the government-wide statements. The Township’s financial statements also include detailed notes to explain information reported in the financial statements and provide additional data.

The statements include required supplementary information that provides budget comparisons for assessing the Township’s financial performance versus budgeted revenues and expenditures. In addition to required elements, the annual report includes other supplementary information to provide details about the Township’s various funds.

Required Components of
Whitemarsh Township’s
Financial Report



The following chart summarizes the major features of the financial statements, including the portion of the Township’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
December 31, 2022

Major Features of Whitemarsh Township
Government-wide and Fund Financial Statements

	<u>Government-Wide</u> Statements	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire Township (except fiduciary funds).	The activities of the Township that are not proprietary or fiduciary, such as general government, public safety, public works, and recreation.	Activities the Township operates similar to private business – Internal Service Funds	Instances in which the Township is the trustee or agent for someone else's resources – Pension Trust Funds and Custodial Funds.
Required financial statements.	Statement of Net Position; Statement of Activities.	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances.	Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows.	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.	Accrual accounting and economic resources focus.
Type of asset/liability information.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term.	Only assets and deferred outflows of resources expected to be used up and liabilities that come due during the year or soon thereafter, as well as deferred inflows of resources; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow – outflow information.	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during the year 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.	All revenues and expenses during the year, regardless of when cash is received or paid.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
December 31, 2022

Government-Wide Statements

The government-wide statements report on the Township as a whole using accounting methods similar to those used by private sector companies. This analysis begins on page 23. One of the most critical questions asked about the Township's finances is, "is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about Whitemarsh Township as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or disbursed.

These two statements report on the Township's net position and changes in net position. The Township's net position is the difference between its assets and deferred outflows of resources, and its liabilities and deferred inflows of resources, and one can use the net position as one way to measure the Township's financial health or financial condition. Over time, increases or decreases in the Township's net position are one indicator of whether its financial condition is improving or deteriorating. In order to assess the overall health of the Township, other factors such as changes in the Township's property tax base and the condition of the Township's roads need to be considered.

In the government-wide financial statements, the Township's activities are divided into two categories:

- **Primary Government - Governmental activities** - Most of the Township's basic services are reported here, including police and emergency services, public works, sanitation, code enforcement, parks and recreation, and general administration. Property taxes, gross business receipts, earned income taxes, user fees, and federal, state, and local grants finance most of these activities.
- **Component Units** - Whitemarsh Township Authority and the William Jeanes Memorial Library are discretely presented Component Units included in the Township's Financial Reporting Entity.

Fund Financial Statements

The fund financial statements begin on page 26 and provide detailed information about the most significant funds, not the Township as a whole. Some funds are required to be established by State law. Others are established to help control and manage money for particular purposes or to show that the Township is meeting legal responsibilities for using certain taxes, grants, or other funds.

Whitemarsh Township has three kinds of funds:

- **Governmental Funds** - Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided after the governmental funds statement that explains the relationship (or differences) between the two presentations.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
December 31, 2022

- Proprietary Funds - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Township uses an internal service fund to account for the financing of goods and services provided by the Fleet Department to other departments of the Township. The Township transferred the operations of the Sewer Enterprise Fund to the Whitemarsh Township Authority. The Whitemarsh Township Authority is a discretely presented component unit using the same basis of accounting and measurement focus presented in the business-type activities.
- Fiduciary Funds - The Township is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The Township also holds Escrowed Subdivision Fees and funds restricted for Taxpayers and Other Governments in a fiduciary capacity reported as Custodial Funds. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Financial Analysis of the Township as a Whole

The following table reflects the condensed statement of net position:

Governmental Activities Statement of Net Position - December 31, 2022, and 2021 (in thousands)

	2022	2021
Current Assets	\$30,550	\$27,909
Net Capital Assets	45,448	41,218
Deferred Outflows	7,341	3,345
Other Assets	-	2,481
Total Assets and Deferred Outflows	<u>\$83,339</u>	<u>\$74,956</u>
Current and Other Liabilities	\$3,625	\$2,976
Non-current Liabilities	29,532	27,178
Deferred Inflows	3,936	3,793
Total Liabilities and Deferred Inflows	<u>\$37,093</u>	<u>\$33,947</u>
Net Position:		
Invested in Capital Assets	\$32,723	\$27,788
Restricted	12,049	3,144
Unrestricted	1,474	10,077
Total Net Position	<u>\$46,246</u>	<u>\$41,009</u>

For more detailed information, see the Statement of Net Position on pages 23 and 24.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
December 31, 2022

Net position may serve over time as a useful indicator of a government's financial position. Whitemarsh Township's Primary Government's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$46.67 million as of December 31, 2022, and by \$41.01 million as of December 31, 2021. The largest portion of the Township's net position reflects its capital assets. Net Investment in Capital Assets is reported net of related outstanding debt (net of unspent proceeds). The restricted net assets portion represents resources that are subject to external restrictions on how they may be used. The unrestricted net position for governmental activities is the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

The following table shows the revenues, expenses, and changes in net position (in thousands) of the 2022 and 2021, not with primary government's governmental activities.

	<u>2022</u>	<u>2021</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,008	\$ 1,958
Operating Grants and Contributions	2,291	931
General Revenues:		
Taxes	20,513	19,637
Other General Revenues	<u>3,155</u>	<u>2,340</u>
Total Revenues	<u>\$ 27,967</u>	<u>\$ 24,866</u>
Expenses:		
General Governemnt	1,598	4,450
Public Safety - Police	9,719	7,682
Public Safety - Other	1,865	1,741
Public Works - Sanitation	2,258	2,241
Public Works - Highway	5,128	7,461
Culture and Recreation	1,557	1,224
Conservation of Natural Resources	82	53
Community Development	82	67
Interest on Long Term Debt	<u>441</u>	<u>427</u>
Total Expenses	<u>22,730</u>	<u>25,346</u>
Increase (Decrease) in Net Position	<u>\$ 5,237</u>	<u>\$ (480)</u>

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
December 31, 2022

Expenses by Function for the Year Ended December 31, 2022

The following table presents the cost of each of the Township's programs as well as the programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Township's taxpayers by each of these functions.

<u>Functions/Programs</u>	<u>2022</u>		<u>2021</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General Government	\$ 1,597,744	\$ 1,027,865	\$ 4,450,443	\$ 4,214,475
Public Safety - Police	9,719,216	9,133,825	7,682,221	7,022,125
Public Safety - Other	1,865,485	1,656,605	1,740,676	1,578,816
Public Works - Sanitation	2,258,106	300,091	2,241,403	410,735
Public Works - Highway	5,127,657	4,314,977	7,460,537	7,460,537
Culture and Recreation	1,556,726	1,391,814	1,224,088	1,224,088
Conservation of Natural Resources	82,102	82,102	52,688	52,688
Community Development	81,917	81,917	66,800	66,800
Interest on Long Term Debt	441,346	441,346	427,493	427,493
	<u>\$ 22,730,299</u>	<u>\$ 18,430,542</u>	<u>\$ 25,346,349</u>	<u>\$ 22,457,757</u>
Total Governmental Activities	<u>\$ 22,730,299</u>	<u>\$ 18,430,542</u>	<u>\$ 25,346,349</u>	<u>\$ 22,457,757</u>

Financial Analysis of the Township's Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow, and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. At the end of fiscal 2022, the Township's governmental funds (as presented in the balance sheet on page 26) reported a combined fund balance of \$27.41 million, which is an increase of \$2.03 million from last year's ending fund balance of \$25.39 million.

The General Fund is the Township's primary operating fund used to account for the majority of services provided on a daily basis. In 2022, the fund balance of the General Fund decreased by \$0.16 million from \$10.17 million to \$10.01 million.

The increase in the Open Space Fund of \$127 thousand resulted from purchase of the Abolition Hall and Haub properties for \$2.76 million, and \$3.08 million of designated Earned Income Tax collections plus Interest Earnings of \$105 thousand to cover \$207 thousand of Debt Service costs and \$82 thousand of collection and maintenance costs.

Capital Reserve Fund increased by \$224 thousand as 2022 capital expenditures of \$816 thousand drew down 2018 Series Bond proceeds and prior year capital contributions. Contribution from the General Fund set aside \$550 thousand for future capital needs at the end of 2022.

Positive operating results totaling \$1.84 million in the other Nonmajor Government Funds.

Major Governmental Funds

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
December 31, 2022

In 2022, General Fund Revenue increased by \$1.10 million from the 2021 levels. The decrease is comprised of Earned Income Taxes increased by 793 thousand, Real Estate Transfer Tax was up \$277 thousand, Business Taxes up \$378 thousand, Other Act 511 Taxes up \$107 thousand, Intergovernmental Revenue up \$143thousand, and \$187 thousand up across other revenue classifications.

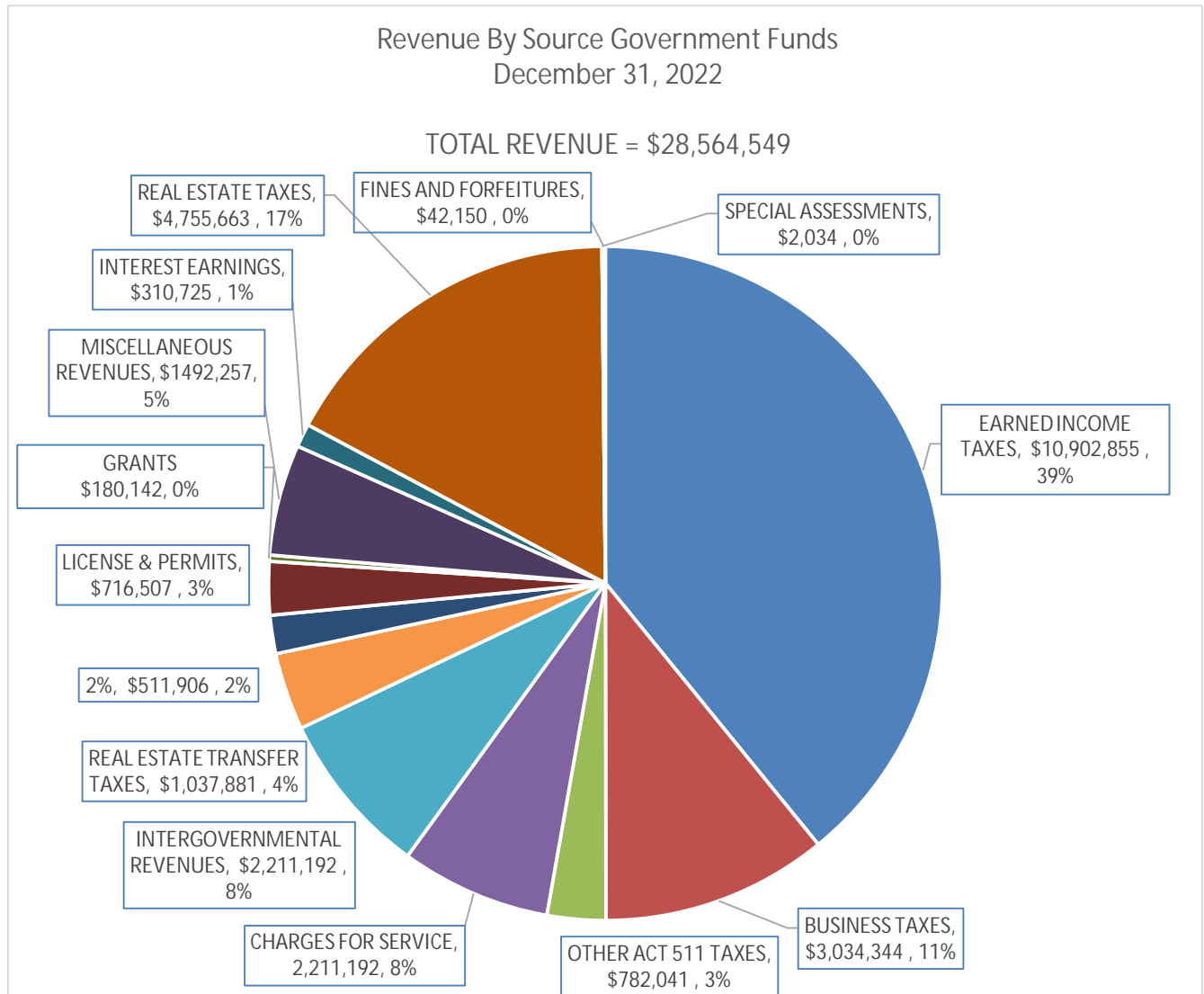
The Capital Reserve Fund is used to account for amounts set aside in prior years to fund capital additions as well as accounting for the expenditure of borrowed funds and repayment of debt service obligations used to fund capital expenditures. In 2022, the Capital Reserve fund balance increased by \$224 thousand due to net interfund transfers of \$550 thousand, plus expenditures that cover improvements that covered \$816 thousand.

For the fiscal year ended December 31, 2022, revenues for governmental fund type activities totaled \$28.56 million.

The earned income tax is the Township's largest revenue source at \$10.90 million (38% of total Governmental Revenues). Real estate tax revenues totaled \$4.76 million (17%). Other Act 511 Taxes generated \$782 thousand (3%). The Township's assessed value of real property exceeded \$1.90 billion at the end of 2022.

The graph and related chart on the next page provides an overview of the Sources of Governmental Revenue for Whitmarsh Township that totaled \$28.56 million for the 2022 Fiscal year.

WHITEMARSH TOWNSHIP
Management’s Discussion and Analysis
Required Supplementary Information
December 31, 2022



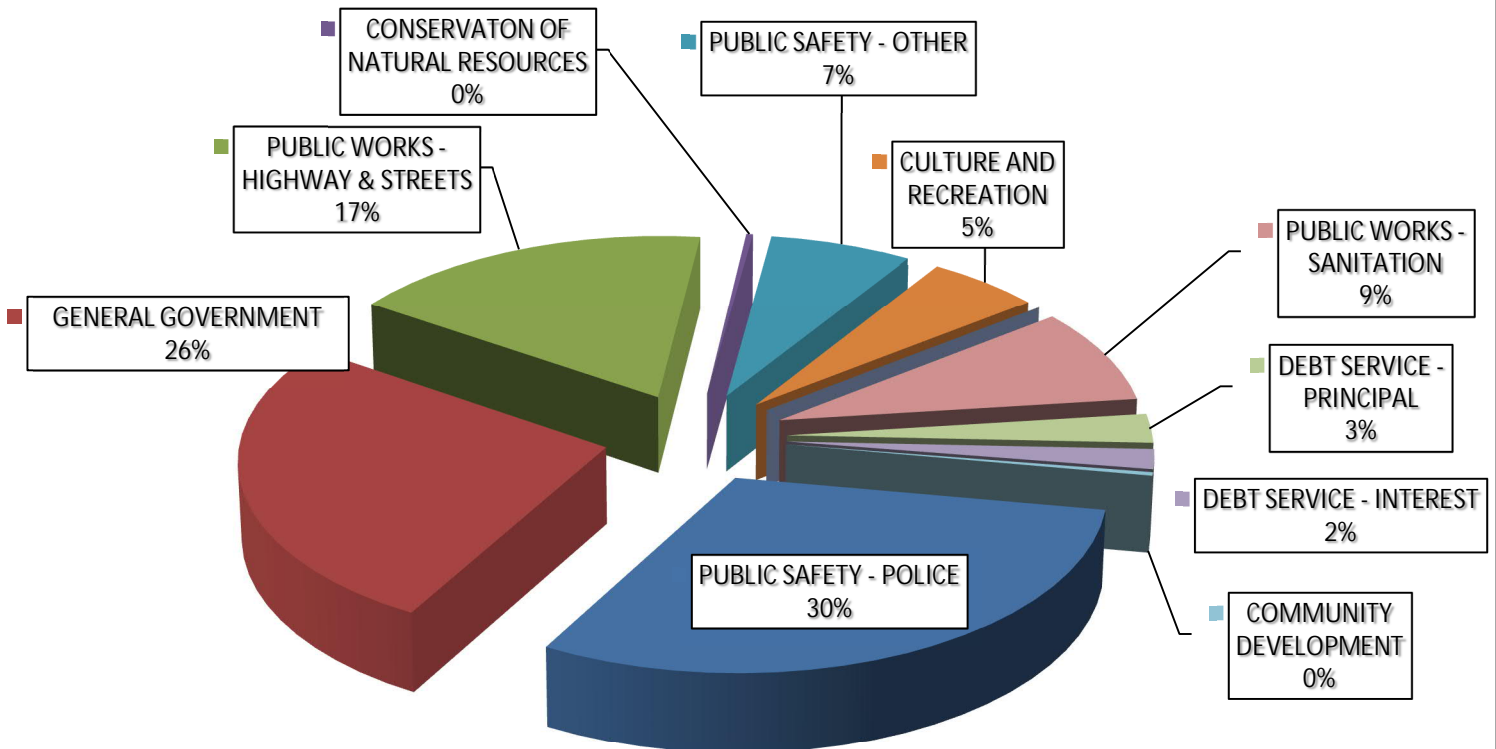
EARNED INCOME TAXES	\$	10,902,855	39%
BUSINESS TAXES	\$	3,034,344	11%
OTHER ACT 511 TAXES	\$	782,041	3%
CHARGES FOR SERVICE	\$	2,211,192	8%
INTERGOVERNMENTAL REVENUES	\$	511,906	2%
REAL ESTATE TRANSFER TAXES	\$	1,037,881	4%
RENT & CABLE FRANCHISE FEES	\$	511,906	2%
LICENSES & PERMITS	\$	716,507	3%
GRANTS	\$	80,142	0%
MISCELLANEOUS REVENUES	\$	1,492,257	5%
INTEREST EARNINGS	\$	310,725	1%
REAL ESTATE TAXES	\$	4,755,663	17%
FINES AND FORFEITURES	\$	42,150	0%
TOTAL REVENUE	\$	27886356	100%

**WHITEMARSH TOWNSHIP
Management’s Discussion and Analysis
Required Supplementary Information
December 31, 2022**

Expenditures for the fiscal year ended December 31, 2022, totaled \$25.94 million. Expenditures for the fiscal year 2022 are comprised of the following items:

**EXPENDITURES BY PURPOSE GOVERNMENT FUNDS
DECEMBER 31, 2022**

TOTAL EXPENDITURES = \$25,938,552



■ PUBLIC SAFETY - POLICE	\$7,866,005	30%
■ GENERAL GOVERNMENT	\$6,848,286	26%
■ PUBLIC WORKS - HIGHWAY & STREETS	\$4,507,106	17%
■ CONSERVATION OF NATURAL RESOURCES	\$82,102	0%
■ PUBLIC SAFETY - OTHER	\$1,762,948	7%
■ CULTURE AND RECREATION	\$1,412,921	5%
■ PUBLIC WORKS - STORMWATER MANAGEMENT	\$2,231,505	9%
■ PUBLIC WORKS - SANITATION	\$681,000	3%
■ DEBT SERVICE - PRINCIPAL	\$465,884	2%
■ DEBT SERVICE - INTEREST	\$80,795	0%
■ COMMUNITY DEVELOPMENT		0%
TOTAL EXPENDITURES	\$25,938,552	100%

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
December 31, 2022

Capital Assets and Debt Administration

Capital Assets

At the end of 2022, the Township had \$45.45 million invested in a broad range of capital assets, including land, buildings, vehicles, and equipment, net of accumulated depreciation. This amount represents a net increase of \$4.23 million above last year's \$41.22 million after recording additions and deductions for the year.

Long-Term Debt

The Township Board of Supervisors passed an ordinance on August 16, 2018, to allow for a \$9,790,000 General Obligation Bond Issue. Bond proceeds will be used to fund expenditures applicable to the Creekside HMI project, as well as refinance the principal outstanding for the 2009 Note borrowing. As a result of a Triple-A rating from Moody's, the 2018 General Obligation Bonds were issued at a \$515,293 premium resulting in additional cash included in the proceeds. In addition, the Township received favorable interest rates on the refinancing of the remaining 2009 General Obligation Notes. The Township used \$3,900,000 of available Open Space Fund to prepay a portion of the 2009 Note. When the prepayment is coupled with the refinancing at fixed interest rates, reduced future debt service requirements for the Open Space as well as the General Fund resulted. Final Maturity for the 2018 General Obligation Bond will be in November of 2039. Debt Service payments on this obligation are funded 22% from the Open Space Fund and 78% from the General Fund. Principal outstanding on the Series of 2018 Bond is \$7,925,000 as of December 31, 2022.

On August 28, 2014, the Township made settlement on a \$6,000,000 General Obligation Note with TD Bank. The Note proceeds were used to fund capital assets, including equipment, building improvements, traffic improvements, and stormwater management projects. The Note bears semi-annual interest for the first seven years at 2.3% and then converts to variable rates with caps of 5% to 6%. Principal payments are payable annually on the 15th of November. Final Maturity for the 2014 General Obligation Note will be in November of 2039. Debt Service payments on this obligation will be made from the Capital Reserve Fund and are funded by transfers from the General Fund. The principal outstanding on the Series of 2014 Note is \$4,389,000 as of December 31, 2022.

The Commonwealth of Pennsylvania sets the borrowing limit, called the "Borrowing Base," of the Township through the State Local Government Unit Debt Act. The Township's "Borrowing Base," as calculated using the annual arithmetic average of total revenue (as defined in the Debt Act) for the three most recent full fiscal years, is in excess of \$19.30 million. The Township's non-electoral debt limit is 250% of the aforementioned borrowing base or \$48.25 million. At the end of 2022, the Township's level of outstanding debt for Primary Government Governmental Activities totaled \$12.31 million, which is well below the Township's "Borrowing Base" capacity.

WHITEMARSH TOWNSHIP
Management’s Discussion and Analysis
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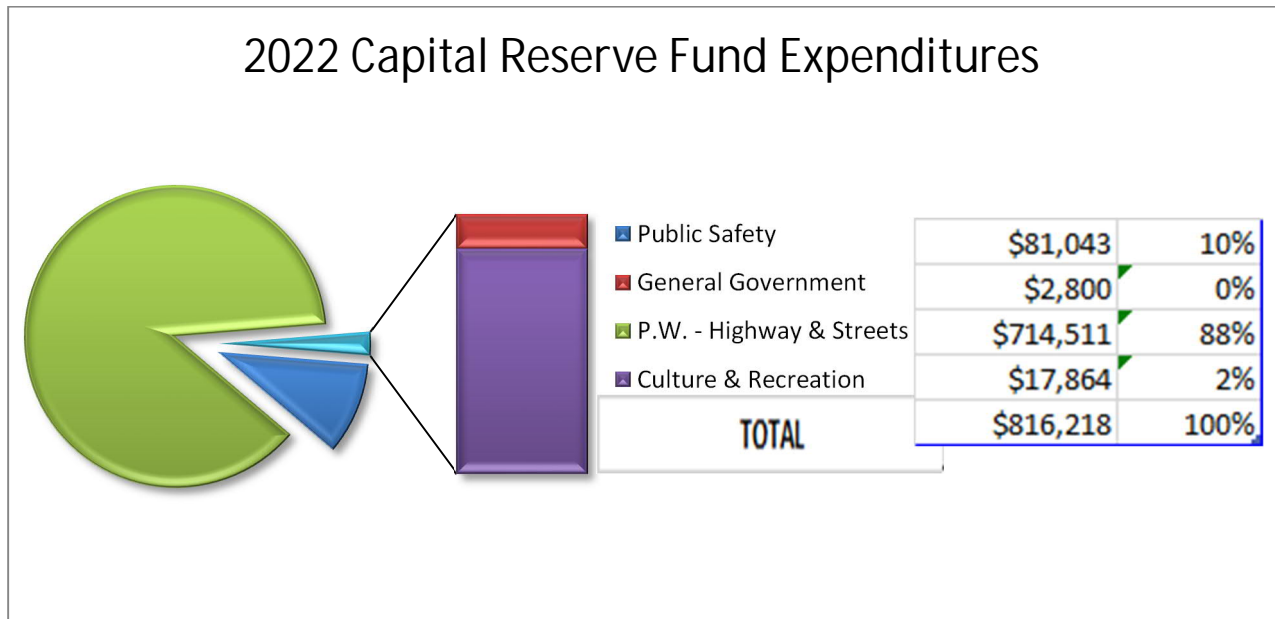
Economic Factors and Next Year’s Budgets

As part of the Annual Budget process, the Township has established Reserve Funds from favorable operating results to provide for future infrastructure, capital improvements, and equipment purchases. The practice of maintaining a carry-over reserve Fund Balance in the Liquid Fuels Fund approximating one year of the State allocation has become an integral part of funding the Township’s Road Improvement Program. Optimization of State and Federal funding, including FEMA reimbursements, has also enabled the Township to deal with extensive flood damage from tropical storms as well as snow emergencies while minimizing the impact to the General Fund.

In 2022 we received the second payment of the Federal American Rescue Plan Act (ARPA) money of \$963,061, and we placed the money in a separate interest-bearing bank account. The Board of Supervisors has approved the following projects to be funded by the ARPA money. Westaway Storm Sewer, Meeting Room A/V upgrades, Replace the windows in the Administration building, New Sign board, Pine Tree and Jackson Drive Outfall projects and other Storm Sewer Projects.

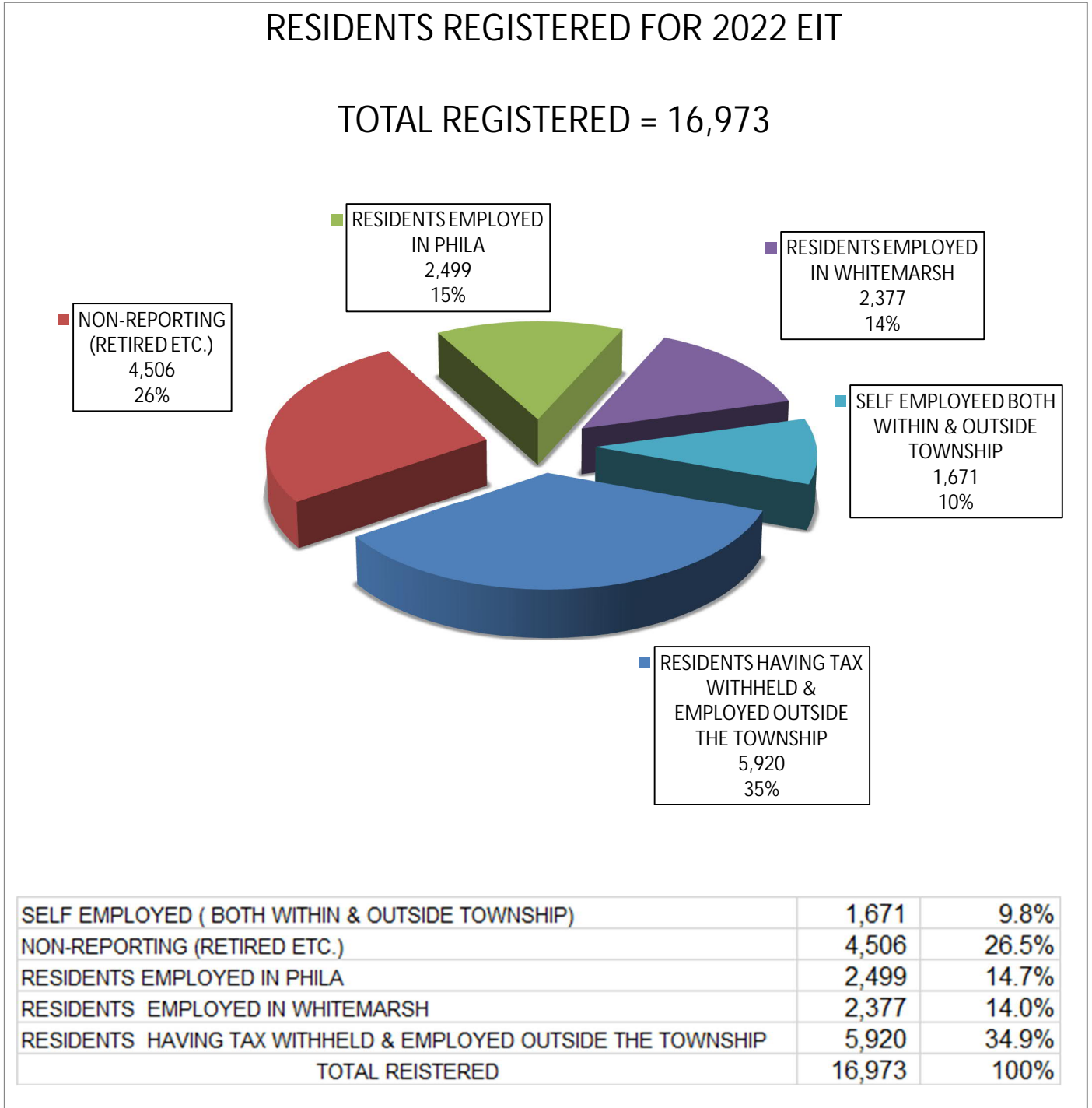
The Township’s Capital Reserve Fund utilizes a combination of loan proceeds from the 2014 TD Bank loan and 2018 Series Bond, coupled with reserves established from prior year favorable operating results to fund future capital expenditure needs. A proposed listing of capital needs based upon departmental request is reviewed by the Township Manager and the Director of Finance and presented to the Board of Supervisor as part of the annual budget process. An approved Capital Reserve Fund Budget is prepared based upon the Township Manager’s Three-Year Capital Plan after the projects are reviewed by the Board of Supervisors.

On August 28, 2014, the Township borrowed \$6 million from TD Bank for stormwater-related infrastructure improvements. In 2022 Capital Reserve Fund expenditures total \$816,218. The expenditures totaling \$816,218 were funded by the 2014 TD Bank Loan and from Interfund transfers from the General Fund.



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Graphs shown below depict the distribution of registered residents for the 2022 earned income tax between residents and non-residents, in addition to the non-reporting individuals.

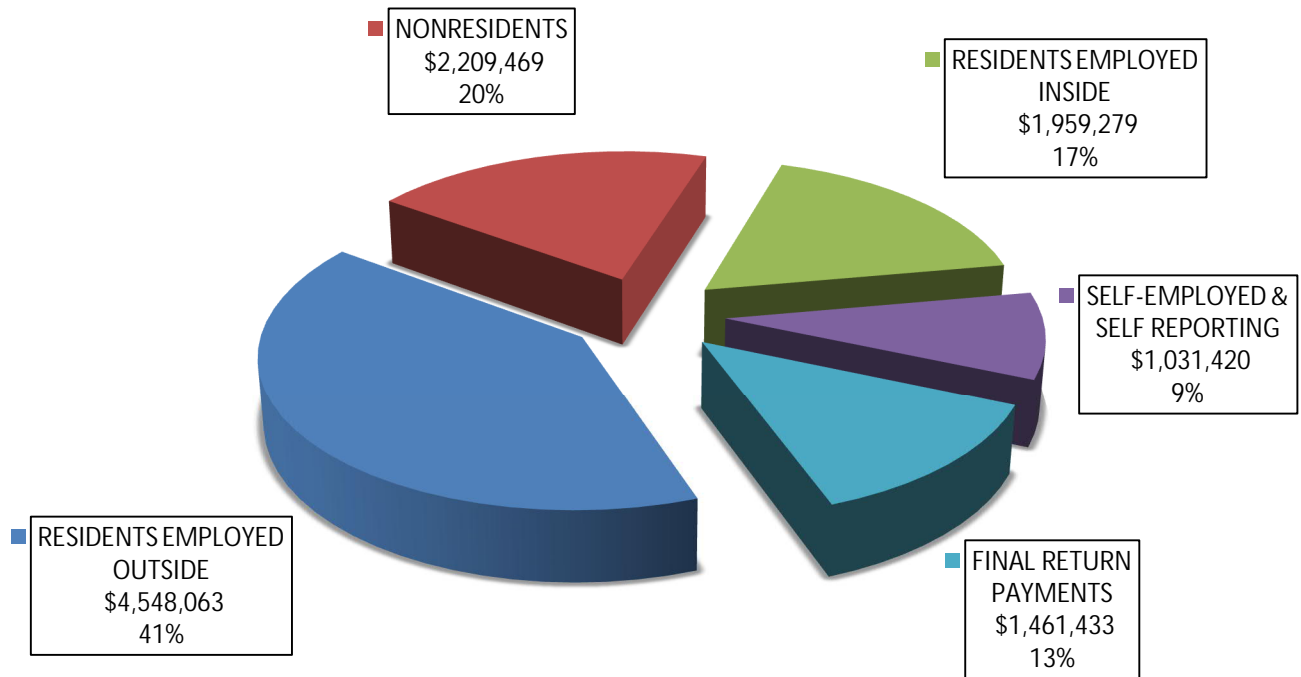


WHITEMARSH TOWNSHIP
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The graph below depicts the sources of \$11,209,664 Earned Income Tax received (cash basis) for 2022. The 2022 cash collections increased by \$1,255,689 from the 2021 level of \$9,953,975. The 12.6% increase in yearly cash collections is attributed to increase reporting from self-reporting individuals.

SOURCE OF EARNED INCOME TAX 2022

TOTAL EARNED INCOME TAX = \$11,209,664



- RESIDENTS EMPLOYED OUTSIDE
- NONRESIDENTS
- RESIDENTS EMPLOYED INSIDE
- SELF-EMPLOYED & SELF REPORTING
- FINAL RETURN PAYMENTS

RESIDENTS EMPLOYED OUTSIDE	\$4,548,063	41%	
NONRESIDENTS	\$2,209,469	20%	
RESIDENTS EMPLOYED INSIDE	\$1,959,279	17%	
SELF-EMPLOYED & SELF REPORTING	\$1,031,420	9%	
FINAL RETURN PAYMENTS	\$1,461,433	13%	
	\$11,209,664	100%	

WHITEMARSH TOWNSHIP
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Preservation of Open Space

The Hill at Whitemarsh

In accordance with the Whitemarsh Township Open Space Plan, Whitemarsh Township has adopted Ordinance #796, establishing "The Hill at Whitemarsh" and Adjacent Open Space Tax Increment Financing District" (The Hill TIF) for a period of twenty years. The Township thereby allocates 100% of the positive real estate tax increments to be collected from The Hill TIF during the term of the district and remits such tax increments to the Redevelopment Authority of Montgomery County for the payment of the costs of acquiring open space adjacent to "The Hill at Whitemarsh" development. Likewise, the Colonial School District and Montgomery County have also dedicated and appropriated their respective share of positive real estate tax increments from The Hill District to the Redevelopment Authority.

Preliminary estimates show the Township amount of tax increment revenues dedicated to the TIF Project by Whitemarsh Township based on an estimated post-completion assessed value of \$67,696,000 is approximately \$100,000 annually. As of December 31, 2016, 100% of the dwelling units in Phase I of The Hill at Whitemarsh are complete and available for occupancy. The assessment for The Hill at Whitemarsh is \$58,994,140 as of December 31, 2022. Tax increment revenues paid to the TIF Project by Whitemarsh Township during 2022 amounted to \$70,734.

Acquisition of the Angus and Sheep Tracts

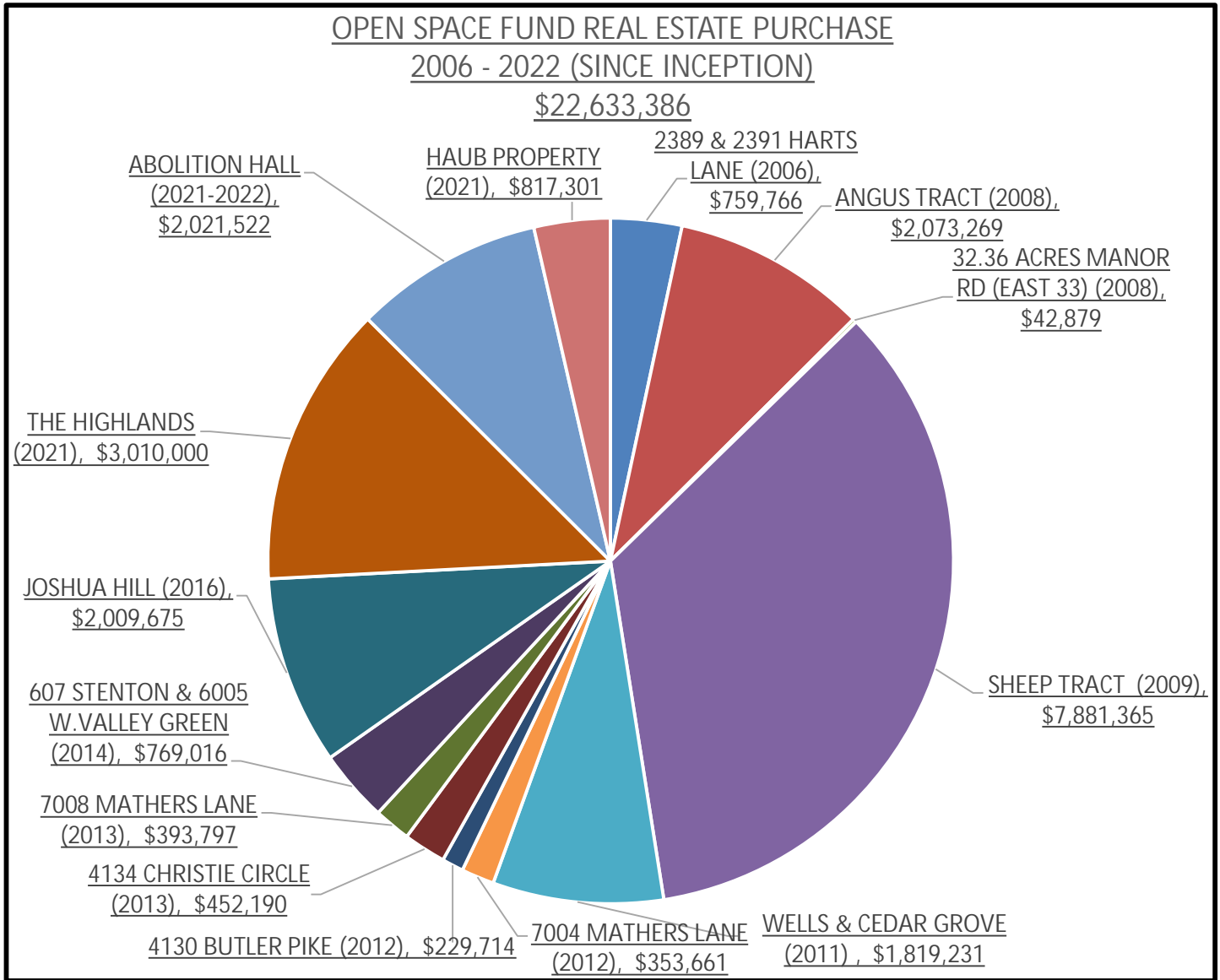
In a question appearing on the November 7, 2007, General Election Ballot, 62% of Whitemarsh Township residents voted in favor of adopting an increase of .25% in the earned income tax rate for the purpose of land preservation pursuant to Act 153, Open Space Lands Act. The Township Board of Supervisors enacted the .25% increase effective January 1, 2007, to fund the preservation of open space.

Revenues from the .25% increase generated \$3,076,154 for the preservation of Open Space in 2022. The debt service for the acquisition of both the Angus Tract and the Sheep Tract will be funded through the use of funds dedicated for this purpose in accordance with the Open Space Lands Act (Act 153) and raised in connection with an increase in the Township's Earned Income Tax, pursuant to a referendum approved by the Township's electors on November 7, 2006. An additional source of funding for the Angus Tract acquisition is the commitment of 100% of the positive real property tax increments collected on behalf of the Township from the Hill at Whitemarsh and Adjacent Open Space Tax Increment Financing District in accordance with a payment in Lieu of Taxes Agreement entered into by the Township, the Tax-Increment Financing District and Whitemarsh Continuing Care Retirement Community, a Pennsylvania not-for-profit corporation.

Acquisition and Maintenance of Properties from the Open Space Reserve Fund

In 2013, the Township began funding a reserve for the maintenance of properties purchased with Open Space Funds. In addition to funds being used for property maintenance, improvement, and upkeep, funds held in reserve can also be utilized for the acquisition of additional property at Board discretion. The maintenance reserve balance as of December 31, 2022, is \$1,668,405. Since the inception of the Open Space Fund, the Township has acquired properties totaling \$22,633,386.

**WHITEMARSH TOWNSHIP
Management’s Discussion and Analysis
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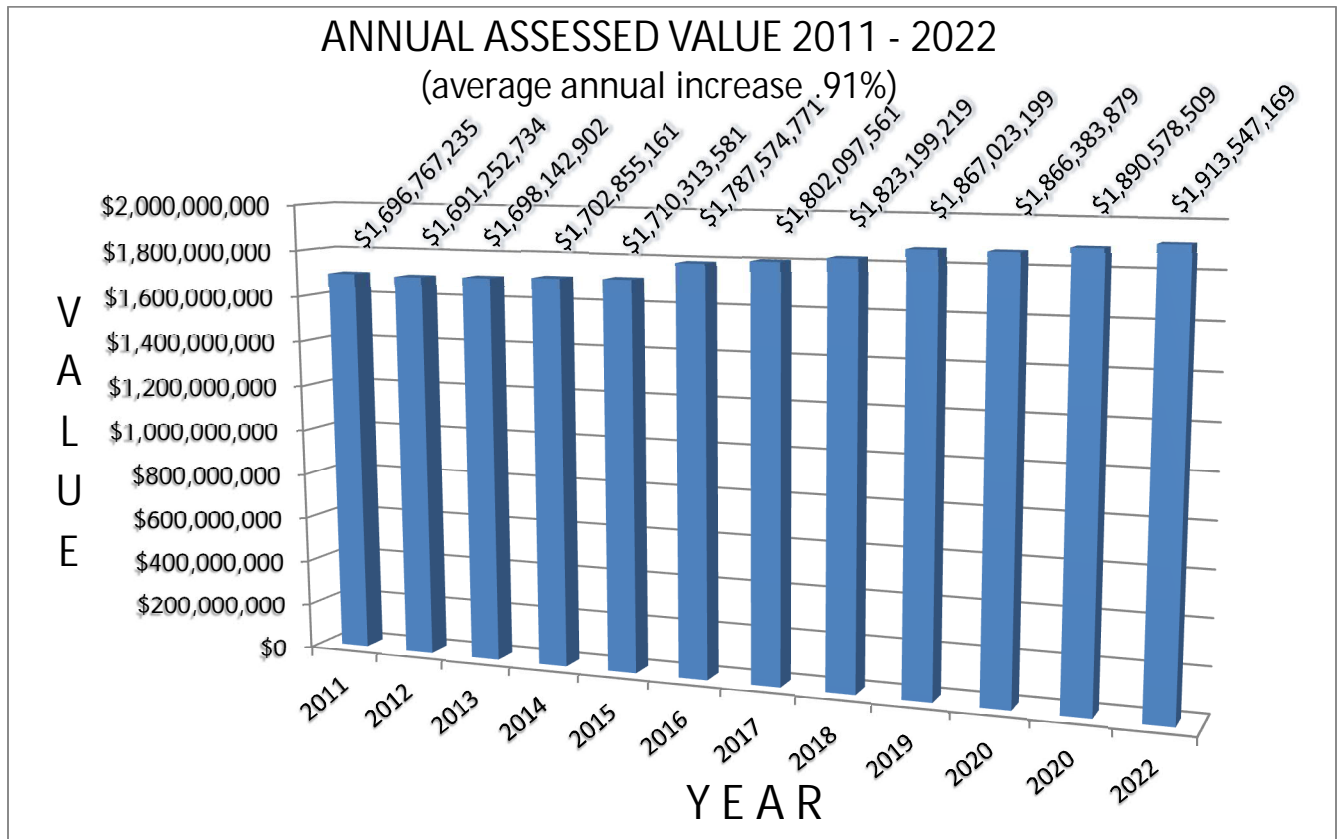


- The Board of Supervisors executed a contract in 2017 for \$29,920 with *Bergmann* (Architects, Engineers, and Planners with home offices in Rochester, NY) for a Selective Update of the 2003 Comprehensive Plan. A comprehensive plan is a policy document intended to guide growth and development of the Township for approximately the next decade; its content is guided by the state Planning Code, known as the PA Municipalities Planning Code. The Update was intended to cover the Land Use and Housing elements of the 2003 Plan. However, goals, policies, and proposed implementation actions were actually developed in four areas of concern: Land Use; Housing; Circulation; and Quality of Life (the latter two as they affected and were affected by, the Land Use and Housing elements). During the course of the Update process, the contract with *Bergmann* was amended in July 2018 and July 2019 for preparation for, and attendance at additional meetings found necessary to obtain all required input and review. The final approved cost of the Selective Update was \$42,500.

WHITEMARSH TOWNSHIP
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A Steering Committee directed the work of the consultant; the Steering Committee included representatives of Township Staff, various Township Boards and Commissions, as well as representatives of the development and real estate communities. Work sessions were held with the Township Planning Commission at strategic junctures and a full review and revisions were completed by the Commission prior to recommending the draft document to the Board of Supervisors. Three dedicated public meetings were also held during development of the Plan. The Planning Commission recommended adoption of the draft Plan to the Board of Supervisors after holding a public meeting (required by the state Planning Code,) in October 2020. The Board adopted the *Selective Comprehensive Plan Update* on November 12, 2020, after holding a public hearing (also required by the state Planning Code).

- The Township strives to maintain a balance between preserving open space, attracting new business, and increasing the value of residential property. The Township has seen slight increases in the overall assessed value of the Township since 2018 in addition to the positive increases of revenue generated from the earned income tax, business taxes and real estate transfer taxes. While we have not had an increase to the general fund millage since 2001, the Township did increase the fire millage in 2020 to 0.4869 mils setting the overall Township millage to 2.3633 in 2020. The graph below provides an overview of the change in assessed value over the last ten years.



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The Township conducts single-stream curbside recycling collection for approximately 5,514 residences on a weekly basis. The Township has entered into a Commodity Value Reimbursement Agreement for single-stream residential recycle marketing services. The contract calls for a reimbursement rate equal to the excess of average commodity revenue less a \$70 threshold. The monthly tonnage is multiplied by the excess average commodity revenue value subject to a \$15 minimum floor. In 2022, we received \$15,813 in revenue for single-stream curbside recycling collection.

In 2008, Whitemarsh Township executed Cable Franchise Agreements with two major cable services providers for the use of Township rights-of-way in providing cable services to subscribers located within Whitemarsh Township. The aforementioned agreements provide for the payment of franchise fees to the Township for the use of the right-of-ways for the purpose of constructing, operating, and maintaining cable systems throughout the Township. In 2018, the Township renewed its agreement with Comcast for an additional ten years. The amount of revenue generated by the franchise fee during 2021 was \$460,332. Annual revenues from Cable Franchise Fees going forward are expected to approximate \$460,000 per year. Initial revenues from the franchise fee were used to finance the production and implementation of the Whitemarsh Township Cable TV system, which became fully operational during 2011, with live broadcasting of public meetings. As part of the Franchise Agreement, Cable Services Providers agreed to supply the Township with one educational and one governmental channel for the exclusive use by the Township. In addition, as a part of the 2018 Cable Franchise agreement renewal, Comcast provided the Township with a one-time educational and governmental access capital grant in the amount of \$30,000 used in support of the production of local educational and governmental channel programming or any other cable or technology. The channels will be used for programming related to community, governmental, and/or educational activities in order to inform the citizenry by highlighting community activities, showing local government at work, and responding to the local community and educational needs. The Township shall have complete control over the content, scheduling, administration, and all other programming aspects of the various channels supplied. As of the report date, the Township is in the process of negotiating new cable contracts with Verizon.

Fire Companies and Ambulance financial aid include Township appropriations approved as part of the budget process along with in-kind contributions in the form of items paid by the Township on their behalf such as gasoline and audit costs, paid driver reimbursements, pay-per-call allocation, gasoline, insurance, and additional Life Support Crew. Library allocations included an annual appropriation plus the value attributed to “in-kind” expenditures such as audit, payroll processing, accounting, snow removal, and landscaping services provided by the Township to the Library.

	2022	2021
Fire Companies and Ambulance	\$ 1,327,915	\$ 1,255,073
William Jeanes Memorial Library	\$ 951,871	\$ 764,651

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
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Regional Street Lighting Procurement Program

Whitemarsh Township participated in the Pennsylvania Sustainable Energy Financing Program for the conversion of existing street lighting to more efficient LED lighting. The Township elected to pay for the \$348,443 conversion costs to Johnson Controls with available funds from the Light and Hydrant Fund rather than financing the costs resulting in savings of \$27,220 in interest costs over the five-year term of the proposed loan. The 2021 energy cost savings fell within the expected \$36,707 cost savings benefit projections. Total project expenditures for the conversion costs of \$283,175 are comprised of payments to Johnson Controls of \$262,039, accrued retainage of \$13,792, along with consulting fees of \$7,344. The projected savings include the effect of contracts with Constellation to lock in lower utility rates for transmission and generation costs through December 2022. The Township entered into a five-year sub-agreement with the Reserve (a Homeowners Association) to recoup \$14,503 of street lighting improvement costs at 2% over a five year (60-month term) commencing September 1, 2017 and ending on August 1, 2022. The Township received \$2,034 from this agreement in 2022.

Contacting the Township's Financial Management

This financial report is designed to provide Whitemarsh Township's citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Questions concerning this report or requests for additional financial information can be directed to the Finance Department of Whitemarsh Township, 616 Germantown Pike, Lafayette Hill, PA 19444, or visit our website at "www.whitemarshtwp.org."

WHITEMARSH TOWNSHIP
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Primary Government Governmental Activities	Component Units	
		Whitemarsh Township Authority	William Jeanes Memorial Library
<u>Assets and Deferred Outflows of Resources</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 18,940,173	\$ 1,131,127	\$ 753,705
Investments	9,314,883	-	156,048
Accounts Receivable	-	511,438	-
Taxes Receivable	927,167	-	-
Due from Primary Government	-	-	9,550
Other Receivable	1,367,733	25,837	-
<u>Total Current Assets</u>	<u>30,549,956</u>	<u>1,668,402</u>	<u>919,303</u>
<u>Restricted Assets</u>			
Cash, Escrow Funds - Developers	-	113,236	-
<u>Capital Assets</u>			
Land and Conservation Easements	29,419,486	862,410	62,979
Construction in Progress	-	4,510,228	-
Infrastructure - Sewer System (Net)	-	17,421,909	-
Intangible Right to Use Lease (Net)	-	1,807	-
Infrastructure - Other (Net)	12,296,012	-	-
Building and Improvements (Net)	2,683,679	-	3,013,860
Equipment (Net)	348,548	-	86,891
Vehicles (Net)	700,532	-	-
<u>Total Capital Assets</u>	<u>45,448,257</u>	<u>22,796,354</u>	<u>3,163,730</u>
<u>Total Assets</u>	<u>75,998,213</u>	<u>24,577,992</u>	<u>4,083,033</u>
<u>Deferred Outflows of Resources</u>			
Pension	4,693,549	-	-
Other Postemployment Benefit Plan	2,647,380	-	-
<u>Total Deferred Outflows of Resources</u>	<u>7,340,929</u>	<u>-</u>	<u>-</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 83,339,142</u>	<u>\$ 24,577,992</u>	<u>\$ 4,083,033</u>

(Continued)

The accompanying notes are an integral part of the financial statements

WHITEMARSH TOWNSHIP
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2022

	Primary Government Governmental Activities	Component Units	
		Whitemarsh Township Authority	William Jeanes Memorial Library
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>			
<u>Current Liabilities</u>			
Accounts Payable and Accrued Expenses	\$ 1,277,076	\$ 762,923	\$ 69,584
Due to Component Units	-	-	-
Due to Primary Government	-	7,105	-
Unearned Revenue	1,638,219	937,037	-
Current Portion of Lease Obligations	-	1,481	-
Current Portion of Bonds and Notes Payable	710,000	539,600	-
<u>Total Current Liabilities</u>	<u>3,625,295</u>	<u>2,248,146</u>	<u>69,584</u>
<u>Non-Current Liabilities</u>			
Escrow Deposits - Developers	-	113,236	-
Bonds and Notes Payable, Net Current Portion and Unamortized Bond Premium	12,015,006	9,868,750	-
Lease Obligation, net of current portion	-	344	-
Compensated Absences	2,101,430	-	-
Net Pension Liability	5,080,959	-	-
Net Other Postemployment Benefit Plan Liability	10,333,833	-	-
<u>Total Non-Current Liabilities</u>	<u>29,531,228</u>	<u>9,982,330</u>	<u>-</u>
<u>Total Liabilities</u>	<u>33,156,523</u>	<u>12,230,476</u>	<u>69,584</u>
<u>Deferred Inflows of Resources</u>			
Pension	233,757	-	-
Other Postemployment Benefit Plan	3,702,439	-	-
<u>Total Deferred Inflows of Resources</u>	<u>3,936,196</u>	<u>-</u>	<u>-</u>
<u>Net Position</u>			
Net Investment in Capital Assets	32,723,251	12,386,179	-
Restricted	12,048,753	-	2,640,197
Unrestricted	1,474,419	(38,663)	1,373,252
<u>Total Net Position</u>	<u>46,246,423</u>	<u>12,347,516</u>	<u>4,013,449</u>
<u>Total Liabilities, Deferred Inflows of Resources, and Net Position</u>	<u>\$ 83,339,142</u>	<u>\$ 24,577,992</u>	<u>\$ 4,083,033</u>

The accompanying notes are an integral part of the financial statements

WHITEMARSH TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
					Primary Government - Governmental Activities	Whitemarsh Township Authority	William Jeanes Memorial Library
<u>Primary Government</u>							
<u>Governmental Activities:</u>							
General Government	\$ 1,597,744	\$ 130,550	\$ 439,329	\$ -	\$ (1,027,865)		
Public Safety - Police	9,719,216	-	585,391	-	(9,133,825)		
Public Safety - Other	1,865,485	-	208,880	-	(1,656,605)		
Public Works - Sanitation	2,258,106	1,877,873	80,142	-	(300,091)		
Public Works - Highway	5,127,657	-	812,680	-	(4,314,977)		
Culture and Recreation	1,556,726	-	164,912	-	(1,391,814)		
Conservation of Natural Resources	82,102	-	-	-	(82,102)		
Community Development	81,917	-	-	-	(81,917)		
Interest on Long Term Debt	441,346	-	-	-	(441,346)		
Total Governmental Activities	<u>22,730,299</u>	<u>2,008,423</u>	<u>2,291,334</u>	<u>-</u>	<u>(18,430,542)</u>		
<u>Component Units</u>							
Whitemarsh Township Authority	4,207,861	3,910,939	-	-	(296,922)		
William Jeanes Memorial Library	1,278,977	5,564	975,781	-	-		(297,632)
Total Component Units	<u>5,486,838</u>	<u>3,916,503</u>	<u>975,781</u>	<u>-</u>	<u>(296,922)</u>		<u>(297,632)</u>
General Revenues							
Real Estate Taxes				4,755,663	-		-
Real Estate Transfer Taxes				1,037,881	-		-
Earned Income Taxes				10,902,855	-		-
Business Gross Receipts Taxes				3,034,344	-		-
Other Act 511 Taxes				782,041	-		-
Investment Income				310,725	4,039		14,597
Sales of Fixed Assets				29,082	14,100		-
Fines and Forfeits				42,150	-		-
Licenses and Permits				716,507	-		-
Refunds of PY Expenditures				51,764	-		-
Special Assessments				2,034	-		-
Rent and Cable Fees				511,906	-		-
Miscellaneous Revenue				1,490,493	139,725		-
<u>Total General Revenues</u>				<u>23,667,445</u>	<u>157,864</u>		<u>14,597</u>
<u>Change in Net Position</u>				5,236,903	(139,058)		(283,035)
<u>Net Position - Beginning of Year</u>				<u>41,009,520</u>	<u>12,486,574</u>		<u>4,296,484</u>
<u>Net Position - End of Year</u>				<u>\$ 46,246,423</u>	<u>\$ 12,347,516</u>		<u>\$ 4,013,449</u>

The accompanying notes are an integral part of the financial statements

WHITEMARSH TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General	Capital Reserve	Open Space Reserve	Non- Major Funds	Total Governmental Funds
<u>Assets</u>					
Cash and Cash Equivalents	\$ 4,631,203	1,747,189	\$ 5,718,076	\$ 6,843,705	\$ 18,940,173
Investments	4,781,812		4,533,071	-	9,314,883
Taxes Receivable	336,361	-	516,439	74,367	927,167
Other Receivables	1,358,178	-	-	9,555	1,367,733
<u>Total Assets</u>	<u>\$ 11,107,554</u>	<u>\$ 1,747,189</u>	<u>\$ 10,767,586</u>	<u>\$ 6,927,627</u>	<u>\$ 30,549,956</u>
<u>Liabilities, Deferred Inflows of Resources, and Net Position</u>					
<u>Liabilities</u>					
Accounts Payable and Accrued Liabilities	\$ 349,238	\$ 82,923	4,500	\$ 47,358	\$ 484,019
Accrued Wages Payable	166,545	-	-	30,279	196,824
Other Accrued Expenses	518,991	-	-	-	518,991
Unearned American Rescue Plan Revenue	-	-	-	1,638,219	1,638,219
Other Liabilities	756	-	-	-	756
<u>Total Liabilities</u>	1,035,530	82,923	4,500	1,715,856	2,838,809
<u>Deferred Inflows of Resources</u>					
Unavailable Real Estate Taxes	65,325	-	-	226,870	292,195
<u>Total Deferred Inflows of Resources</u>	65,325	-	-	226,870	292,195
<u>Fund Balance</u>					
Restricted	-	-	-	4,984,901	4,984,901
Assigned for:					
Budget for 2023	2,575,872	-	-	-	2,575,872
Business Tax Refunds	500,000	-	-	-	500,000
Other Postemployment Benefits	512,425	-	-	-	512,425
Capital Projects and Improvements	-	1,664,266	-	-	1,664,266
Acquisition of Other Equipment	-	-	10,763,086	-	10,763,086
Unassigned Fund Balance	6,418,402	-	-	-	6,418,402
<u>Total Fund Balances</u>	10,006,699	1,664,266	10,763,086	4,984,901	27,418,952
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 11,107,554</u>	<u>\$ 1,747,189</u>	<u>\$ 10,767,586</u>	<u>\$ 6,927,627</u>	<u>\$ 30,549,956</u>

The accompanying notes are an integral part of the financial statements

WHITEMARSH TOWNSHIP
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
 TO STATEMENT OF NET POSITION
 DECEMBER 31, 2022

Total Governmental Fund Balances \$ 27,418,952

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:

Cost of assets	\$ 58,297,376	
Accumulated depreciation	<u>(12,849,119)</u>	45,448,257

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and Note Payable	12,725,006	
Accrued Interest Expense	57,764	
Compensated Absences	2,101,430	
Net Pension Liability, Net of Related Deferred Outflows and Deferred Inflows of Resources	621,167	
Net Other Postemployment Benefits, Net of Related Deferred Outflows of Resources	<u>11,388,892</u>	(26,894,259)

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

292,195

Internal Service Fund Consolidation

(18,722)

Net Position of Government Activities

\$ 46,246,423

The accompanying notes are an integral part of the financial statements

WHITEMARSH TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Capital Reserve	Open Space Reserve	Non- Major Funds	Total Governmental Funds
<u>Revenues</u>					
Real Estate Taxes	\$ 4,149,317	\$ -	\$ -	\$ 606,346	\$ 4,755,663
Real Estate Transfer Taxes	1,037,881	-	-	-	1,037,881
Earned Income Taxes	7,826,701	-	3,076,154	-	10,902,855
Business Gross Receipt Taxes	3,034,344	-	-	-	3,034,344
Other Act 511 Taxes	782,041	-	-	-	782,041
Licenses and Permits	716,507	-	-	-	716,507
Grants	-	-	-	80,142	80,142
Fines and Forfeits	42,150	-	-	-	42,150
Interest Earnings	146,090	6,255	105,039	53,341	310,725
Rents and Cable Fees	511,906	-	-	-	511,906
Intergovernmental Revenues	962,555	264,161	-	984,476	2,211,192
Charges for Services	148,217	-	-	1,860,206	2,008,423
Special Assessments	-	-	-	2,034	2,034
Miscellaneous Revenues	79,821	219,646	-	1,191,026	1,490,493
Total Revenues	19,437,530	490,062	3,181,193	4,777,571	27,886,356
<u>Expenditures</u>					
General Government	3,792,697	2,800	2,764,885	287,904	6,848,286
Public Safety - Police	7,800,772	65,233	-	-	7,866,005
Public Safety - Other	1,747,138	15,810	-	-	1,762,948
Public Works - Sanitation	-	-	-	2,231,505	2,231,505
Public Works - Highway and Streets	3,301,693	714,511	-	490,902	4,507,106
Culture and Recreation	197,908	17,864	-	1,197,149	1,412,921
Conservation of Natural Resources	-	-	82,102	-	82,102
Community Development	80,795	-	-	-	80,795
Debt Service - Principal	681,000	-	-	-	681,000
Debt Service - Interest	258,599	-	207,285	-	465,884
Total Expenditures	17,860,602	816,218	3,054,272	4,207,460	25,938,552
<u>Excess of Revenues Over (Under)</u>					
<u>Expenditures</u>	1,576,928	(326,156)	126,921	570,111	1,947,804
<u>Other Financing Sources (Uses)</u>					
Proceeds from Sale of Fixed Assets	29,082	-	-	-	29,082
Refund of Prior-Year Expenditures	45,799	-	-	5,965	51,764
Transfers In	-	550,000	-	1,264,839	1,814,839
Transfers Out	(1,814,839)	-	-	-	(1,814,839)
Total Other Financing Sources and Uses	(1,739,958)	550,000	-	1,270,804	80,846
Net Changes in Fund Balances	(163,030)	223,844	126,921	1,840,915	2,028,650
<u>Fund Balances - Beginning of Year</u>	<u>10,169,729</u>	<u>1,440,422</u>	<u>10,636,165</u>	<u>3,143,986</u>	<u>25,390,302</u>
<u>Fund Balances - End of Year</u>	<u>\$ 10,006,699</u>	<u>\$ 1,664,266</u>	<u>\$ 10,763,086</u>	<u>\$ 4,984,901</u>	<u>\$ 27,418,952</u>

The accompanying notes are an integral part of the financial statements

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

Net Changes in Fund Balances - Governmental Funds \$ 2,028,650

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from outlays in the period

Depreciation Expense	\$ (1,090,053)	
Capital Outlays, net of disposals	<u>5,319,337</u>	4,229,284

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. In addition, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of bond and note principal	681,000	
Amortization of bond premium	<u>24,538</u>	705,538

Internal Service Funds are reported as proprietary funds in the fund statement but are consolidated in the entity wide statements. (10,128)

In the statement of activities, compensated absences are measured by the amount earned during the year. In the governmental funds, expenditures are measured by the amounts actually paid. (521,126)

The net change in the net pension asset, as well as the change in related deferred outflows of resources, is reported in the statement of activities, but is not reported in the fund financial statements. (1,094,518)

The net change in the net OPEB liability, as well as the change in related deferred outflows, is reported in the statement of activities, but is not reported in the fund financial statements (102,213)

Governmental funds report revenues related to prior periods as current financial resources. However, in the statement of activities, these amounts are not included as current year revenue. In addition, revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,416

Change in Net Position of Governmental Activities \$ 5,236,903

The accompanying notes are an integral part of the financial statements

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

	<u>Assets</u>	<u>Internal Service Funds</u>
<u>Current Assets</u>		
Cash and Cash Equivalents		\$ -
<u>Total Current Assets</u>		<u>-</u>
<u>Noncurrent Assets:</u>		
<u>Capital Assets</u>		
Fleet Garage (Net)		57,735
Equipment (Net)		<u>31,408</u>
<u>Total Capital Assets</u>		<u>89,143</u>
<u>Total Assets</u>		<u>\$ 89,143</u>
	<u>Liabilities and Net Position</u>	
<u>Current Liabilities:</u>		
Accounts Payable and Accrued Liabilities		\$ 12,568
Accrued Wages Payable		<u>6,154</u>
<u>Total Liabilities</u>		<u>18,722</u>
<u>Net Position</u>		
Investment in Capital Assets		89,143
Unrestricted		<u>(18,722)</u>
<u>Total Net Position</u>		<u>70,421</u>
<u>Total Liabilities and Net Position</u>		<u>\$ 89,143</u>

The accompanying notes are an integral part of the financial statements

WHITEMARSH TOWNSHIP
STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Internal Service Funds</u>
<u>Operating Revenues</u>	
Charges for Services	<u>\$ 349,961</u>
<u>Total Operating Revenues</u>	<u>349,961</u>
 <u>Operating Expenses</u>	
Business Expense	16,234
Contracted Services	45,905
Depreciation	-
Gas and Oil	6,424
Parts and Accessories	86,878
Repairs and Maintenance - Building	10,679
Salaries	165,791
Tires and Tubes	19,625
Tools	4,358
Utilities	<u>4,240</u>
<u>Total Operating Expenses</u>	<u>360,134</u>
<u>Change in Net Position</u>	(10,173)
<u>Net Position - Beginning of Year</u>	<u>80,594</u>
<u>Net Position - End of Year</u>	<u><u>\$ 70,421</u></u>

The accompanying notes are an integral part of the financial statements

WHITEMARSH TOWNSHIP
 STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Internal Service Funds
<u>Cash Flows from Operating Activities</u>	
Receipts from Interfund Services Provided	\$ 349,961
Payments to Suppliers	(184,170)
Payments to Employees	(165,791)
	-
<u>Net Cash and Cash Equivalents Provided by Operating Activities</u>	-
<u>Net Increase in Cash and Cash Equivalents</u>	-
<u>Cash and Cash Equivalents - Beginning of Year</u>	-
<u>Cash and Cash Equivalents - End of Year</u>	\$ -
<u>Reconciliation of Operating Income to Net Cash Used in Operating Activities</u>	
Loss from Operations	\$ (10,173)
Adjustments to Reconcile Loss From Operations to Net Cash and Cash Equivalents Used in Operating Activities:	
Depreciation	-
Change in Asset and Liabilities:	
Accounts Payable	6,671
Accrued Wages Payable	3,502
	-
<u>Net Cash and Cash Equivalents Provided by Operating Activities</u>	\$ -

The accompanying notes are an integral part of the financial statements

WHITEMARSH TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Component Unit Police Pension Fund	Custodial Fund
Additions		
Contributions		
Municipal Contributions	\$ 355,798	\$ -
Employee Contributions	246,988	-
Other Contributions	9,789	-
<u>Total Contributions</u>	<u>612,575</u>	<u>-</u>
<u>Investment Earnings</u>		
Net Increase in Fair Value of Investments	\$ (6,169,459)	\$ -
Interest and Dividends	1,055,350	464
Other	35,132	-
<u>Total Investment Earnings</u>	<u>(5,078,977)</u>	<u>464</u>
<u>Total Additions</u>	<u>(4,466,402)</u>	<u>464</u>
<u>Deductions</u>		
Benefits Paid	1,132,456	-
Developer Escrow Remittances	-	-
Administrative Expenses	77,872	47,000
<u>Total Deductions</u>	<u>1,210,328</u>	<u>47,000</u>
<u>Change in Net Postion</u>	<u>(5,676,730)</u>	<u>(46,536)</u>
Net Position - Beginning of Year	<u>32,141,945</u>	<u>1,320,740</u>
<u>Net Position - End of Year</u>	<u>\$ 26,465,215</u>	<u>\$ 1,274,204</u>

The accompanying notes are an integral part of the financial statements

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies

Whitemarsh Township complies with U.S. generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and more significant accounting policies are discussed in subsequent subsections of this Note.

A. The Financial Reporting Entity

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

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

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

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

- a. There is substantively the same governing body for both the primary government and the component unit; and there is a financial benefit or burden relationship between the primary government and the component unit, or the operational responsibility for the component unit rests with the management of the primary government.
- b. A component unit provides services entirely (or almost entirely) to the primary government or benefits the primary government exclusively (or almost exclusively).
- c. A component unit's debt, including leases, is expected to be repaid entirely or almost entirely with the primary government's resources.
- d. A component unit is incorporated as a not-for-profit corporation and the primary government is the sole corporate member.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

A discretely presented component unit is a separate legal entity that meets the component unit criteria described above but does not meet the criteria for blending. Those component units' financial statements are presented discretely in the primary government's government-wide financial statements.

Whitemarsh Township Authority (the "Authority") qualifies as a component unit of the Township. The Township appoints the members of the Authority's board. The financial statements of the Authority for the year ended December 31, 2021 have been summarized and discretely presented on the government-wide financial statements of the Township. Complete financial statements of the Authority can be obtained from their administrative offices.

The William Jeanes Memorial Library (the "Library") is a separate nonprofit entity, which operates independently of the Township but services the same geographic area. The Township makes significant contributions to the Library to finance its operations and has set aside a portion of its annual real estate tax collections for this purpose. The Township's Board of Supervisors appoints four members of the Library Board; the remaining three members are elected by its members. The financial statements of the Library for the year ended December 31, 2021 have been summarized and discretely presented on the government-wide financial statements of the Township. Complete financial statements of the Library may be obtained from their administrative offices.

Barren Hill Volunteer Fire Company, Spring Mill Fire Company No. 1, and Whitemarsh Community Ambulance Association receive contributions from the Township; however, most revenues generated by these entities are through other sources and, therefore, the entities are not deemed to be fiscally dependent on the Township. Each entity has its own governing board that is not appointed by the Township. Therefore, the financial statements of these entities are not included in the Township's financial statements.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole, including the discretely presented component units. These statements include all governmental activities of the Township but exclude fiduciary activities.

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

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

The effect of interfund activities has been eliminated from the government-wide financial statements.

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

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

Equity is classified as net position and can be displayed in three components:

- a. Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Unspent debt proceeds for capital purposes are added back to the net result.
- b. Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

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

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers real estate tax revenues, earned income tax revenues, and most other revenues to be available if collected within sixty days of the end of the fiscal year.

Revenues for state and federally funded projects are recognized at the time the expenditures are made. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received.

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

The Township reports the following major governmental funds:

- The General Fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.
- The Capital Reserve Fund (a Special Revenue Fund) was established to accumulate resources for storm water management, future equipment, and facilities maintenance expenditures. Revenues and other financing sources include governmental grants and transfers from the General Fund.
- The Open Space Reserve Fund was established to accumulate resources to protect and preserve undeveloped land and preserve open space and agricultural lands for the benefit of residents within the Township. The Township transfers, from the General Fund to the Open Space Reserve Fund, earned income tax revenue designated for land preservation.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Governmental fund balances are classified as follows:

- a. Nonspendable – includes fund balance amounts that cannot be spent either because the amounts are not in spendable form or are legally or contractually required to be maintained intact.
- b. Restricted – includes fund balance amounts that are restricted to specific purposes by external parties or by law through constitutional provisions or enabling legislation.
- c. Committed – includes fund balance amounts that can only be used for specific purposes due to formal action of the Township’s highest level of decision-making authority, which is the Whitemarsh Township Board of Supervisors. Formal action includes the adoption of ordinances or resolutions. Committed fund balance may also include resources that have been specifically committed for use in satisfying contractual requirements.
- d. Assigned – includes fund balance amounts that are constrained by the Township’s intent to be used for specific purposes but are not restricted or committed. All fund balance assignments are approved by the Board of Supervisors.
- e. Unassigned – includes the residual classification of fund balance of the General Fund, whether the amount is positive or negative. Other governmental funds may report negative unassigned fund balance if their expenditures exceed the amounts restricted, committed, or assigned to their fund purposes.

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

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

The Township has a “Designated General Fund Operating Reserve Policy” that sets a goal of maintaining a minimum fund balance for the General Fund in excess of the recommended minimum of 5% to 10% of operating expenditures prescribed by rating agencies. These assigned funds are segregated in an interest-bearing account and are intended to be used only for alleviating short-term budgetary problems such as unanticipated revenue shortfalls or budget overruns. Maintaining the size of the reserve above the recommended threshold stabilizes the Township’s tax structure and ensures provision of services to residents during times of fiscal uneasiness.

Proprietary Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments. The Garage Maintenance Fund is used to account for the maintenance of Township vehicles, which is reimbursed by various funds. A self-insurance fund is also included as an internal service fund and is used to accumulate reserves to pay for unemployment claims directly to the state employment insurance fund as opposed to paying an assessment based on annual payroll and claim experience. Operating revenues include charges for services provided to other departments of the Township; nonoperating revenues include interest earnings.

Proprietary fund financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Township in a trustee capacity or in a custodial capacity for individuals, government entities, or others. The Township has a private-purpose trust fund which accounts for all pension activity and is reported as a component unit. In addition, the Township has one private-purpose trust fund that accounts for Township employees’ salary deferrals, the funds of which are not available to the employees until termination, death, retirement, or an unexpected emergency. These trust funds are accounted for in essentially the same manner as proprietary funds since the measurement of the periodic net position and the determination of capital maintenance are critical.

The Township has two custodial funds. The Escrow Fund accounts for moneys paid by developers to be used for land subdivision costs. The Real Estate Tax Collector Fund accounts for collections and remittances of real estate taxes to Montgomery County and Whitemarsh Township. Custodial Funds use the accrual basis of accounting.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

C. Use of Estimates

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

D. Budgets

Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

E. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits, money market funds, amounts deposited with the Pennsylvania Local Government Investment Trust (“PLGIT”), and amounts deposited with the Pennsylvania Treasurer’s INVEST Program for Local Governments. Investments are stated at fair value.

F. Capital Assets

Capital assets, which include building and improvements, equipment, vehicles, and infrastructure, are reported in the government-wide financial statements and are recorded at cost (if known) or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs. Capital acquisition and construction related to governmental funds are reflected as expenditures in the fund financial statements. The Township threshold for capitalization is \$10,000.

The capital assets (net of salvage value) of governmental activities are depreciated using the straight-line method over the following estimated useful lives:

Building and Improvements	45 Years
Equipment	5 – 20 Years
Vehicles	5 Years
Infrastructure	30 Years

The capital assets of the Authority are depreciated over the following estimated useful lives:

Sewer System	45 Years
Equipment	10 – 15 Years
Vehicles	5 Years

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

G. Property Taxes

The tax on real estate in Whitemarsh Township for 2022 was 2.3633 mills (\$2.3633 per \$1,000 of assessed valuation) as levied by the Board of Supervisors. Assessed valuations of property are determined by Montgomery County. For 2021, taxes were billed on March 1 and were payable under the following terms: a 2% discount March 1 through May 31; full amount June 1 through August 31; and a 10% penalty after August 31. Unpaid real estate property taxes are returned to the County in January of the following year for the purpose of filing a lien and collecting the delinquent taxes.

H. Long-Term Obligations

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

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

I. Adopted GASB Pronouncements

The Township adopted the provisions of GASB Statement No. 87, *Leases*. The adoption of this statement has no effect on previously reported amounts.

The Township adopted the provisions of GASB Statement No. 91, *Conduit Debt Obligations*. The adoption of this statement has no effect on previously reported amounts.

The Township adopted the provisions of GASB Statement No. 92, *Omnibus 2020*. The adoption of this statement has no effect on previously reported amounts.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

I. Pending GASB Pronouncements

The Governmental Accounting Standards Board has issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement is required to be adopted by the Township for the year ending December 31, 2023.

The Governmental Accounting Standards Board has issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement is required to be adopted by the Township for the year ending December 31, 2023.

The Governmental Accounting Standards Board has issued GASB Statement No. 99, *Omnibus 2022*. This Statement is required to be adopted by the Township for the year ending December 31, 2023 and part of it for the year ending December 31, 2024.

The Governmental Accounting Standards Board has issued GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement is required to be adopted by the Township for the year ending December 31, 2024.

The Governmental Accounting Standards Board has issued GASB Statement No. 101, *Compensated Absences*. This Statement is required to be adopted by the Township for the year ending December 31, 2024.

The effect of implementation of these Statements has not yet been determined.

Note 2 Legal Compliance – Budgets

An annual budget is prepared for each governmental fund. The preliminary and final budgets are presented to the Board of Supervisors each year by November 1 and December 31, respectively.

Note 3 Deposits and Investments

A. Deposits

Custodial Credit Risk

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

As of December 31, 2022, the bank balances and the carrying amounts of deposits of the primary government in these financial statements are as follows:

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 3 Deposits and Investments (Continued)

A. Deposits (Continued)

	Carrying Amount	Bank Balance		
		Total	Covered by FDIC	Secured
Checking and Savings Accounts	\$ 10,399,436	\$ 11,400,851	\$ 250,000	\$ 11,150,851
Pennsylvania Local Government Investment Trust (PLGIT)	9,314,883	9,314,883	-	9,314,883
Total	<u>\$ 19,714,319</u>	<u>\$ 20,715,734</u>	<u>\$ 250,000</u>	<u>\$ 20,465,734</u>

Bank deposits not covered by federal depository insurance (“FDIC”) are uninsured but secured by U.S. Government-backed investments or secured on a pooled basis.

Credit Risk

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

B. Investments

Pennsylvania municipalities are required to invest funds consistent with sound business practice. Regarding the investments of the Township’s governmental funds, state statutes authorize the Township to invest in United States (U.S.) Treasury bills; short-term obligations of the U.S. government or its agencies or instrumentalities; deposit accounts, which include savings accounts and certificates of deposit as well as other time deposit type accounts available at banks, savings and loan associations, or credit unions; obligations of the U.S. government (other than Treasury bills) or its agencies or instrumentalities backed by full faith and credit; obligations of the Commonwealth of Pennsylvania or its agencies or instrumentalities backed by the full faith and credit of the Commonwealth or its political subdivisions; shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided that the only investments of that company are in the authorized investments for municipal funds; and certain commercial paper, bankers’ acceptances, and negotiable certificates of deposit. In addition, the Intergovernmental Cooperation Act 11 permits cooperative investment pools, such as the Pennsylvania Local Government Investment Trust and the State Treasurer’s Invest Program. In addition to these investments, the investments of fiduciary funds may include corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 3 Deposits and Investments (Continued)

A. Deposits (Continued)

Custodial Credit Risk

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

B. Investments

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The credit quality ratings as described by a nationally recognized statistical rating organization is disclosed for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. Unless contrary information exists, investments in obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

As of December 31, 2022, the Township's Governmental Activities had the following investments:

<u>Invstment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>
Certificates of Deposit	\$ 4,504,856	\$ 2,062,406	\$ 2,442,450	\$ -
U.S. Government Securities	4,810,027	4,810,027	-	-
	<u>\$ 9,314,883</u>	<u>\$ 6,872,433</u>	<u>\$ 2,442,450</u>	<u>\$ -</u>

The fixed income investment of the Police Pension Fund, totaling \$8,287,146 as of December 31, 2022, had the following credit quality ratings:

	<u>Market Value</u>	<u>Credit Quality Distribution - Standard & Poor's / Moody's</u>				
		<u>AAA/</u>	<u>AA/</u>	<u>A/</u>	<u>BBB/</u>	<u>Other</u>
		<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	
PFM Multi-Manager Fixed Income Fund	<u>\$ 8,287,146</u>	42.9%	5.9%	15.6%	20.8%	14.8%

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 3 Deposits and Investments (Continued)

Fair Value Measurement

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Corporate bonds are considered to be Level 2 investments and are valued based on quoted market prices and alternative investments are considered to be Level 3 with no observable inputs.

The Township had the following investments according to the Fair Value Hierarchy at December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Governmental Funds			
Certificates of Deposit	\$ 4,504,856	\$ -	\$ -
U.S. Government Securities	4,810,027	-	-
Police Pension Trust Funds			
Mutual Funds - Equity	15,607,276	-	-
Mutual Funds - Fixed Income	8,287,146	-	-
Other Alternative Investments	-	-	1,042,278
Total	<u>\$ 33,209,305</u>	<u>\$ -</u>	<u>\$ 1,042,279</u>

A portion of the Township's investments are in the PLGIT program, of which are funds similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as investments in a State Treasurer's investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PLGIT investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at December 31, 2022, is \$9,187,991. These assets maintain a stable net asset value of \$1 per share. All investments are monitored weekly by Standard & Poor's and are subject to an independent audit on an annual basis. As of December 31, 2022, the Township's investments in the state investment pool was rated AAAM by Standard & Poor's.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79. The Township had \$9,314,883 invested in a PLGIT/PRIME account which limits redemptions or exchanges to two per calendar month.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 4 Unearned Revenue

Primary Government

Unearned revenue on the Statement of Net Position and the Balance Sheet – Governmental Funds, totaling \$960,026 as of December 31, 2022, represents unspent American Rescue Plan receipt.

Component Unit – Whitemarsh Township Authority

Unearned revenue totaling \$937,037 as of December 31, 2022 represents charges for services to be provided in the subsequent fiscal year.

Note 5 Deferred Inflows and Outflows of Resources

A. Government-Wide Financial Statements

Police Pension Plan

As described in Note 11, as of December 31, 2022, the Township reported deferred outflows of resources totaling \$4,693,549 related to changes of assumptions and differences between projected and actual investment earnings and deferred inflows of resources totaling \$233,757 related to differences between expected and actual experience.

Other Postemployment Benefit Plan

As described in Note 14, as of December 31, 2022, the Township reported deferred outflows of resources totaling \$2,647,380 related to changes of assumptions, and contributions subsequent to measurement date, and deferred inflows of resources totaling \$3,702,439 related to differences between expected and actual experience and changes in assumptions.

B. Fund Financial Statements

Deferred inflows of resources on the Balance Sheet – Governmental Funds represent revenue earned but not subject to recognition in the fund financial statements because the revenues are not currently available. These resources, totaling \$292,195, include liened by the Township. These resources have been recognized as revenue in the government-wide financial statements.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 6 Capital Assets

B. Township

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

	Balance - 1/1/2022	Additions	Disposals	Balance - 12/31/2022
<u>Governmental Activities</u>				
Capital Assets, not being Depreciated:				
Land and Conservation Easements	\$ 24,659,486	\$ 4,760,000	\$ -	\$ 29,419,486
Total Capital Assets not being Depreciated	<u>24,659,486</u>	<u>4,760,000</u>	<u>-</u>	<u>29,419,486</u>
Capital Assets, being Depreciated:				
Buildings and Improvements	4,817,229	253,273	(25,012)	5,045,490
Furniture and Equipment	2,878,635	42,935	(120,841)	2,800,729
Vehicles	3,779,355	305,951	(48,038)	4,037,268
Infrastructure	17,006,252	8,400	(20,249)	16,994,403
Total Capital Assets being Depreciated	<u>28,481,471</u>	<u>610,559</u>	<u>(214,140)</u>	<u>28,877,890</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,246,522)	(133,154)	17,865	(2,361,811)
Furniture and Equipment	(2,417,960)	(139,234)	105,013	(2,452,181)
Vehicles	(3,072,872)	(300,301)	36,437	(3,336,736)
Infrastructure	(4,184,630)	(517,364)	3,603	(4,698,391)
Total Accumulated Depreciation	<u>(11,921,984)</u>	<u>(1,090,053)</u>	<u>162,918</u>	<u>(12,849,119)</u>
Total Capital Assets being Depreciated, Net	<u>16,559,487</u>	<u>(479,494)</u>	<u>(51,222)</u>	<u>16,028,771</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,218,973</u>	<u>\$ 4,280,506</u>	<u>\$ (51,222)</u>	<u>\$ 45,448,257</u>

B. Township

Governmental Activities:

General Government	\$ 86,869
Public Safety - Police	188,070
Public Safety - Other	102,537
Public Works - Sanitation	26,601
Public Works - Highway	556,358
Culture and Recreation	128,494
Community Development	<u>1,122</u>
Total	<u>\$ 1,090,052</u>

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 6 Capital Assets (Continued)

B. Component Units

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

Whitemarsh Township Authority

	Balance - 1/1/2022	Additions	Reductions	Transfers	Balance - 12/31/2022
Capital Assets, not being Depreciated:					
Land	\$ 862,410	\$ -	\$ -	\$ -	\$ 862,410
Construction in Progress	1,311,224	3,199,004	-	-	4,510,228
Total Capital Assets not being Depreciated	<u>2,173,634</u>	<u>3,199,004</u>	<u>-</u>	<u>-</u>	<u>5,372,638</u>
Capital Assets, being Depreciated:					
Sewer System	25,150,860	230,670	-	-	25,381,530
Maintenance equipment	2,627,621	59,578	-	-	2,687,199
Furniture and fixtures	507,995	-	-	-	507,995
Vehicles	253,359	48,250	(24,250)	-	277,359
Building	1,605,577	-	-	-	1,605,577
Land Improvements	466,335	-	-	-	466,335
Intangible Right to Use Lease	4,735	-	-	-	4,735
Total Capital Assets being Depreciated	<u>30,616,482</u>	<u>338,498</u>	<u>(24,250)</u>	<u>-</u>	<u>30,930,730</u>
Less Accumulated Depreciation for:					
Sewer System	(11,122,776)	(418,606)	-	-	(11,541,382)
Machinery and Equipment	(1,364,742)	(186,295)	-	-	(1,551,037)
Furniture and fixtures	(30,239)	(75,933)	-	-	(106,172)
Vehicles	(253,359)	(1,607)	24,250	-	(230,716)
Buildings	(16,725)	(40,139)	-	-	(56,864)
Land improvements	(5,386)	(12,529)	-	-	(17,915)
Total Accumulated Depreciation	<u>(12,793,227)</u>	<u>(735,109)</u>	<u>24,250</u>	<u>-</u>	<u>(13,504,086)</u>
Less Accumulated Depreciation for:					
Intangible Right to Use Lease	(1,464)	(1,464)	-	-	(2,928)
Total Accumulated Depreciation	<u>(1,464)</u>	<u>(1,464)</u>	<u>-</u>	<u>-</u>	<u>(2,928)</u>
Total Capital Assets being Depreciated, Net	<u>17,821,791</u>	<u>(398,075)</u>	<u>-</u>	<u>-</u>	<u>17,423,716</u>
Business Type Activities Capital Assets, Net	<u>\$ 19,995,425</u>	<u>\$ 2,800,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,796,354</u>

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 6 Capital Assets (Continued)

B. Component Units (Continued)

William Jeanes Memorial Library

	Balance - 1/1/2022	Additions	Disposals	Balance - 12/31/2022
Capital Assets, not being Depreciated:				
Land Improvements	\$ 62,979	\$ -	\$ -	\$ 62,979
Total Capital Assets not being Depreciated	<u>62,979</u>	<u>-</u>	<u>-</u>	<u>62,979</u>
Capital Assets, being Depreciated:				
Buildings and Improvements	5,157,302	-	-	5,157,302
Equipment	551,184	-	-	551,184
Totals at Estimated Historical Cost	<u>5,708,486</u>	<u>-</u>	<u>-</u>	<u>5,708,486</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,005,229)	(138,213)	-	(2,143,442)
Equipment	(440,285)	(24,008)	-	(464,293)
Total Accumulated Depreciation	<u>(2,445,514)</u>	<u>(162,221)</u>	<u>-</u>	<u>(2,607,735)</u>
Total Capital Assets being Depreciated, Net	<u>3,262,972</u>	<u>(162,221)</u>	<u>-</u>	<u>3,100,751</u>
Totals	<u>\$ 3,325,951</u>	<u>\$ (162,221)</u>	<u>\$ -</u>	<u>\$ 3,163,730</u>

Note 7 Long-Term Debt

A. Primary Government

Bonds Payable

On September 25, 2018, the Township issued General Obligation Bonds, Series of 2018, totaling \$9,790,000. The proceeds of the bonds were used for the current refunding of the Township's outstanding General Obligation Note, Series of 2009 and to provide funds for certain capital projects.

The bonds are stated to mature on November 15th of each year from 2021 through 2032, with remaining principal payments due in 2035 and 2039, with interest payable semiannually on May 15th and November 15th of each year. The interest rate on the bonds ranges from 3% to 4%. Debt service payments for this series are made from the General Fund and the Open Space Fund.

The proceeds of the Note Payable – Series of 2014 – TD Bank are being used for various capital projects. The interest rate on this note is equal to the “applicable tax-exempt rate” as follows: until November 15, 2021, 2.31%; for the period from November 15, 2021 until November 15, 2029, the lesser of 50% of the Wall Street Journal Prime Rate (adjusted annually) or a fixed rate of 5%; and for the period November 15, 2029 until the maturity date, the lesser of 50% of the Wall Street Journal Prime Rate (adjusted annually) or a fixed rate of 6%. Interest is payable semi-annually on May 15th and November 15th, principal is payable annually on November 15th, and the final maturity is on November 15, 2039. Debt service payments for this series are made from the General Fund and the Open Space Fund.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 7 Long-Term Debt (Continued)

A. Primary Government (Continued)

The following is a summary of bonds and notes payable of the primary government as of December 31, 2022.

General Obligation Bonds, Series of 2018	\$	7,925,000
Note Payable, Series of 2014		4,389,000
Total Bonds and Notes Payable	\$	12,314,000

Maturities of debt on the above loans are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 710,000	\$ 476,210	\$ 1,186,210
2024	734,000	453,110	1,187,110
2025	758,000	429,200	1,187,200
2026	783,000	404,480	1,187,480
2027-2031	4,414,000	1,526,520	5,940,520
2032-2036	3,097,000	702,520	3,799,520
2037-2041	1,818,000	147,280	1,965,280
Total Due in Future Years	\$ 12,314,000	\$ 4,139,320	\$ 16,453,320

Compensated Absences

The Township's vacation policy encourages employees to take vacation time in the year that it is earned. The Township will permit an employee to carry up to 5 days of unused vacation time into the next calendar year and will pay an employee for up to 5 unused days accrued within any calendar year.

For all new or current employees hired after December 1, 2006, the Township permits accumulation of up to 60 days of sick leave. Any employee hired after December 1, 2006 who has accumulated 60 or more days of sick leave may elect to sell back to the Township a maximum of 10 days of unused sick leave at 20% of the employee's daily base pay rate for each unused day of sick leave annually.

Employees who have accumulated more than 60 days prior to December 1, 2006 may continue to accumulate up to 10 days of sick leave per year and may use the sick leave days during the year or sell those sick leave days back to the Township at the rate of 20% of the employee's daily base pay rate for each unused day of sick leave. However, these sick leave days shall not be added to the days previously banked. These employees may retain the sick leave that they have accumulated before the policy change or use any sick leave as they need to use in accordance with the Township's sick leave policy. No more than 10 days of sick leave may be sold back to the Township in a year. There are no dollar values attached to any unused sick leave when an employee leaves the Township regardless of the reason that the employee leaves.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 7 Long-Term Debt (Continued)

A. Primary Government (Continued)

All payments related to compensated absences are made from the Township's General Fund.

Other Long-Term Debt

The Township's net other postemployment benefits obligation is described in Note 14. The Township's net pension liability is described in Note 11. All payments related to other postemployment benefits and pension liabilities are made from the Township's General Fund.

Changes in Long-Term Debt

The following summarizes the changes in long-term debt for the primary government for the year ended December 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and Notes Payable	\$ 12,995,000	\$ -	\$ 681,000	\$ 12,314,000	\$ 710,000
Bond Premium	435,544	-	24,538	411,006	-
Bonds and Notes Payable, Net	<u>13,430,544</u>	<u>-</u>	<u>705,538</u>	<u>12,725,006</u>	<u>710,000</u>
Compensated Absences	1,580,304	521,126	-	2,101,430	-
Net Pension Liability	-	5,080,959	-	5,080,959	-
Net OPEB Liability	10,548,861	-	215,028	10,333,833	-
Totals	<u>\$ 25,559,709</u>	<u>\$ 5,602,085</u>	<u>\$ 920,566</u>	<u>\$ 30,241,228</u>	<u>\$ 710,000</u>

B. Whitemarsh Township Authority

On April 14, 2011, the Board of Supervisors of the Township passed an ordinance to guarantee new debt incurred by Whitemarsh Township Authority (the "Authority"), totaling up to \$8,000,000, for which the proceeds were to be used by the Authority to finance certain improvements and upgrades to the sanitary conveyance and treatment facilities serving the Township, construct new sewage collection facilities serving a portion of the Township, repay a Township loan used to finance the purchase and installation of certain sludge equipment for the Authority's wastewater treatment plant, and to pay the costs and expenses of the financing. The debt was secured by a pledge of the receipts and revenues of the Authority and a Guarantee of the Township.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 7 Long-Term Debt (Continued)

B. Whitemarsh Township Authority (Continued)

On April 14, 2011, the Board of Supervisors of the Township passed an ordinance to guarantee new debt incurred by Whitemarsh Township Authority (the "Authority"), totaling up to \$8,000,000, for which the proceeds were to be used by the Authority to finance certain improvements and upgrades to the sanitary conveyance and treatment facilities serving the Township, construct new sewage collection facilities serving a portion of the Township, repay a Township loan used to finance the purchase and installation of certain sludge equipment for the Authority's wastewater treatment plant, and to pay the costs and expenses of the financing. The debt was secured by a pledge of the receipts and revenues of the Authority and a Guarantee of the Township.

Effective April 23, 2014, the Authority refinanced its Sewer Revenue Note, Series of 2011 (the "2011 Note") with a Sewer Revenue Note, Series of 2014 with Univest Bank and Trust Co. in the amount of \$10,000,000 (the "2014 Note"). Proceeds from the 2014 Note were used to pay the principal and accrued interest through the payoff date of the 2011 Note, fund closing costs of the 2014 Note, and provide funds for new projects of the Authority. Under the 2014 Note, interest accrues at 2.55% through June 1, 2021, and thereafter at 67% of the then current prime rate plus 50 basis points, but in no event shall the rate be greater than 5.25% or less than 2.55%. Semiannual interest payments began on December 1, 2014, with principal payments beginning on December 1, 2015. The Authority received advances on the loan through April 30, 2017. The Authority is required to maintain a debt service coverage ratio of at least 1.05 to 1 on an annual basis and covenants that its receipts and revenues are at all times sufficient to pay 105% of the debt service requirement. As a result of this refinancing, the Township is no longer a guarantor of the Authority.

On March 10, 2020, the Authority refinanced its Sewer Revenue Note, Series of 2014 (the "2014 Note") with a Sewer Revenue Note, Series A of 2020 (the "2020 A Note") with First National Bank & Trust Company of Newtown in the amount of \$8,362,000. Proceeds from the 2020 A Note were used to pay the principal and accrued interest through the payoff date of the 2014 Note on March 10, 2020 and fund closing costs of the 2020 A Note. Under the 2020 A Note, interest accrues at 2.05% through June 1, 2030 and a variable rate thereafter with an interest rate cap of 4.75% through maturity on December 1, 2038. Semiannual interest payments begin on June 1, 2020 with principal payments beginning on December 1, 2020. The Authority covenants that its receipts and revenues are sufficient to fund the debt service requirement of the 2020 A Note.

On March 31, 2020, the Authority borrowed \$3,524,500, Sewer Revenue Note, Series AA of 2020 (the "2020 AA Note") with Phoenixville Federal Bank & Trust. Proceeds from the 2020 AA Note will be used to fund the related closing costs and to provide funds for new capital projects of the Authority. Under the 2020 AA Note, interest accrues at 2.75% through maturity on December 1, 2039. Semiannual interest payments commence on June 1, 2020 with principal payments beginning on December 1, 2021. The Authority covenants that its receipts and revenues will be sufficient to fund the debt service requirements.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 7 Long-Term Debt (Continued)

B. Whitemarsh Township Authority (Continued)

Debt Maturities

The annual requirements to amortize principal and interest under the 2020 Notes are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 539,600	\$ 236,312	\$ 775,912
2024	551,460	224,356	775,816
2025	563,690	212,127	775,817
2026	576,170	199,648	775,818
2027	588,941	186,871	775,812
2028-2032	2,901,390	977,704	3,879,094
2033-2037	3,207,510	672,577	3,880,087
2038-2039	1,479,589	71,956	1,551,545
Total Debt Service	10,408,350	<u>\$ 2,781,551</u>	<u>\$ 13,189,901</u>
Less: Current Maturities	(539,600)		
Net Long-term Debt	<u>\$ 9,868,750</u>		

Changes in Sewer Revenue Notes for the year ended December 31, 2022 were as follows:

	Beginning Balance	Reductions	Ending Balance	Amount Due Within One Year
Series A of 2020	\$ 7,534,020	\$ 402,940	\$ 7,131,080	\$ 411,600
Series AA of 2020	3,402,140	124,870	3,277,270	128,000
Totals	<u>\$ 10,936,160</u>	<u>\$ 527,810</u>	<u>\$ 10,408,350</u>	<u>\$ 539,600</u>

Note 8 Commitments

Capital Project Commitments

As of December 31, 2022, the Township had outstanding capital project and other commitments totaling \$1,738,482.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 9 Contingent Liabilities

Grants

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

Other

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

Note 10 Interfund Transfers and Balances

During 2022, the Township executed the following interfund transfers:

<u>Transferred From</u>	<u>Transferred To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Capital Reserve Fund	Equipment	\$ 550,000
General Fund	Light and Hydrant Fund	Operational costs	23,000
General Fund	Park Fund	Operational costs	124,685
General Fund	Capital Equipment Reserve	Equipment	100,000
General Fund	Refuse Fund	Operational costs	350,000
General Fund	Liquid Fuels Fund	Operational costs	667,154

Note 11 Police Pension Plan

A. Plan Description and Provisions

All of the Township’s full-time police employees participate in a single employer defined benefit pension plan, as established by Ordinance No. 248 on June 25, 1970, most recently amended by Ordinance No. 836 dated July 12, 2007.

As of December 31, 2022, pension plan membership consisted of the following participants:

Active Employees	34
Inactive Members Currently	
Receiving Benefits	27
Inactive Members Entitled to	
But not yet Receiving Benefits	<u>2</u>
Total	<u><u>63</u></u>

*Includes 2 members in the DROP

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 11 Police Pension Plan (Continued)

A. Plan Description and Provisions (Continued)

The pension plan provides retirement benefits as well as death and disability benefits. All benefits vest at 10 years of credited service for employees hired before January 28, 2001; otherwise, vesting occurs after 12 years of service. Employees who retire at or after age 50 with 25 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 55% of their final 36 months average compensation. Employees hired after January 28, 2001 receive 50% of their final average compensation. This benefit is increased \$20 per month per year of service in excess of 25 years, subject to a maximum benefit of \$100 per month. Final average salary is the employee's average base salary, longevity, and holiday pay over the last 36 months of credited service. A reduced benefit is available for participants who retire with 20 or more years of service.

Members can be required to contribute up to 8% of base pay to the Act 600 Plan, which can be waived depending on the actuarial soundness of the Plan, as determined by the Plan actuary. Currently, police employees are required to contribute 5% to the plan. If an employee leaves covered employment and is ineligible to receive a benefit after having made contributions to the pension plan, the employee or designated beneficiary will be eligible to receive accumulated employee contributions plus related investment earnings. The Township is required by statute, principally Pennsylvania Act 205, to contribute the remaining amounts necessary to meet the Minimum Municipal Obligation of the Plan after the application of state aid and employee contributions. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Death Benefits

A lifetime survivor's benefit must be provided to the surviving spouse (or if no spouse survives or if he or she subsequently dies, the child or children under 18 years of age or if attending college, under or attaining the age of 23) equal to 100% of the pension the member was receiving or would have been entitled to receive had he or she been retired at the time of death. Pensions for the families of members killed in service shall be calculated at 100% of the member's salary at the time of death. The Plan was previously required to provide a killed-in-service benefit in accordance with Act 30. Effective October 9, 2009, the Governor signed legislation that provides for these payments to be made by the state.

Life Insurance

Life insurance of \$12,000 is provided. This insurance is paid upon officer's death.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 11 Police Pension Plan (Continued)

A. Plan Description and Provisions (Continued)

Cost of Living Increases

A review of cost of living for retirees is made every year during the term of the current contract, and the Township may grant a cost of living increase to current retirees equal to the percentage increase in the U.S. Consumer Price Index for Wage Earnings and Clerical Workers for the Philadelphia Area as determined by this cost of living review. In no case may the total pension benefit exceed 75% of the retiree's final average salary, nor may the total cost of living increase exceed 30% of the retiree's initial benefit.

B. Summary of Significant Accounting Policies

Fiduciary Fund

The pension plan utilizes the accrual basis of accounting. The pension plan is reflected as a fiduciary fund component unit in these financial statements; however, separate stand-alone financial statements for the pension plan are not issued. Employer contributions are recognized when due as required by Act 205 of the Commonwealth. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Governmental Fund Financial Statements

Governmental funds utilize the modified accrual basis of accounting. Employer contributions are recognized when due as required by Act 205 of the Commonwealth.

Government-wide Financial Statements

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the Township reports its net pension liability or asset in the Statement of Net Position.

Investments

Investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price.

Summary by Type

Investments held as of December 31, 2022 are summarized as follows:

Mutual Funds - Fixed Income:		
PFM Multi Manager Fixed Income Fund	\$	8,287,146
Mutual Funds - Equity:		
PFM Multi Manager Domestic Equity Fund		9,955,879
PFM Multi Manager International Equity Fund		5,651,397
Other Investments		1,042,278
Total	<u>\$</u>	<u>24,936,700</u>

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 11 Police Pension Plan (Continued)

C. Plan Investments

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on plan investments was (19.5%). The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

D. Contributions and Funding Policy

Act 205 of the Commonwealth requires that annual contributions be based upon the Minimum Municipal Obligation (MMO). The MMO is based upon the Plan's biennial actuarial valuation. The State provides an allocation of funds that must be used for pension funding. Any financial requirement established by the MMO which exceeds the State and employee contributions must be funded by the employer in accordance with Act 205.

Contributions to the Police Pension Plan for 2022 totaled \$355,798 from the Township, \$246,988 from employees.

The total pension liability and net pension asset were measured as of December 31, 2022, was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The components of the changes in the total pension liability, plan fiduciary net position, and net pension asset of the Police Pension Plan for the year ended December 31, 2022 are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Service Cost	\$ 641,030	\$ -	\$ 641,030
Interest on Total Pension Liability	2,377,414	-	2,377,414
Changes for Experience	-	-	-
Changes of Assumptions	-	-	-
Employer Contributions	-	355,798	(355,798)
Employee Contributions	-	246,988	(246,988)
Other Contributions	-	-	-
Net Investment	-	(5,147,060)	5,147,060
Benefit Payments	(1,132,456)	(1,132,456)	-
Administrative Expenses	-	-	-
Net Changes	<u>1,885,988</u>	<u>(5,676,730)</u>	<u>7,562,718</u>
Balances as of December 31, 2021	29,660,187	32,141,946	(2,481,759)
Balances as of December 31, 2022	<u>\$ 31,546,175</u>	<u>\$ 26,465,216</u>	<u>\$ 5,080,959</u>

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 11 Police Pension Plan (Continued)

E. Net Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

In the government-wide financial statements for the year ended December 31, 2022, the Township recognized pension expense totaling \$1,450,317 for the Police Pension Plan. As of December 31, 2022, the Township reported deferred outflows of resources totaling \$4,693,549 related to changes of assumptions, and deferred inflows of resources totaling \$233,757 related to differences between expected and actual experience and differences between projected and actual investment earnings. The amounts reported as deferred outflows and inflows of resources related to the Police Pension Plan will be recognized in pension expense as follows:

Year	Deferred Outflows	Deferred Inflows
2023	\$ 587,200	\$ 65,744
2024	1,070,180	32,784
2025	1,428,394	32,784
2026	1,607,775	102,445
2027	-	-
	\$ 4,693,549	\$ 233,757

Actuarial Assumptions

In accordance with regulations under Act 205 of 1984, all actuarial assumptions are selected jointly by the actuary and the governing body of the pension plan. Significant actuarial assumptions are presented below.

Actuarial Valuation Date	1/1/21
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period	N/A
Asset Valuation Method	Market Value
Inflation	3.00%
Projected Salary Increase	5.00% (average, including inflation)
Investment Rate of Return	7.50% (including inflation)
Retirement Age	The later of age 51, or age at the completion of 25 years of service
Mortality Rates	PubS-2010 mortality table including rates for disabled retirees and contingent survivors. Rates projected generationally using using Scale MP-2020 to reflect mortality improvement.

Actuarial assumptions are based on experience with police pension plans statewide and standard nationwide mortality tables. Due to the size of the plan, actuarial experience studies are not considered credible and are not performed for the plan.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 11 Police Pension Plan (Continued)

E. Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	40.00%	5.50% - 7.50%
International Equity	21.00%	4.50% - 6.50%
Fixed Income	38.00%	1.00% - 3.00%
Cash	1.00%	0.00% - 1.00%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Township has always met the funding requirements of the Pennsylvania Law Act of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the pension plans, calculated using the discount rate of 7.5%, as well as what the net pension liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1- percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Net Pension Liability	\$ 9,050,148	\$ 5,080,959	\$ 1,789,865

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 12 Non-Uniform Pension Plan

A. Plan Description and Provisions

The Whitemarsh Township Non-Uniformed Pension Plan (Whitemarsh Township 401(a) Plan) is a single employer defined contribution Profit Sharing Plan controlled by the provisions of Ordinance No. 475. The original effective date was January 1, 1986, restated with an effective date of January 1, 2021.

Eligibility Requirements and Benefit Provisions

The eligibility requirements and benefit provisions of Whitemarsh Township Non-Uniformed Pension Plan are as follows:

- Eligibility – All employees of the employer are eligible employees.
- Normal Retirement – Age 65 (Not to exceed 65)
- Retirement Benefit – Total value of the member’s employee contribution account and the member’s Township contribution account, including all member contributions, Township contributions and investment earnings.
- Contribution – Members may contribute to the plan three to six percent of annual salary. Township contributions match the members’ contributions up to six percent. Members may make additional contributions over 6% to a maximum of 15% which will not be matched by the Township. All contributions up to 6% are made pre-tax; employee contributions in excess of 6% are made post-tax. Contributions to the plan totaled \$365,246 in 2022.
- Investments – Members are permitted to direct investments.

Note 13 Whitemarsh Township 457(b) Defined Contribution Plan

On January 1, 1986, the Township established a defined contribution 457(b) pension plan to provide pension benefits for all employees. The Plan was amended and restated effective January 1, 2020. Under the plan, an individual received his own account to which all contributions are made. The employee determines how his/her account is invested. Contributions to the plan totaled \$414,607 in 2022.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 14 Other Postemployment Benefit Plan

The Township provides other postemployment health care insurance to employees who retire from the Township who meet certain minimum age and service requirements. GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, requires governments to account for other postemployment benefits (OPEB) Plan on an accrual basis. The effect is the recognition of an actuarially-determined expense on the statement of activities when a future retiree earns their post-employment benefits, rather than when they use their postemployment benefits. The postemployment benefit liability is recognized on the statement of net position over time.

A. Plan Description

The Whitemarsh Township Postemployment Benefits Plan (the Plan) is a single employer defined benefit plan, administered by the Township, for which the provisions are established by Township ordinance. The Plan is not accounted for as a trust fund since an irrevocable trust has not been established to account for the plan. The Plan does not issue a stand-alone financial report. The activity of the Plan is reported in the Township's General Fund.

B. Plan Benefits

Police Officers

The Township provides a postemployment medical benefit for police officers who retire after having attained the age of 50 and after having been employed by the Township as an officer for at least 25 years. For officers who retired prior to January 1, 2008, the Township agrees to provide full payment of annual medical insurance premiums for the lifetime of both the retiree and spouse. A Medicare-eligible spouse will continue receiving benefits from the Township's medical plan until the retiree becomes Medicare eligible, and the Plan pays primary in coordination with Medicare. Once the retiree becomes Medicare-eligible, the Township agrees to provide full payment toward coverage through the Aetna Medicare Advantage plan. Dental insurance is available through the Township as long as the retiree pays the full premium.

In the event of a retiree's death, post-retirement medical benefits will continue for the surviving spouse for his or her lifetime, fully paid by the Township.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 14 Other Postemployment Benefit Plan (Continued)

B. Plan Benefits (Continued)

For officers who retire on or after January 1, 2008 but prior to January 1, 2011, the Township agrees to provide full payment for the least expensive annual medical insurance premiums being provided by the Township to the retiree for a period not to exceed ten years. A Medicare-eligible spouse will continue receiving benefits from the Township’s medical plan until the retiree becomes Medicare eligible, and the plan pays primary in coordination with Medicare. Once the retiree becomes Medicare eligible, the Township agrees to provide coverage through the Aetna Medicare Advantage plan. Dental insurance is available through the Township as long as the retiree pays the full premium. Spousal coverage is available through the Township as long as the retiree pays the full premium. In the event of a retiree’s death, port-retirement medical benefits may continue to the surviving spouse for this or her lifetime, as long as the spouse pays the full premium. The retiree may continue coverage through the Township after the twelve-year period as long as the retiree pays the full premium. All retired officers will be eligible to purchase dependent coverage.

For officers who retire on or after January 1, 2011, the Township agrees to provide full payment of the least expensive annual medical insurance premiums being provided by the Township to the retiree and spouse for a period not to exceed twelve years. The retiree may continue coverage through the Township after the twelve-year period as long as the retiree pays the full premium. A Medicare-eligible spouse will continue receiving benefits from the Township’s medical plan until the retiree becomes Medicare eligible., and the plan pays primary in coordination with Medicare. Coverage through the Township ceases once the retiree becomes Medicare eligible. Dental insurance is available through the Township as long as the retiree pays the full premium. In the event of a retiree’s death, post-retirement medical benefits will continue to the surviving spouse as if the retiree had not died.

If an officer becomes disabled, he or she may continue coverage through the Township by paying the full premium.

As of January 1, 2022, the following police employees were covered by the benefit terms:

Active Participants	36
Vested Former Participants	4
Retired Participants	<u>19</u>
Total	<u><u>59</u></u>

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 14 Other Postemployment Benefit Plan (Continued)

B. Plan Benefits (Continued)

Non-Uniformed Personnel

Postemployment medical benefits to a retiree and/or spouse may be granted on an individual basis, as determined by the Township, as long as the retiree pays the full premium. If an employee becomes disabled, he or she may continue coverage through the Township by paying the full premium.

As of January 1, 2022, the following employees were covered by the benefit terms:

Active Participants	40
Vested Former Participants	0
Retired Participants	<u>0</u>
Total	<u><u>40</u></u>

C. Total OPEB Liability

The Township's total OPEB liability of \$10,333,833 was measured as of December 1, 2022, based on an actuarial valuation as of the same date.

D. Actuarial Assumptions and Other Inputs

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

Health Care Cost Trend Rate

6.5% in 2022, 6.0% in 2023, and 5.5% in 2024-25. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Discount Rate

The discount rate of 2.25% was based on the Standard & Poor's Municipal Bond 20-Year High Grade Rate Index at January 1, 2022. The previous actuarial valuation assumed a discount rate of 3.26%.

Salary Increases

An assumption for salary increases of 5% is used only for spreading contributions over future pay under the entry age normal cost method.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 14 Other Postemployment Benefit Plan (Continued)

D. Actuarial Assumptions and Other Inputs (Continued)

Mortality and Disability Rates

Police: PubS-2010 Mortality Table including rates for disabled retirees and contingent survivors. Non-Uniformed: PubG-2010 Mortality Table including rates for disabled retirees and contingent survivors.

Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Retirement

Police: Latest of age 53, age at the completion of 27 years of service, or age on valuation date. Non-Uniformed: Later of age 65 or age on valuation date.

It is assumed non-uniformed employees will retire at the later of age 65 or their age on the valuation date; that 5% of eligible non-uniformed employees elect coverage under the Plan; and 50% of participants elect coverage upon disability.

Eighty percent of employees are assumed to be married and have a spouse covered by the Plan at retirement. No non-spouse dependents are assumed.

Actuarial Experience Studies

Due to the size of the plan, actuarial experience studies are not considered credible and are not performed for the Plan.

Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

Actuarial Cost Method

Under the Entry Age Normal Cost Method, the normal cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The accrued liability as of the valuation date is the excess of the present value of future benefits over the present value of future normal cost. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets. Actuarial gains and losses serve to reduce or increase the unfunded accrued liability.

Participant Data

Participant data is based on information as of January 1, 2022.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 14 Other Postemployment Benefit Plan (Continued)

E. Changes in Total OPEB Liability

	Total OPEB Liability
OPEB liability as of January 1, 2022	\$ 12,847,968
Changes for the year:	
Service cost	567,904
Interest	255,248
Change in Benefit Terms	-
Differences between expected and actual experience	(2,278,301)
Assumption changes	(707,235)
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments	(351,751)
Net Changes	(2,514,135)
OPEB liability as of December 31, 2022	\$ 10,333,833

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

The following presents the total OPEB liability of the Township, as well as what the Township’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current discount rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB liability	\$ 11,403,775	\$ 10,333,833	\$ 9,386,506

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

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 9,149,523	\$ 10,333,833	\$ 11,720,157

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 14 Other Postemployment Benefit Plan (Continued)

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

For the year ended December 31, 2021, the Township recognized an OPEB expense of \$958,074. As of December 31, 2021, the Township reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,734,011
Changes in Assumptions	2,392,254	968,428
Contributions Subsequent to Measurement Date	255,126	-
Total	<u>\$ 2,647,380</u>	<u>\$ 3,702,439</u>

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

For the Year Ending June 30:	Amount
2023	\$ (114,062)
2024	(114,062)
2025	(114,062)
2026	(114,062)
2027	(114,062)
Thereafter	(739,875)
Total	<u>\$ (1,310,185)</u>

Note 16 Excess of Expenditures Over Appropriation

For the year ended December 31, 2022, expenditures exceed appropriations in the following General Fund Department levels (the legal level of budgetary control):

Public Safety - Police	\$ 36,727
Transfers Out	\$ 1,067,154

These excess expenditures were funded by available fund balance in the General Fund.

Whitemarsh Township
Notes to Financial Statements
December 31, 2022

Note 16 Excess of Expenditures Over Appropriation (Continued)

For the year ended December 31, 2022, expenditures exceed appropriations in the following Capital Reserve Fund Department levels (the legal level of budgetary control):

General Government	\$ 89,545
Public Safety - Highways and Streets	\$ 1,431,241
Public Safety - Other	\$ 4,190
Culture and Recreation	\$ 12,136

These excess expenditures were funded by available fund balance in the Capital Reserve Fund.

For the year ended December 31, 2022, expenditures exceed appropriations in the following Open Space Fund Department levels (the legal level of budgetary control):

General Government	\$ 2,735,885
Conservation of Natural Resources	\$ 13,702

These excess expenditures were funded by available fund balance in the Open Space Fund.

Note 17 Subsequent Events

The Township’s management has evaluated subsequent events to determine if events or transactions occurring through July 7, 2023, the date which the financial statements were available for issuance, require potential adjustment to, or disclosures in, the accompanying financial statements. Based upon the evaluation, the Township’s management did not identify any subsequent events other than the event noted above that require adjustment or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Whitemarsh Township
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2022

	Budget		Actual	Variance with Final Budget Positive
	Original	Final		
Revenues				
Real Estate Taxes	\$ 3,969,693	\$ 3,969,693	\$ 4,149,317	\$ 179,624
Real Estate Transfer Taxes	800,000	800,000	1,037,881	237,881
Earned Income Taxes	6,975,000	6,975,000	7,826,701	851,701
Business Gross Receipt Taxes	2,710,000	2,710,000	3,034,344	324,344
Other Act 511 Taxes	685,000	685,000	782,041	97,041
Licenses and Permits	560,000	560,000	716,507	156,507
Fines and Forfeits	40,000	40,000	42,150	2,150
Interest Earnings	10,000	10,000	146,090	136,090
Rents and Cable Fees	500,000	500,000	511,906	11,906
Intergovernmental Revenues	778,000	778,000	962,555	184,555
Charges for Services	142,000	142,000	148,217	6,217
Miscellaneous Revenues	137,500	137,500	79,821	(57,679)
Total Revenues	17,307,193	17,307,193	19,437,530	2,130,337
Expenditures:				
Current:				
General Government	4,003,783	4,003,783	3,792,697	211,086
Public Safety - Police	7,764,045	7,764,045	7,800,772	(36,727)
Public Safety - Other	2,057,650	2,057,650	1,747,138	310,512
Public Works - Sanitation	-	-	-	-
Public Works - Highway and Streets	3,485,439	3,485,439	3,301,693	183,746
Culture and Recreation	235,781	235,781	197,908	37,873
Community Development	104,630	104,630	80,795	23,835
Debt Service	1,093,766	1,093,766	939,599	154,167
Total Expenditures	18,745,094	18,745,094	17,860,602	884,492
Excess of Revenues over (under) Expenditures	(1,437,901)	(1,437,901)	1,576,928	3,014,829
Other Financing sources/(uses):				
Proceeds from Sale of Fixed Assets	20,000	20,000	29,082	9,082
Refund of Prior-Year Expenditures	120,000	120,000	45,799	(74,201)
Transfers In	-	-	-	-
Transfers Out	(747,685)	(747,685)	(1,814,839)	(1,067,154)
Total Other Financing sources/(uses)	(607,685)	(607,685)	(1,739,958)	(1,132,273)
Net Change in Fund Balance	(2,045,586)	(2,045,586)	(163,030)	1,882,556
Fund Balance - Beginning of Year	2,085,904	2,085,904	10,169,729	8,083,825
Fund Balance - End of Year	\$ 40,318	\$ 40,318	\$ 10,006,699	\$ 9,966,381

Whitemarsh Township
Notes to Budgetary Comparison Schedules
December 31, 2022

Note 1 Included Funds

The Township presents budgetary comparison schedules for its General Fund, Capital Reserve Fund, and the Open Space Reserve Fund.

Note 2 Budgetary Basis of Accounting

The Township prepares its budgets on a GAAP basis.

Whitemarsh Township
Schedule of Changes in the Township's Net Pension Liability and Related Ratios -
Police Pension Fund
For the Last Nine Fiscal Years

	Police								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 641,030	\$ 610,505	\$ 587,377	\$ 559,407	\$ 550,305	\$ 524,100	\$ 514,831	\$ 490,315	\$ 477,607
Interest	2,377,414	2,109,019	1,998,618	1,894,785	1,765,697	1,678,782	1,583,378	1,498,016	1,446,459
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-
Differences Between Actual and Expected Experience, if any	-	(614,666)	-	487,623	-	(230,722)	-	-	(409,738)
Assumptions Changes	-	601,235	-	-	-	428,977	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,132,456)	(1,138,172)	(1,109,179)	(1,086,276)	(1,132,681)	(994,194)	(985,332)	(829,591)	(849,618)
Net change in Total Pension Liability	1,885,988	1,567,921	1,476,816	1,855,539	1,183,321	1,406,943	1,112,877	1,158,740	664,710
Total Pension Liability - Beginning	29,660,187	28,092,266	26,615,450	24,759,911	23,576,590	22,169,647	21,056,770	19,898,030	19,233,320
Total Pension Liability - Ending (a)	31,546,175	29,660,187	28,092,266	26,615,450	24,759,911	23,576,590	22,169,647	21,056,770	19,898,030
Plan Fiduciary Net Position									
Contributions - Employer and State Aid	355,798	1,072,416	1,008,631	1,020,946	868,885	859,263	844,904	1,040,977	759,358
Contributions - Member	246,988	230,413	221,409	207,561	204,552	192,533	190,784	186,137	176,578
Contributions - Other	-	-	1,350	650	-	1,100	-	1,600	-
Net Investment Income	(5,147,060)	3,071,306	3,747,784	4,346,386	(1,032,796)	2,876,786	1,187,895	111,471	999,788
Benefit Payments	(1,132,456)	(1,138,172)	(1,109,179)	(1,086,276)	(1,132,681)	(994,194)	(985,332)	(829,591)	(849,618)
Administrative Expense	-	(7,400)	(68,562)	(83,577)	(86,223)	(97,322)	(80,039)	(77,951)	(83,756)
Net Change in Plan Fiduciary Position	(5,676,730)	3,228,563	3,801,433	4,405,690	(1,178,263)	2,838,166	1,158,212	432,643	1,002,350
Plan Fiduciary Net Position - Beginning	32,141,946	28,913,383	25,111,950	20,706,260	21,884,523	19,046,357	17,888,145	17,455,502	16,453,152
Plan Fiduciary Net Position - Ending (b)	26,465,216	32,141,946	28,913,383	25,111,950	20,706,260	21,884,523	19,046,357	17,888,145	17,455,502
Net Pension Liability (a) - (b)	\$ 5,080,959	\$ (2,481,759)	\$ (821,117)	\$ 1,503,500	\$ 4,053,651	\$ 1,692,067	\$ 3,123,290	\$ 3,168,625	\$ 2,442,528
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.9%	108.4%	102.9%	94.4%	83.6%	92.8%	85.9%	85.0%	87.7%
Covered Payroll	\$ 4,380,992	\$ 4,279,131	\$ 4,473,614	\$ 4,307,088	\$ 4,115,524	\$ 3,919,925	\$ 3,742,264	\$ 3,912,280	\$ 3,576,287
Net Pension Liability as a Percentage of Covered Payroll	116.0%	-58.0%	-18.4%	34.9%	98.5%	43.2%	83.5%	81.0%	68.3%

Notes to schedule

Schedules are intended to show information for 10 years. The additional year will be disclosed as it becomes available in future years.

Whitemarsh Township
Schedule of Township Contributions - Police Pension Fund
For the Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 355,798	\$ 1,072,416	\$ 1,008,631	\$ 1,020,946	\$ 868,885	\$ 859,263	\$ 844,904	\$ 1,040,977	\$ 759,358	\$ 751,213
Contribution in Relation to the Actuarially Determined Contribution	355,798	1,072,416	1,008,631	1,020,946	868,885	859,263	844,904	1,040,977	759,358	751,213
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,380,992	\$ 4,279,131	\$ 4,473,614	\$ 4,307,088	\$ 4,115,524	\$ 3,919,925	\$ 3,742,264	\$ 3,912,280	\$ 3,576,287	\$ 3,710,416
Contributions as a Percentage of Covered Payroll	8.12%	25.06%	22.55%	23.70%	21.11%	21.92%	22.58%	26.61%	21.23%	20.25%

Notes to Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	1/1/2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Asset Valuation Method	Market Value of asset Market Value of assets as determined by the trustee
Inflation	3.00%
Salary Increases	5.00%
Investment Rate of Return	7.50%
Retirement Age	The later of age 51, age at the completion of 25 years of service.
	It is assumed that 100% of eligible participants will elect the deferred retirement option plan.
Mortality	PubS-2010 mortality table including rates fo using Scale MP-2018 to reflect mortality improvement.

Whitemarsh Township
Schedule of Investment Returns -
Police Pension Fund
For the Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual Money-weighted Rate of Return, Net of Investment Expense	-19.5%	9.5%	14.1%	19.8%	-4.2%	15.2%	6.7%	0.6%	6.2%	15.3%

Whitemarsh Township
Schedule of Changes in the Township's Net OPEB Liability and Related Ratios
For the Last Five Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 567,904	\$ 421,708	\$ 424,856	\$ 439,084	\$ 361,870
Interest	255,248	351,874	394,578	345,545	351,043
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	(2,278,301)	-	(976,487)	-	-
Changes of Assumptions	(707,235)	1,852,085	445,012	(521,581)	1,098,313
Benefit Payments	(351,751)	(326,560)	(336,637)	(352,150)	(490,505)
Net Change in Total OPEB Liability	<u>(2,514,135)</u>	<u>2,299,107</u>	<u>(48,678)</u>	<u>(89,102)</u>	<u>1,320,721</u>
Total OPEB Liability - Beginning	<u>12,847,968</u>	<u>10,548,861</u>	<u>10,597,539</u>	<u>10,686,641</u>	<u>9,365,920</u>
Total OPEB Liability - Ending (a)	<u>\$ 10,333,833</u>	<u>\$ 12,847,968</u>	<u>\$ 10,548,861</u>	<u>\$ 10,597,539</u>	<u>\$ 10,686,641</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -
Net Investment Income	-	-	-	-	-
Benefit Payments	-	-	-	-	-
Administrative Expense	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 10,333,833</u>	<u>\$ 12,847,968</u>	<u>\$ 10,548,861</u>	<u>\$ 10,597,539</u>	<u>\$ 10,686,641</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 7,394,196	\$ 6,985,859	\$ 6,985,859	\$ 6,610,644	\$ 6,610,644
Net OPEB Liability as a Percentage of Covered Payroll	139.76%	183.91%	151.0%	160.3%	161.7%

Notes to Schedule

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

OTHER SUPPLEMENTARY INFORMATION

Whitemarsh Township
Budgetary Comparison Schedule - Capital Reserve Fund
For the Year Ended December 31, 2022

	Budget		Actual	Variance with Final Budget Positive
	Original	Final		
Revenues				
Interest Earnings	\$ 5,000	\$ 5,000	\$ 6,255	\$ 1,255
Intergovernmental Revenues	-	-	264,161	264,161
Miscellaneous	-	-	219,646	219,646
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>490,062</u>	<u>485,062</u>
Expenditures:				
Current:				
General Government	92,345	92,345	2,800	(89,545)
Public Safety - Police	47,200	47,200	65,233	18,033
Public Safety - Other	20,000	20,000	15,810	(4,190)
Public Works - Highways and Streets	2,190,997	2,190,997	714,511	(1,476,486)
Culture and Recreation	30,000	30,000	17,864	(12,136)
Total Expenditures	<u>2,380,542</u>	<u>2,380,542</u>	<u>816,218</u>	<u>(1,564,324)</u>
Excess of Revenues over (under) Expenditures	(2,375,542)	\$ (2,375,542)	\$ (326,156)	\$ 2,049,386
Other Financing Sources (Uses):				
Transfers In	106,150	106,150	500,000	393,850
Total Other Financing uses	<u>106,150</u>	<u>106,150</u>	<u>500,000</u>	<u>393,850</u>
Net Change in Fund Balance	(2,269,392)	(2,269,392)	173,844	2,443,236
Fund Balance - Beginning of Year	-	267,107	1,440,422	1,173,315
Fund Balance - End of Year	<u>\$ (2,269,392)</u>	<u>\$ (2,002,285)</u>	<u>\$ 1,614,266</u>	<u>\$ 3,616,551</u>

Whitemarsh Township
Budgetary Comparison Schedule - Open Space Reserve Fund
For the Year Ended December 31, 2022

	Budget		Actual	Variance with Final Budget Positive
	Original	Final		
Revenues				
Interest Earnings	\$ 12,000	\$ 12,000	\$ 105,039	\$ 93,039
Taxes	2,450,000	2,450,000	3,076,154	626,154
Total Revenues	<u>2,462,000</u>	<u>2,462,000</u>	<u>3,181,193</u>	<u>719,193</u>
Expenditures:				
Current:				
General Government	29,000	29,000	2,764,885	(2,735,885)
Conservation of Natural Resources	68,400	68,400	82,102	(13,702)
Debt Service - Interest	207,286	207,286	207,285	1
Total Expenditures	<u>304,686</u>	<u>304,686</u>	<u>3,054,272</u>	<u>(2,749,586)</u>
Net Change in Fund Balance	2,157,314	2,157,314	126,921	(2,030,393)
Fund Balance - Beginning of Year	<u>8,550,822</u>	<u>8,550,822</u>	<u>10,636,165</u>	<u>2,085,343</u>
Fund Balance - End of Year	<u>\$ 10,708,136</u>	<u>\$ 10,708,136</u>	<u>\$ 10,763,086</u>	<u>\$ 54,950</u>

Whitemarsh Township
Combining Balance Sheet
All Nonmajor Governmental Funds
December 31, 2022

Nonmajor Special Revenue Funds

	Capital Equip Reserve Fund	Traffic Improvement Fund	Impact Fee Fund	Liquid Fuels Fund	Park Fund	ARP Fund	Light & Hydrant Fund	Refuse Fee Fund	Total
<u>Assets</u>									
Cash and Cash Equivalents	\$ 393,013	\$ 318,100	\$ 1,541,642	\$ 1,852,156	\$ 609,225	\$ 1,640,384	\$ 332,185	\$ 157,000	\$ 6,843,705
Miscellaneous Receivables	-	-	-	-	-	-	9,555	-	9,555
Taxes Receivable	-	-	-	-	1,756	-	-	72,611	74,367
Total Assets	<u>\$ 393,013</u>	<u>\$ 318,100</u>	<u>\$ 1,541,642</u>	<u>\$ 1,852,156</u>	<u>\$ 610,981</u>	<u>\$ 1,640,384</u>	<u>\$ 341,740</u>	<u>\$ 229,611</u>	<u>\$ 6,927,627</u>
<u>Liabilities and Fund Balance</u>									
<u>Liabilities</u>									
Accounts Payable	\$ -	\$ -	\$ -	\$ 4,456	\$ -	\$ -	\$ 24,993	\$ 17,909	\$ 47,358
Wages Payable	-	-	-	405	29,874	-	-	-	30,279
Unearned Revenues	-	-	-	-	-	1,638,219	-	-	1,638,219
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,861</u>	<u>29,874</u>	<u>1,638,219</u>	<u>24,993</u>	<u>17,909</u>	<u>1,715,856</u>
<u>Deferred Inflows of Resources</u>									
Unavailable Real Estate Taxes	-	-	-	-	158,075	-	8,615	60,180	226,870
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,075</u>	<u>-</u>	<u>8,615</u>	<u>60,180</u>	<u>226,870</u>
<u>Fund Balances</u>									
Restricted	<u>393,013</u>	<u>318,100</u>	<u>1,541,642</u>	<u>1,847,295</u>	<u>423,032</u>	<u>2,165</u>	<u>308,132</u>	<u>151,522</u>	<u>4,984,901</u>
Total Fund Balances	<u>393,013</u>	<u>318,100</u>	<u>1,541,642</u>	<u>1,847,295</u>	<u>423,032</u>	<u>2,165</u>	<u>308,132</u>	<u>151,522</u>	<u>4,984,901</u>
Total Liabilities and Fund Balances	<u>\$ 393,013</u>	<u>\$ 318,100</u>	<u>\$ 1,541,642</u>	<u>\$ 1,852,156</u>	<u>\$ 610,981</u>	<u>\$ 1,640,384</u>	<u>\$ 341,740</u>	<u>\$ 229,611</u>	<u>\$ 6,927,627</u>

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

	Nonmajor Special Revenue Funds								
	Capital Equip Reserve Fund	Traffic Improvement Fund	Impact Fee Fund	Liquid Fuels Fund	Park Fund	ARP Fund	Light & Hydrant Fund	Refuse Fee Fund	Total
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 429,126	\$ -	\$ 177,220	\$ -	\$ 606,346
Grants	-	-	-	-	-	-	-	80,142	80,142
Fines and Forfeits	-	-	-	-	-	-	-	-	-
Interest Income	4,148	2,430	14,546.00	30,103	200	1,914	-	-	53,341
Charges for Service	-	-	-	-	11,626	-	-	1,848,580	1,860,206
Intergovernmental	-	-	-	-	164,912	287,904	-	-	452,816
Special Assessments	-	-	-	-	-	-	2,034	-	2,034
Miscellaneous Income	-	15,174	566,374.00	-	593,665	-	-	15,813	1,191,026
State Motor Vehicle Fuel Tax	-	-	-	531,660	-	-	-	-	531,660
Total Revenues	4,148	17,604	580,920	561,763	1,199,529	289,818	179,254	1,944,535	4,777,571
Expenditures									
General Government	-	-	-	-	-	287,904	-	-	287,904
Public Works - Sanitation	-	-	-	-	-	-	-	2,231,505	2,231,505
Public Works - Highways and Streets	-	-	-	312,878	-	-	178,024	-	490,902
Culture and Recreation	-	-	25,398	-	1,171,751	-	-	-	1,197,149
Total Expenditures	-	-	25,398	312,878	1,171,751	287,904	178,024	2,231,505	4,207,460
Excess (Deficit) of Revenues Over Expenditures	4,148	17,604	555,522	248,885	27,778	1,914	1,230	(286,970)	570,111
Other Financing Sources (Uses)									
Refunds	-	-	-	-	5,500	-	465	-	5,965
Transfers Out	-	-	-	-	-	-	-	-	-
Transfers In	100,000	-	-	667,154	124,685	-	23,000	350,000	1,264,839
Total Other Financing Sources (Uses)	100,000	-	-	667,154	130,185	-	23,465	350,000	1,270,804
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	104,148	17,604	555,522	916,039	157,963	1,914	24,695	63,030	1,840,915
Fund Balances - Beginning of Year	288,865	300,496	986,120	931,256	265,069	251	283,437	88,492	3,143,986
Fund Balances - End of Year	\$ 393,013	\$ 318,100	\$ 1,541,642	\$ 1,847,295	\$ 423,032	\$ 2,165	\$ 308,132	\$ 151,522	\$ 4,984,901



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Report on Internal Control Over Financial Reporting and on
 Compliance and Other Matters Based on an Audit of Financial Statements
 Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Supervisors
 Whitemarsh Township
 Lafayette Hill, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Whitemarsh Township as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Whitemarsh Township's basic financial statements, and have issued our report thereon dated July 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Whitemarsh Township's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Whitemarsh Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Whitemarsh Township's internal control.

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

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

Compliance and Other Matters

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



Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Supervisors
Whitemarsh Township
Lafayette Hill, Pennsylvania

Purpose of this Report

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

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
July 7, 2023