

***SOUTH WHITEHALL TOWNSHIP***

**FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION,  
AND SUPPLEMENTARY INFORMATION**

**Year Ended December 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners  
South Whitehall Township  
Allentown, Pennsylvania**

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Whitehall Township, Lehigh County, Pennsylvania ("Township") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise South Whitehall Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Whitehall Township, Lehigh County, Pennsylvania, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 South Whitehall 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.

### Change in Accounting Principle

As described in Note 1 to the financial statements, effective January 1, 2022, South Whitehall Township adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 South Whitehall Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Whitehall 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 South Whitehall 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 management's discussion and analysis, budgetary comparison schedule for the general fund, and the pension and other postemployment benefit information on pages 77 through 81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

*Herbein + Company, Inc.*

**Reading, Pennsylvania**  
**September 20, 2023**



**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

**December 31, 2022**

The Management’s Discussion and Analysis (MD&A) of South Whitehall Township’s financial performance provides an overall review and assessment of the Township’s financial activities for the fiscal year ended December 31, 2022. The intent of this discussion and analysis is to look at the financial performance of the Township. The reader should also review the notes to the financial statements to enhance their overall understanding of the Township’s financial performance.

**FINANCIAL HIGHLIGHTS**

- There was no change to the property tax rates for 2023; the same tax rates have been in effect since the 2019 fiscal year. The property tax rates are summarized as follows:

<b>Property Tax Name/Purpose</b>	<b>Mills on Each Dollar of Assessed Valuation</b>	<b>Per Hundred Dollars of Assessed Valuation</b>
Tax Rate for General Township Purposes	2.849750	\$0.2849750
Tax Rate for Fire Tax Purposes	.47	\$.047
<b>TOTALS</b>	<b>3.31975</b>	<b>\$0.331975</b>

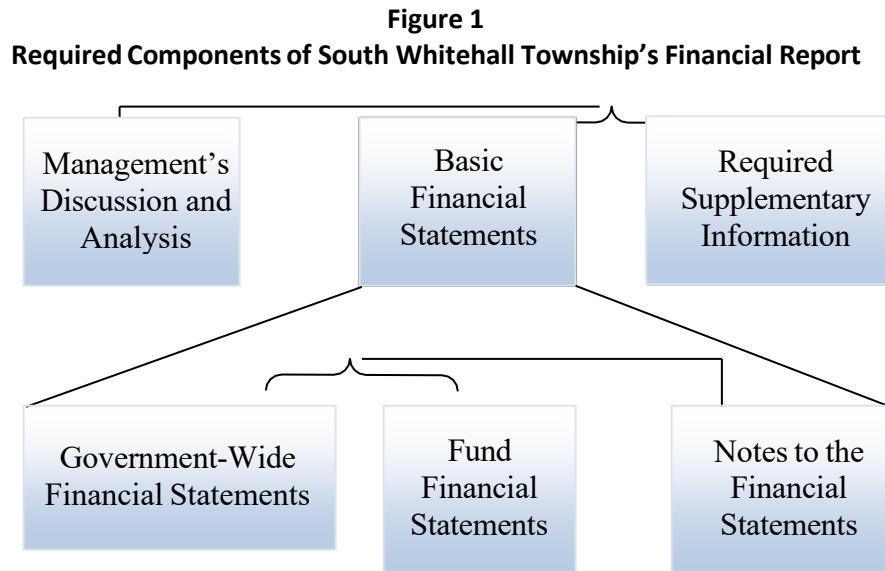
- The Township’s governmental activities’ net position increased \$1,642,399 for the year ended December 31, 2022, compared to an increase of \$454,980 for the year ended December 31, 2021. The Township’s business-type activities net position increased \$1,164,734 for the year ended December 31, 2022 compared to an increase of \$1,906,335 for the year ended December 31, 2021.
- The net position as of December 31, 2022 is \$20,380,668 for governmental activities and \$26,158,017 for business-type activities.
- The Township’s General Fund ended with an increase of \$2,308,072 for an ending fund balance of \$10,170,554; this was up from the opening balance of \$7,862,482. The primary reason for this increase is that revenue exceeded the projected budget by twenty-two percent (22%) and the expenditures were under budget projections by just under nine percent (9%).
- During the fiscal year reporting period, the Township implemented GASB Statement No. 87 - *Leases*. The implementation of this standard resulted in a restatement of beginning net position in the governmental activities of \$35,033.
- During the fiscal year reporting period, the Township received an Aa2 rating from Moody’s.

## USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township.

## REQUIRED COMPONENTS OF FINANCIAL STATEMENTS

Figure 1 demonstrates how the required parts of the Financial Section are arranged and relate to one another.



## OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis guidance document is intended to serve as an introduction to South Whitehall Township's 2022 financial statements. The Township's 2022 financial statements are comprised of five (5) components: (1) *independent auditor's report*, (2) *management's discussion and analysis*, (3) *government-wide financial statements*, (4) *fund financial statements* and (5) *notes to the financial statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Independent Auditor's Report**

The *independent auditor's report* briefly describes the audit engagement and also renders an opinion as to the material components of the Township's financial position.

### **Management's Discussion and Analysis (MD&A)**

*Management's Discussion and Analysis (MD&A)*, prepared by the Township management, provides a narrative introduction and overview that users of the financial statements need to interpret the basic financial statements. The *MD&A* also provides analysis of some key data that is presented in the basic financial statements. It also addresses any other currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

## **Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide the readers with a broad overview of South Whitehall Township's finances, in a manner similar to a private sector business.

The *government-wide financial statements* for the Township include:

**Governmental Activities** - Functions of the Township that are primarily supported by taxes and intergovernmental revenues. The *governmental activities* of the Township include general government, public safety, highways and streets, planning and land development, and culture and recreation.

**Business-Type Activities** - Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The business-type activities of the Township include water, sewer and refuse.

The *statement of net position* presents information on all of the Township's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Township can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

**Governmental Funds** - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.



The Township maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund, which are considered to be major funds. The remaining funds (Fire Tax Fund, State Highway Aid Fund, Open Space Fund, and Debt Service Fund) are aggregated into one column and are labeled "Nonmajor Funds". Additional details on the other governmental funds can be found in the Supplementary Information section.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

***Proprietary Funds*** - These funds are used to account for the Township activities that are similar to business operations in the private sector. That is, an activity where the reporting is on determining net income, financial position, and changes in financial position, and a significant portion of the activity's funding is through user charges. Proprietary fund statements provide both short- and long-term financial information consistent with the focus provided by the government-wide financial statements but with more detail and additional information, such as cash flows. The Township's proprietary funds are the Water Fund, Sewer Fund, and Refuse Fund.

***Fiduciary Funds*** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The Township's fiduciary funds include the South Whitehall Township Police Pension Plan Fund, the South Whitehall Township Public Works Union Employees' Pension Plan Fund, and the South Whitehall Township Office Personnel Pension Plan Fund.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Information**

In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Township's Police and Employees' Pension Plans, post-employment benefits other than pensions, and the budgetary comparison schedule.

The *combining statements*, in connection with nonmajor governmental funds, are presented following the required supplementary information on the budgetary comparison schedule.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve, over time, as a useful indicator of a government’s financial position. The net position for both governmental activities and business-type activities was \$46,538,685 as of December 31, 2022. In the case of South Whitehall Township, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$46,538,685 and \$43,731,552 (restated for implementation of GASB 87) at the close of the fiscal years ending December 31, 2022 and December 31, 2021, respectively.

A condensed summary of the Township's Statement of Net Position as of December 31, 2022 and 2021 is presented below as Table 2:

**Table 2  
Summary of Statement of Net Position  
12/31/2022 and 12/31/2021**

	Governmental Activities		Business-Type Activities		Totals	
	<u>2022</u>	<u>2021</u> (Restated)	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u> (Restated)
Current and Other Assets	\$19,693,339	\$14,503,451	\$12,838,041	\$11,746,509	\$32,531,380	\$26,249,960
Capital Assets	28,113,998	28,239,324	16,822,719	16,460,879	44,936,717	44,700,203
Total Assets	47,807,337	42,742,775	29,660,760	28,207,388	77,468,097	70,950,163
Deferred Outflows of Resources	7,912,619	2,347,708	981,460	191,370	8,894,079	2,539,078
Current and Other Liabilities	7,133,520	4,020,537	1,845,422	1,322,910	8,978,942	5,343,447
Long-Term Liabilities	25,284,747	18,004,840	2,341,015	1,601,205	27,625,762	19,606,045
Total Liabilities	32,418,267	22,025,377	4,186,437	2,924,115	36,604,704	24,949,492
Deferred Inflows of Resources	2,921,021	4,326,837	297,766	481,360	3,218,787	4,808,197
Net Position						
Net Investment in Capital Assets	16,731,212	17,803,756	15,413,051	15,185,954	32,144,263	32,989,710
Restricted	2,142,581	2,066,561	0	0	2,142,581	2,066,561
Unrestricted	1,506,875	-1,132,048	10,744,966	9,807,329	12,251,841	8,675,281
Total Net Position	<u>\$20,380,668</u>	<u>\$18,738,269</u>	<u>\$26,158,017</u>	<u>\$24,993,283</u>	<u>\$46,538,685</u>	<u>\$43,731,552</u>

The current assets of the Township are comprised primarily of cash, short-term investments, and accounts receivable. The Township's capital assets are comprised of land, buildings, machinery & equipment, and infrastructure, net of accumulated depreciation. The Township uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending.

Current liabilities consist primarily of accounts payable, various accruals and the current portion of long-term liabilities. Long-term liabilities include principal balances owed on General Obligation Bonds and accrued sick and severance pay, and Net Pension Liability.

Deferred outflows and inflows of resources refer to deferred activity related to special assessments, unamortized deferred gains on refunding, police and non-uniform pension, and other post-employment benefits.

The difference between the assets, deferred inflows and outflows of resources and liabilities is labeled as Net Position. Net Position is broken down as Net Investment in Capital Assets, Restricted and Unrestricted. Net Position Net Investment in Capital Assets is reported net of accumulated depreciation and any outstanding principal owed on related debt. Restricted Net Position is restricted by outside parties: creditors, grantors, contributors, legislation, or other governments. They are restricted for items such as debt service, state highway aid, tax fund legal purpose. The remaining balance is Unrestricted Net Position.

**Statement of Activities**

The result of this year’s operations as a whole are reported in the Statement of Activities on page 15. All expenditures are reported in the first column. Specific charges, grants, and contributions that directly relate to specific expenditures categories are netted against them to determine the final amount of the Township’s activities that are supported by other general revenues, primarily Property Taxes, Earned Income and Other Taxes. Basically, the Statement shows which Township expenditures are funded by specific program revenues and the balance of expenditures left to be funded by tax revenues.

The Township’s *statement of activities* shows how the net position changed during the fiscal year 2022. The table below helps to explain the changes in net position for the years ended December 31, 2022 and 2021:

**Table 3  
Summary of Statement of Activities  
Fiscal Years Ended December 31, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 2,376,699	\$ 2,125,115	\$ 10,513,538	\$ 10,568,224	\$ 12,890,237	\$ 12,693,339
Operating grants and contributions	1,784,514	1,701,782	102,377	117,645	1,886,891	1,819,427
Capital grants and contributions	159,452	42,028	-	-	159,452	42,028
General Revenues:						
Property taxes and other taxes levied for general purposes	18,853,106	16,919,753	-	-	18,853,106	16,919,753
Grants, subsidies, and contributions not restricted	300,000	-	-	-	300,000	-
Other	(184,047)	(988,595)	331,175	4,381	147,128	(984,214)
<b>Total Revenues</b>	<b>23,289,724</b>	<b>19,800,083</b>	<b>10,947,090</b>	<b>10,690,250</b>	<b>34,236,814</b>	<b>30,490,333</b>
<b>Expenses</b>						
General government	5,104,488	4,894,002	-	-	5,104,488	4,894,002
Public safety	8,564,973	7,325,197	-	-	8,564,973	7,325,197
Public works	4,477,866	4,063,774	-	-	4,477,866	4,063,774
Culture and recreation	365,933	260,354	-	-	365,933	260,354
Community development	619,112	591,119	-	-	619,112	591,119
Debt service - interest	330,123	359,488	-	-	330,123	359,488
Other	2,184,830	1,851,169	-	-	2,184,830	1,851,169
Water system	-	-	3,382,554	3,235,889	3,382,554	3,235,889
Wastewater/sewage treatment	-	-	3,456,506	2,860,811	3,456,506	2,860,811
Solid waste collection/disposal	-	-	2,943,296	2,687,215	2,943,296	2,687,215
<b>Total Expenses</b>	<b>21,647,325</b>	<b>19,345,103</b>	<b>9,782,356</b>	<b>8,783,915</b>	<b>31,429,681</b>	<b>28,129,018</b>
<b>Change in Net Position</b>	<b>1,642,399</b>	<b>454,980</b>	<b>1,164,734</b>	<b>1,906,335</b>	<b>2,807,133</b>	<b>2,361,315</b>
<b>Beginning Net Position</b>	18,703,236	18,248,256	24,993,283	23,086,948	43,696,519	41,335,204
<b>Restatement - GASB 87</b>	35,033	-	-	-	35,033	-
<b>Ending Net Position</b>	<b>\$ 20,380,668</b>	<b>\$ 18,703,236</b>	<b>\$ 26,158,017</b>	<b>\$ 24,993,283</b>	<b>\$ 46,538,685</b>	<b>\$ 43,696,519</b>

## Net Cost of Services

The table below represents the cost of the Township's services, as well as the net cost of each service (total cost, less fees generated by the activity and governmental aid provided for specific activities):

	<b>Fiscal Years Ended December 31, 2022 and December 31, 2021</b>			
	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Governmental Activities</b>				
General government	\$ 5,104,488	\$ 4,894,002	\$ 3,437,167	\$ 3,229,143
Public safety	8,564,973	7,325,197	7,231,225	6,249,546
Public works	4,477,866	4,063,774	3,450,225	3,182,021
Culture and recreation	365,933	260,354	73,978	13,692
Community development	619,112	591,119	619,112	591,119
Debt service - interest	330,123	359,488	330,123	359,488
Depreciation expense, other	2,184,830	1,851,169	2,184,830	1,851,169
<b>Total</b>	<b>\$ 21,647,325</b>	<b>\$ 19,345,103</b>	<b>\$ 17,326,660</b>	<b>\$ 15,476,178</b>
<b>Business-Type Activities</b>				
Water system	\$ 3,382,554	\$ 3,235,889	\$ (1,092,535)	\$ (1,128,888)
Wastewater/sewage treatment	3,456,506	2,860,811	325,082	(489,362)
Solid waste collection/disposal	2,943,296	2,687,215	(66,106)	(283,704)
<b>Total</b>	<b>\$ 9,782,356</b>	<b>\$ 8,783,915</b>	<b>\$ (833,559)</b>	<b>\$ (1,901,954)</b>

## Noteworthy Events in 2022

- The Township's real estate tax for 2022 was 2.849750 mills for general purposes and .47 mills for the purchase of apparatus and making appropriations to the fire company. The collection rate for real estate taxes was extremely strong at over ninety-eight percent (98%).
- Real estate transfer tax was \$1,084,071 in 2022 with the increase in the housing market activity. This was increased from \$895,403 in 2021.
- Earned income tax receipts increased to \$4,389,693 (up from \$3,859,375 in 2021) showing a strong sign of Township residents continuing employment during the pandemic recovery.

## Analysis of Township Fund Balances

South Whitehall Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of South Whitehall Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measurement of a government's net resources available for spending at the end of the fiscal year.

At the close of the year, the governmental funds for the Township reported a combined fund balance of \$12,795,273, which represents an increase of \$2,467,132 from the previous year value of \$10,328,141. The largest component of this increase was the General Fund (specifically, cash and receivables) due to a combination of an increased focus on budgetary management controls and increased revenue. The General Fund had a total fund balance of \$10,170,554 at year end, which is a \$2,308,072 increase from the prior year.

The Capital Projects Fund had a total fund balance of \$654,405 at year end, which is a \$41,214 decrease from the prior year. The decrease in the fund balance of the Capital Projects Fund is related to a targeted effort to complete deferred construction projects.

### **Analysis of General Fund Budget Performance (Budgeted vs. Actual)**

The Board of Commissioners of South Whitehall Township approved the 2022 Adopted Budget on December 15, 2021.

General Fund Revenues were higher than the budgeted amounts by \$4,011,889. Real Estate Transfer Taxes and Earned Income Taxes were combined over \$1,000,000 higher than in 2021 due to the booming real estate market as well as increases in residents' salaries (due to a number of external factors) in turn increasing receivables. Local enabling taxes (including Business Privilege Taxes, Amusement, and Local Services Taxes) as well as Charges for Services also increased coming close to (or in some cases, exceeding) pre-pandemic levels. Specifically, Business Privilege Taxes, Amusement Taxes and Local Services Taxes were combined also over \$1,000,000 higher than in 2021 due to the increased focus on ensuring these taxes were accurately collected, as well as a return of the local economy to near pre-pandemic levels.

General Fund Expenditures came in significantly lower than budgeted amounts (specifically, \$1,580,205 lower). This variance was due to a number of contributing factors, including but not limited to personnel changes, an increased focus on internal spending controls, and realized cost savings related to operational changes (ex. conducting work using local force account labor instead of outsourcing).

### **Capital Assets**

The Township's investment in capital assets (including buildings, equipment, infrastructure, and other long-term assets) as of December 31, 2022, amounts to \$44,936,717 (net of accumulated depreciation and amortization) compared to \$44,700,203 for the year ended December 31, 2021.

Additional information on the Township's capital assets can be found in Note 7 of this report.

### **Long-Term Debt**

The Township is liable for a General Obligation Bond dated November 23, 2021 for a principal amount of \$10,985,000 (\$10,021,514 - governmental activities and \$963,486 - business-type activities). See Note 8 to the financial statements for a detailed analysis of long-term debt. Late in 2022, the Township received notification that the Township received a long-term rating of Aa2 from Moody's. Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

With principal and interest payments due on this long-term obligation, which was primarily utilized for both the renovation of the Township Municipal Building and Campus as well as the rehabilitation of Wehr's Dam, through to the end of the 2041 fiscal year, this long-term debt obligation will impact the Township's fiscal planning from a budgetary standpoint for a significant period of time.

## **Budgetary Highlights for 2023 and Economic Factors**

The key factors that were followed during the entire budgetary development process are listed as follows:

- Providing a balanced operational and priority-driven budget for the consideration of the Board of Commissioners. This fulfills a stated policy goal of the governing body.
- Ensuring that all line items are appropriately forecasted based on actual trends from previous fiscal years (while still making appropriate adjustments based on anticipated needs and projected inflationary increased costs).
- Increasing the level of transparency associated with the line numbers set forth in the budget.
- Promotion of long-range thinking that supports responsible decision making.
- Encouraging the utilization of possible grant revenue across all Township Departments and programs, including vehicle and equipment replacement needs.
- Positioning the Township to begin to develop a steady source of capital improvements revenue and maintain fund balances in accordance with the recently adopted Fund Balance Policy.
- Focusing on the continued development of the existing South Whitehall Township workforce to ensure the efficient and effective delivery of public services.

**The complete 2023 Budget is available for review on the South Whitehall Township website at [www.southwhitehall.com](http://www.southwhitehall.com) under Departments, Finance Department, Township Budget.**

South Whitehall Township has been able to capitalize on rising interest rates, beginning in late 2022 and the entire duration of 2023 by investing Fiscal Stability Funds into a high interest yield liquid money market account. As of the release of these financial statements, the interest rate of the liquid money market account was 5.42% Annual Percentage Yield (APY).

## **Contacting Township Management**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in its financial management. If you have any questions about this report or need additional information, contact the Township Manager at the Municipal Building.

**SOUTH WHITEHALL TOWNSHIP**

**STATEMENT OF NET POSITION**

**December 31, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 13,603,692	\$ 11,724,218	\$ 25,327,910
Restricted cash - escrow	4,118,163	-	4,118,163
Accounts receivable, net	577,281	1,225,272	1,802,553
Taxes receivable, net	550,956	-	550,956
Internal balances	130,127	(130,127)	-
Intergovernmental receivables	128,036	18,678	146,714
Prepaid expenses	585,084	-	585,084
Capital assets not being depreciated	4,960,471	740,674	5,701,145
Capital assets, net of accumulated depreciation	23,121,353	16,082,045	39,203,398
Right-to-use lease asset	32,174	-	32,174
<b>TOTAL ASSETS</b>	<b>47,807,337</b>	<b>29,660,760</b>	<b>77,468,097</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources for pension	7,800,729	981,460	8,782,189
Deferred outflows of resources for other postemployment benefits	111,890	-	111,890
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>7,912,619</b>	<b>981,460</b>	<b>8,894,079</b>
<b>LIABILITIES</b>			
Accounts payable	485,651	1,355,612	1,841,263
Accounts payable - capital	-	307,793	307,793
Accrued payroll	238,477	22,556	261,033
Accrued interest	81,710	6,836	88,546
Unearned revenue	1,712,370	-	1,712,370
Escrow payable	4,118,163	-	4,118,163
Noncurrent liabilities due within one year	497,149	152,625	649,774
Noncurrent liabilities:			
Bonds payable, net	10,986,385	949,250	11,935,635
Leases payable, net	17,851	-	17,851
Compensated absences	101,897	-	101,897
Net pension liability	13,890,872	1,391,765	15,282,637
Other postemployment benefit liability	287,742	-	287,742
<b>TOTAL LIABILITIES</b>	<b>32,418,267</b>	<b>4,186,437</b>	<b>36,604,704</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources for pension	2,871,350	297,766	3,169,116
Deferred inflows of resources for other postemployment benefits	49,671	-	49,671
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,921,021</b>	<b>297,766</b>	<b>3,218,787</b>
<b>NET POSITION</b>			
Net investment in capital assets	16,731,212	15,413,051	32,144,263
Restricted	2,142,581	-	2,142,581
Unrestricted	1,506,875	10,744,966	12,251,841
<b>TOTAL NET POSITION</b>	<b>\$ 20,380,668</b>	<b>\$ 26,158,017</b>	<b>\$ 46,538,685</b>

See accompanying notes.



SOUTH WHITEHALL TOWNSHIP

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
<b>Governmental activities:</b>							
General government	\$ 5,104,488	\$ 1,441,811	\$ 225,510	\$ -	\$ (3,437,167)	\$ -	\$ (3,437,167)
Public safety:							
Police	7,188,748	542,708	482,928	-	(6,163,112)	-	(6,163,112)
Fire	1,331,556	9,100	173,732	125,280	(1,023,444)	-	(1,023,444)
Emergency medical services	44,669	-	-	-	(44,669)	-	(44,669)
Public works	4,477,866	143,820	883,821	-	(3,450,225)	-	(3,450,225)
Culture and recreation	365,933	239,260	18,523	34,172	(73,978)	-	(73,978)
Community development	619,112	-	-	-	(619,112)	-	(619,112)
Debt service - interest	330,123	-	-	-	(330,123)	-	(330,123)
Unallocated depreciation expense	2,184,830	-	-	-	(2,184,830)	-	(2,184,830)
<b>Total Governmental Activities</b>	<u>21,647,325</u>	<u>2,376,699</u>	<u>1,784,514</u>	<u>159,452</u>	<u>(17,326,660)</u>	<u>-</u>	<u>(17,326,660)</u>
<b>Business-Type Activities:</b>							
Water system	3,382,554	4,475,089	-	-	-	1,092,535	1,092,535
Wastewater/sewage treatment and collection	3,456,506	3,131,424	-	-	-	(325,082)	(325,082)
Solid waste collection and disposal	2,943,296	2,907,025	102,377	-	-	66,106	66,106
<b>Total Business-Type Activities</b>	<u>9,782,356</u>	<u>10,513,538</u>	<u>102,377</u>	<u>-</u>	<u>-</u>	<u>833,559</u>	<u>833,559</u>
<b>Total Primary Government</b>	<u>\$ 31,429,681</u>	<u>\$ 12,890,237</u>	<u>\$ 1,886,891</u>	<u>\$ 159,452</u>	<u>(17,326,660)</u>	<u>833,559</u>	<u>(16,493,101)</u>
<b>General Revenues</b>							
Taxes:							
Property taxes					8,128,304	-	8,128,304
Earned income taxes					4,389,693	-	4,389,693
Business privilege taxes					2,752,559	-	2,752,559
Amusement taxes					1,804,516	-	1,804,516
Other taxes					1,778,034	-	1,778,034
American Rescue Plan Act Grant revenue					300,000	-	300,000
Investment earnings					84,677	31,175	115,852
Miscellaneous income					24,076	-	24,076
Gain on disposal of capital assets					7,200	-	7,200
<b>Transfers</b>					<u>(300,000)</u>	<u>300,000</u>	<u>-</u>
<b>Total General Revenues and Transfers</b>					<u>18,969,059</u>	<u>331,175</u>	<u>19,300,234</u>
<b>Change in Net Position</b>					<u>1,642,399</u>	<u>1,164,734</u>	<u>2,807,133</u>
<b>Net Position - Beginning - Restated</b>					<u>18,738,269</u>	<u>24,993,283</u>	<u>43,731,552</u>
<b>Net Position - Ending</b>					<u>\$ 20,380,668</u>	<u>\$ 26,158,017</u>	<u>\$ 46,538,685</u>

See accompanying notes.

**SOUTH WHITEHALL TOWNSHIP**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**December 31, 2022**

	General	Capital Projects	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 10,606,484	\$ 634,230	\$ 2,362,978	\$ 13,603,692
Restricted cash - escrow	4,118,163	-	-	4,118,163
Interfund receivables	596,141	421,760	-	1,017,901
Accounts receivable	910,800	1,160	6,220	918,180
Taxes receivable	516,723	-	37,390	554,113
Intergovernmental receivables	128,036	-	-	128,036
Prepaid expenditures	583,027	-	2,057	585,084
<b>TOTAL ASSETS</b>	<b>\$ 17,459,374</b>	<b>\$ 1,057,150</b>	<b>\$ 2,408,645</b>	<b>\$ 20,925,169</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Interfund payables	\$ 300,834	\$ 289,625	\$ 297,315	\$ 887,774
Accounts payable	296,222	70,748	118,681	485,651
Accrued payroll and withholdings	238,477	-	-	238,477
Unearned revenue	1,669,998	42,372	-	1,712,370
Escrow payable	4,118,163	-	-	4,118,163
<b>TOTAL LIABILITIES</b>	<b>6,623,694</b>	<b>402,745</b>	<b>415,996</b>	<b>7,442,435</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	135,512	-	22,335	157,847
Unavailable revenue - other	529,614	-	-	529,614
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>665,126</b>	<b>-</b>	<b>22,335</b>	<b>687,461</b>
<b>FUND BALANCES</b>				
Nonspendable	583,027	-	2,057	585,084
Restricted for:				
Fire protection	-	-	1,033,289	1,033,289
Highways and streets	-	-	519,425	519,425
Open space	-	-	414,068	414,068
Debt Service	-	-	1,475	1,475
Capital projects	-	292,923	-	292,923
Assigned for:				
Capital projects	-	361,482	-	361,482
Encumbrances	113,584	-	-	113,584
Emergency medical services	50,100	-	-	50,100
Unassigned	9,423,843	-	-	9,423,843
<b>TOTAL FUND BALANCES</b>	<b>10,170,554</b>	<b>654,405</b>	<b>1,970,314</b>	<b>12,795,273</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 17,459,374</b>	<b>\$ 1,057,150</b>	<b>\$ 2,408,645</b>	<b>\$ 20,925,169</b>

See accompanying notes.

**SOUTH WHITEHALL TOWNSHIP**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION**

**December 31, 2022**

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

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>		\$ 12,795,273
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$46,348,817 and the accumulated depreciation and amortization is \$18,234,819.		28,113,998
Property taxes and other receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore, are reported as unavailable revenue in the funds.		687,461
Establish allowance for doubtful accounts - property taxes receivable (\$3,157) and other receivables (\$340,899).		(344,056)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds payable	\$ (10,021,514)	
Bonds premium	(1,447,246)	
Leases payable	(32,625)	
Accrued interest	(81,710)	
Long-term portion of compensated absences	<u>(101,897)</u>	(11,684,992)
The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements.		(8,961,493)
The other postemployment benefit liability and related deferred outflows and inflows of resources for other post employment benefit liabilities are not reflected on the fund financial statements.		<u>(225,523)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>		<u><u>\$ 20,380,668</u></u>

**SOUTH WHITEHALL TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**Year Ended December 31, 2022**

	General	Capital Projects	Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Real estate taxes	\$ 7,021,912	\$ -	\$ 1,162,811	\$ 8,184,723
Earned income taxes	4,389,693	-	-	4,389,693
Business privilege taxes	2,752,559	-	-	2,752,559
Amusement/admission taxes	1,804,516	-	-	1,804,516
Other taxes	1,778,034	-	-	1,778,034
Licenses, permits, and fines	492,759	-	-	492,759
Interest and rent	81,145	1,164	4,368	86,677
Intergovernmental	1,485,436	34,172	705,835	2,225,443
Charges for services	1,916,474	-	-	1,916,474
Other	245,861	-	18,523	264,384
<b>TOTAL REVENUES</b>	<b>21,968,389</b>	<b>35,336</b>	<b>1,891,537</b>	<b>23,895,262</b>
<b>EXPENDITURES</b>				
Current:				
General government	4,777,835	37,843	-	4,815,678
Public safety:				
Police	6,911,493	112,067	-	7,023,560
Fire	451,558	-	1,632,751	2,084,309
Other	44,669	36,100	-	80,769
Public works	3,605,144	1,283,842	514,586	5,403,572
Culture and recreation	357,764	115,672	24,183	497,619
Community development	602,258	22,000	-	624,258
Debt service - principal	9,686	-	349,492	359,178
Debt service - interest	1,029	-	359,616	360,645
<b>TOTAL EXPENDITURES</b>	<b>16,761,436</b>	<b>1,607,524</b>	<b>2,880,628</b>	<b>21,249,588</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,206,953</b>	<b>(1,572,188)</b>	<b>(989,091)</b>	<b>2,645,674</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	99,566	-	9,110	108,676
Proceeds from issuance of leases	12,782	-	-	12,782
Transfers in	150,702	1,580,974	1,180,255	2,911,931
Transfers out	(3,161,931)	(50,000)	-	(3,211,931)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,898,881)</b>	<b>1,530,974</b>	<b>1,189,365</b>	<b>(178,542)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,308,072</b>	<b>(41,214)</b>	<b>200,274</b>	<b>2,467,132</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>7,862,482</b>	<b>695,619</b>	<b>1,770,040</b>	<b>10,328,141</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 10,170,554</b>	<b>\$ 654,405</b>	<b>\$ 1,970,314</b>	<b>\$ 12,795,273</b>

See accompanying notes.

**SOUTH WHITEHALL TOWNSHIP**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2022**

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

<b>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>		<b>\$ 2,467,132</b>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlays	\$ 2,073,528	
Less: depreciation and amortization expense	<u>(2,198,854)</u>	(125,326)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(192,429)
<p>Issuance of long-term debt (e.g., bonds) 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.</p>		
Payment of bond principal	345,844	
Amortization of bond premium	77,015	
Issuance of lease payable	(12,782)	
Payment of lease principal	<u>13,334</u>	423,411
<p>Interest expense incurred on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources.</p>		
		(46,493)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. The difference in the amount incurred and the amount paid of these activities is:</p>		
Compensated absences	(35,069)	
Net pension liability and related deferred outflows and inflows	(845,288)	
Other postemployment benefit liability and related deferred outflows and inflows	<u>(3,539)</u>	<u>(883,896)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b>\$ <u>1,642,399</u></b>

**SOUTH WHITEHALL TOWNSHIP**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**

**December 31, 2022**

	Water Fund	Sewer Fund	Refuse Fund	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 5,513,539	\$ 5,438,877	\$ 771,802	\$ 11,724,218
Accounts receivable, net	732,069	279,020	214,183	1,225,272
Intergovernmental receivables	14,737	3,941	-	18,678
<b>TOTAL CURRENT ASSETS</b>	<b>6,260,345</b>	<b>5,721,838</b>	<b>985,985</b>	<b>12,968,168</b>
<b>NONCURRENT ASSETS</b>				
Capital assets not being depreciated	607,723	132,951	-	740,674
Capital assets, net of accumulated depreciation	8,276,833	7,798,462	6,750	16,082,045
<b>TOTAL NONCURRENT ASSETS</b>	<b>8,884,556</b>	<b>7,931,413</b>	<b>6,750</b>	<b>16,822,719</b>
<b>TOTAL ASSETS</b>	<b>15,144,901</b>	<b>13,653,251</b>	<b>992,735</b>	<b>29,790,887</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources for pension	381,593	451,379	148,488	981,460
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Interfund payables	106,340	23,787	-	130,127
Accounts payable	491,417	627,040	237,155	1,355,612
Accounts payable - capital	307,793	-	-	307,793
Accrued payroll	9,547	12,031	978	22,556
Accrued interest	6,836	-	-	6,836
Current portion of long-term debt	152,625	-	-	152,625
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,074,558</b>	<b>662,858</b>	<b>238,133</b>	<b>1,975,549</b>
<b>NONCURRENT LIABILITIES</b>				
Long-term debt	949,250	-	-	949,250
Net pension liability	505,824	651,361	234,580	1,391,765
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,455,074</b>	<b>651,361</b>	<b>234,580</b>	<b>2,341,015</b>
<b>TOTAL LIABILITIES</b>	<b>2,529,632</b>	<b>1,314,219</b>	<b>472,713</b>	<b>4,316,564</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources for pension	103,253	132,961	61,552	297,766
<b>NET POSITION</b>				
Net investment in capital assets	7,474,888	7,931,413	6,750	15,413,051
Unrestricted, designated	-	2,000,000	-	2,000,000
Unrestricted	5,418,721	2,726,037	600,208	8,744,966
<b>TOTAL NET POSITION</b>	<b>\$ 12,893,609</b>	<b>\$ 12,657,450</b>	<b>\$ 606,958</b>	<b>\$ 26,158,017</b>

See accompanying notes.

**SOUTH WHITEHALL TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS**

**Year Ended December 31, 2022**

	Water Fund	Sewer Fund	Refuse Fund	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 4,177,500	\$ 2,717,851	\$ 2,881,629	\$ 9,776,980
Intergovernmental revenue	89,285	72,279	-	161,564
Other	22,381	9,394	25,396	57,171
<b>TOTAL OPERATING REVENUES</b>	<b>4,289,166</b>	<b>2,799,524</b>	<b>2,907,025</b>	<b>9,995,715</b>
<b>OPERATING EXPENSES</b>				
Bad debt expense	18,896	-	3,475	22,371
Contracted services	1,269,553	1,730,235	2,703,147	5,702,935
Depreciation	671,854	464,751	3,000	1,139,605
Insurance	40,000	1,900	-	41,900
Office expenses	19,391	23,299	21,918	64,608
Other	142,539	74,965	2,168	219,672
Personnel	741,879	962,210	192,924	1,897,013
Professional services	147,729	83,053	16,664	247,446
Repairs and maintenance	175,146	110,807	-	285,953
Utilities	138,315	5,286	-	143,601
<b>TOTAL OPERATING EXPENSES</b>	<b>3,365,302</b>	<b>3,456,506</b>	<b>2,943,296</b>	<b>9,765,104</b>
<b>OPERATING INCOME (LOSS)</b>	<b>923,864</b>	<b>(656,982)</b>	<b>(36,271)</b>	<b>230,611</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>				
Grant revenue	-	-	102,377	102,377
Tapping fees	180,931	327,158	-	508,089
Capacity reservation fees	4,992	4,742	-	9,734
Interest income	11,054	18,258	1,863	31,175
Interest expense	(17,252)	-	-	(17,252)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>179,725</b>	<b>350,158</b>	<b>104,240</b>	<b>634,123</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>1,103,589</b>	<b>(306,824)</b>	<b>67,969</b>	<b>864,734</b>
<b>TRANSFERS</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>300,000</b>
<b>CHANGE IN NET POSITION</b>	<b>1,403,589</b>	<b>(306,824)</b>	<b>67,969</b>	<b>1,164,734</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>11,490,020</b>	<b>12,964,274</b>	<b>538,989</b>	<b>24,993,283</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 12,893,609</b>	<b>\$ 12,657,450</b>	<b>\$ 606,958</b>	<b>\$ 26,158,017</b>

See accompanying notes.

**SOUTH WHITEHALL TOWNSHIP**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**

**Year Ended December 31, 2022**

	Water Fund	Sewer Fund	Refuse Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 3,828,291	\$ 2,781,856	\$ 2,894,465	\$ 9,504,612
Payments to suppliers for goods and services	(1,967,280)	(1,475,836)	(2,716,878)	(6,159,994)
Payments to employees for services	(772,486)	(969,334)	(219,155)	(1,960,975)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	1,088,525	336,686	(41,568)	1,383,643
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Grant revenue	-	-	102,377	102,377
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Tapping fees	180,931	327,158	-	508,089
Capacity reservation fees	4,992	4,742	-	9,734
Acquisition of capital assets	(699,671)	(822,979)	-	(1,522,650)
Repayment of long-term debt	(149,156)	-	-	(149,156)
Interfund transfers	100,703	-	-	100,703
Interest and fees on long-term debt	(38,038)	-	-	(38,038)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(600,239)	(491,079)	-	(1,091,318)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	11,054	18,258	1,863	31,175
<b>NET INCREASE (DECREASE) IN CASH</b>	499,340	(136,135)	62,672	425,877
<b>CASH AT BEGINNING OF YEAR</b>	5,014,199	5,575,012	709,130	11,298,341
<b>CASH AT END OF YEAR</b>	<u>\$ 5,513,539</u>	<u>\$ 5,438,877</u>	<u>\$ 771,802</u>	<u>\$ 11,724,218</u>

See accompanying notes.



**SOUTH WHITEHALL TOWNSHIP**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - CONTINUED**

**Year Ended December 31, 2022**

	Water Fund	Sewer Fund	Refuse Fund	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 923,864	\$ (656,982)	\$ (36,271)	\$ 230,611
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	671,854	464,751	3,000	1,139,605
Change in allowance	21,809	(30)	1,166	22,945
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Accounts receivable	(467,801)	(20,723)	(10,251)	(498,775)
Intergovernmental receivables	4,013	3,085	-	7,098
Interfund balances	(250,000)	250,000	-	-
Prepaid expenses	2,374	-	-	2,374
Deferred outflows of resources for pension	(315,674)	(361,118)	(113,298)	(790,090)
Accounts payable	213,019	303,709	27,019	543,747
Accrued payroll	(3,369)	(3,253)	15	(6,607)
Net pension liability	342,055	427,120	147,154	916,329
Deferred inflows of resources for pension	(53,619)	(69,873)	(60,102)	(183,594)
	<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 336,686</b>	<b>\$ (41,568)</b>	<b>\$ 1,383,643</b>
	<b>\$ 1,088,525</b>	<b>\$ 336,686</b>	<b>\$ (41,568)</b>	<b>\$ 1,383,643</b>

See accompanying notes.

**SOUTH WHITEHALL TOWNSHIP**

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS - TRUST FUNDS**

**December 31, 2022**

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	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 33,709,228
Prepaid benefits	<u>270,206</u>
	<b>TOTAL ASSETS</b>
	<u>33,979,434</u>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<u><u>\$ 33,979,434</u></u>

**SOUTH WHITEHALL TOWNSHIP**

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

**Year Ended December 31, 2022**

	Pension Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Employer (including state aid)	\$ 2,439,542
Employees	94,863
Investment income:	
Interest and dividends	1,480,483
Net depreciation in fair value of investments	(8,454,350)
<b>TOTAL ADDITIONS</b>	<b>(4,439,462)</b>
<b>DEDUCTIONS</b>	
Benefits, including tax withheld	3,464,659
Administrative expenses	17,225
<b>TOTAL DEDUCTIONS</b>	<b>3,481,884</b>
<b>CHANGE IN NET POSITION</b>	<b>(7,921,346)</b>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR</b>	<b>41,900,780</b>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS - END OF YEAR</b>	<b>\$ 33,979,434</b>

## **SOUTH WHITEHALL TOWNSHIP**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

South Whitehall Township (the "Township"), located in Lehigh County, Pennsylvania, was established in 1810 and became a first class township in 1966. The Township is governed by an elected five-member board of commissioners. The Township provides all municipal services to its residents. Those services include public safety (police, fire, and emergency medical services), highways and streets, water, sewer, sanitation, economic development, cultural and recreational, public improvements, planning and zoning, and general administrative services.

The major accounting principles and practices followed by the Township are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **A. Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township (the primary government) and its component units.

The Township used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the above criteria.

## SOUTH WHITEHALL TOWNSHIP

### NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### A. Reporting Entity - continued

Based on the foregoing criteria, the reporting entity has been defined to include all criteria for which the Township is financially accountable or for which there is another significant relationship. Specific information on the nature of the various component units and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude such units in the Township's financial statements are provided in the following paragraphs.

##### 1. Blended Component Unit

Some component units, despite being legally separate from the primary government (Township), are so intertwined with the primary government that they are, in substance, the same as the primary government and are reported as part of the primary government. The component unit reported in this way is the South Whitehall Township Authority. Separately published audit reports of the component unit are available for public inspection in the Township's finance office.

South Whitehall Township Authority - The South Whitehall Township Authority, an entity legally separate from the Township, is governed by a five-member board appointed by the South Whitehall Township Board of Commissioners. The Authority's function is to develop, maintain, and operate the sewage and water transportation systems to the residents of South Whitehall Township.

On May 3, 2017, the Board of Commissioners of South Whitehall Township passed Ordinance No. 1021 to direct the South Whitehall Township Authority to take all steps necessary to effectuate its dissolution. The Authority's certificate of termination was signed on September 18, 2017. All assets, property interests, regulatory permits, contractual rights and obligations, ownership, operation, maintenance, and control of the water and sewer system which services the Township will be transferred to South Whitehall Township. Effective September 18, 2017, the Township Board of Commissioners assumed all oversight and management of the Authority.

##### 2. Fiduciary Component Units

The Township has determined it has three fiduciary component units. The Township's three defined benefit pension plans (the South Whitehall Township Police Pension Plan, the South Whitehall Township Public Works Union Employees' Pension Plan, and the South Whitehall Township Office Personnel Pension Plan) are considered fiduciary component units and are reported as pension trust funds in the fiduciary financial statements.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**B. Basis of Presentation - Government-Wide Financial Statements**

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function to the Township are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes, including those dedicated for specific purposes, and other items not includable in program revenues are reported as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

**C. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds on the fund financial statements.

**SOUTH WHITEHALL TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**C. Basis of Presentation - Fund Financial Statements - continued**

**The Township Reports the Following Major Governmental Funds:**

**General Fund:** This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

**Capital Projects Fund:** This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment or facilities (other than those financed by proprietary funds). This includes capital reserve and campus renovation activity.

**The Township Reports the Following Nonmajor Governmental Funds:**

**Special Revenue Funds:** These funds are established to account for the cash receipts of specific sources other than expendable trusts or major capital projects that are legally restricted to disbursements for specified purposes.

**Fire Tax Fund:** This fund is used to account for the receipts generated from the 0.47 mill assessment received from Township residents for the purpose of providing fire protection support throughout the Township.

**State Highway Aid Fund:** This fund is used to account for the proceeds from the State Motor License Fund. Under the act of June 1, 1956, P.L. 1944, No. 145, this fund must be kept separate from all other funds and no other funds shall be commingled with this fund. Disbursements are legally restricted to disbursements for highway purposes in accordance with Department of Transportation regulations.

**Open Space Fund:** This fund is used to account for the receipts generated from open space contributions for the purpose of providing culture and recreation services throughout the Township.

**Debt Service Fund:** This fund is used to account for and report financial resources that are restricted, committed, or assigned to debt service purposes.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**C. Basis of Presentation - Fund Financial Statements - continued**

**The Township Reports the Following Major Enterprise Funds:**

***Water Fund:*** This fund was established to account for the user charges and operating expenses of providing water services to Township residents. It includes the activity of the South Whitehall Township Authority, a blended component unit of the Township, as well as the Township water fund, used to hold the net pension liability and long-term debt activity.

***Sewer Fund:*** This fund was established to account for the user charges and operating expenses of providing sewer services to Township residents. It includes the activity of the South Whitehall Township Authority, a blended component unit of the Township, as well as the Township sewer fund, used to hold the net pension liability.

***Refuse Fund:*** This fund is established to account for the user charges and operating expenses of providing trash and recycling collection services to Township residents.

These funds are maintained to account for activities that are financed and operated in a manner similar to private business, with the intent that the costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered, primarily through user charges.

**Additionally, the Township Reports the Following Fund Types:**

***Pension Trust Funds:*** The Township's fiduciary funds are pension trust funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organization, or other governments and therefore, are not available to support the Township's own programs. The principal revenue source for these funds is employer and employee contributions. The Township's trust funds include the South Whitehall Township Police Pension Plan Fund, the South Whitehall Township Public Works Union Employees' Pension Plan Fund, and the South Whitehall Township Office Personnel Pension Plan Fund.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.



**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**C. Basis of Presentation - Fund Financial Statements - continued**

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary and pension trust fund financial statements, are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, sewer fund, and refuse fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**D. Measurement Focus and Basis of Accounting - continued**

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to pension, compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the Township.

**E. Financial Position**

**1. Cash and Cash Equivalents**

The Township's reporting entity considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents. Exceptions include the three pension funds which classify cash as cash equivalents in order to appropriately report investment activity.

**2. Restricted Developer's Escrow Account**

The restricted developer's escrow account represents cash received by the Township from developers to cover the Township's cost of reviewing and approving development plans and as security deposits to ensure the related developments are completed in accordance with the approved plans.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**3. Investments**

For funds other than Pension Trust Funds, Pennsylvania First Class Township Code allows the Township to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the Township to invest in certificates of deposit of banks, savings and loan associations, and savings banks both within and outside the Commonwealth of Pennsylvania provided such amounts are insured by the FDIC or other like insurance and that deposits in excess of such insurance are collateralized by the depository.

The Township may also invest in shares of registered investment companies, provided that investments of such companies are in authorized investments as noted above.

The law provides that the Township's Pension Trust Funds may be invested in any form or type of investment or financial instrument when determined by the Township to be prudent. See Note 9 for further discussion of the Township's investment policy related to the Pension Trust Funds.

Investments for all funds, except the Pension Trust Funds, are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*. Investments of the Pension Trust Funds are stated at fair value, in accordance with the provisions of Statement 67 of the Governmental Accounting Standards Board.

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 fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of net position.

**4. Interfund Transactions**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**5. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as an expenditure/expense when consumed rather than when purchased.

**6. Capital Assets, Depreciation, and Amortization**

The Township's capital assets with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The Township reports infrastructure assets in the governmental activities based on their historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at the estimated acquisition value at the date of its donation.

The Township generally capitalizes assets with a cost of \$5,000 or more (\$1 threshold for land and \$25,000 threshold for infrastructure) as purchase and construction outlays occur. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are completed and placed into service. Capital assets, including those of the component unit, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in other financing sources (uses) or nonoperating revenue (expenses).

Estimated useful lives for depreciable assets are as follows:

<u>Assets</u>	<u>Years</u>
Building and improvements	15 - 50
Infrastructure	8 - 50
Equipment and vehicles	5 - 20
Furniture and fixtures	3 - 8
Right-to-use lease assets	2 - 5

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**7. Valuation of Long-Lived Assets**

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The Township periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the Township's long-lived assets were considered to be impaired as of December 31, 2022.

**8. Unearned Revenues**

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental, and proprietary fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Township has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

**9. Compensated Absences**

Township policies permit employees to accumulate earned but unused paid time off and vacation days based on contractual agreements. Payments for paid time off and vacation days are expensed as paid in the governmental fund statements. Accumulated paid time off and vacation leave that is expected to be liquidated with expendable available financial resources and that has matured is reported as an expenditure and a fund liability in the governmental fund that will pay it. Accumulated paid time off and vacation leave that is not expected to be liquidated with expendable available financial resources and that has not matured is reported as a long-term liability in the proprietary funds and the government-wide financial statements and is expensed as incurred.

**10. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Other bond issuance costs are expensed at the time the debt is issued.

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

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**11. Leases**

South Whitehall Township is a lessee for noncancellable leases of equipment. The Township recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. South Whitehall Township recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Township initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Township determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Township uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Township generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Also included within the lease term are any qualifying lease renewals or early termination options that the Township is reasonably certain to exercise or not exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Township is reasonably certain to exercise.

The Township monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets as right-to-use lease assets and lease liabilities are reported with noncurrent liabilities on the statement of net position.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**12. Pension**

The Township administers three single employer defined benefit pension plans covering all full-time police officers, full-time public works union employees, and office personnel employees: the South Whitehall Township Police Pension Plan, the South Whitehall Township Public Works Union Employees' Plan, and the South Whitehall Township Office Personnel Pension Plan. The Township also administers two single employer defined contribution benefit pension plans: the South Whitehall Township Thrift Savings Plan and the South Whitehall Township Non-Uniformed Employees' Pension Plan, which are not included within this report because they do not meet the definition of a pension trust fund under Generally Accepted Accounting Principles.

Financial information of the pension plans (Plans) is presented on the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Employer contributions to the Plans are recognized when due as required by applicable law. Investments of the Plans are reported at fair value.

**13. Other Postemployment Benefits (OPEB)**

The Township's other postemployment benefit plan is accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit expense and related liabilities, deferred outflows and inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures.

The Township sponsors a single-employer defined benefit OPEB plan for eligible police retirees (the South Whitehall Township Police Postretirement Medical Plan). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The Township OPEB plan is unfunded.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**14. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Township has two types of items that qualify for reporting in this category, which are deferred outflows of resources for pension and deferred outflows of resources for other postemployment benefits, which are reported on the government-wide statement of net position, as well as the proprietary fund statements, as applicable.

Deferred outflows of resources for pension relate to the Township's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, or changes in the internal allocation of the net pension liability among funds. These amounts are deferred and amortized over either a closed five-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow.

Deferred outflows of resources for other postemployment benefits relate to the Township's other postemployment benefit liability and other postemployment benefits expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, or changes in the internal allocation of the other postemployment benefit liability among funds. These amounts are deferred and amortized over either a closed five-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has three types of items that qualify for reporting in this category, which are unavailable revenue, deferred pension expense, and deferred other postemployment benefit expense.

The first item, unavailable revenue, arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue primarily from property taxes and other fee receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.



**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**14. Deferred Outflows/Inflows of Resources - continued**

Deferred inflows of resources for pension relate to the Township's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, or changes in the internal allocation of the net pension liability among funds. These amounts are deferred and amortized over either a closed five-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow.

Deferred inflows of resources for other postemployment benefits relate to the Township's other postemployment benefit liability and other postemployment benefits expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, or changes in the internal allocation of the other postemployment benefit liability among funds. These amounts are deferred and amortized over either a closed five-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow.

**15. Net Position**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The net investment in capital assets component of net position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

It is the policy of the Township to have an unrestricted net position equal to or greater than \$5 million in the Water Fund; \$10 million in the Sewer Fund; and at least 2 months of operating expenses in the Refuse Fund.

The Township applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**16. Fund Balance Policies and Flow Assumptions**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The restricted fund balance represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. The Township has restrictions through enabling legislation as described in the governmental funds balance sheet and Note 13.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Commissioners may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Additionally, the Board of Commissioners has authorized the Township Manager to assign fund balance to a specific purpose. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

It is the policy of the Township to maintain unassigned fund balance in the general fund between 20% - 30% of yearly general fund revenues measured on a GAAP basis. If the unassigned fund balance drops below the minimum level of 20%, the Township Manager will develop a plan to present to the Board of Commissioners for approval, implemented through the annual budgetary process, to bring the balance to the target level over a period of no more than 3 years. If the unassigned fund balance goes above the level of 30%, a similar plan will be developed for consideration by the Board of Commissioners to bring the level down.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**E. Financial Position - continued**

**16. Fund Balance Policies and Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**F. Use of Estimates**

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

**G. Adoption of Accounting Standards**

During the year ended December 31, 2022, the Township adopted new accounting guidance GASB Statement No. 87, *Leases*. GASB Statement No. 87 was issued to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. As a result of this standard implementation, right-to-use lease assets were increased \$33,177 with an offsetting lease payable of the same amount. Governmental activities net position was increased by \$35,033 at January 1, 2022 as a result of implementation, as items previously recognized as capital lease obligations no longer met the definition of a lease under the standard.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**Budgetary Data**

In accordance with the First Class Township Code, the Township Manager submits to the Board of Commissioners, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them for the upcoming year. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves.

The proposed budget is made available for public inspection. Not less than 20 days after advertising for public input, the budget is legally enacted for all governmental funds through passage of a resolution or ordinance. All modifications, transfers, and amendments must be approved by the Board of Commissioners. The board of Commissioners may authorize supplemental appropriations during the year and must approve all over expenditures of appropriations or transfers of appropriated amounts. While appropriations lapse at the end of the year, encumbrances outstanding are reported as reservations of fund balance for subsequent expenditures.

**Deficit Fund Balance or Net Position of Individual Funds**

For the year ended December 31, 2022, no individual funds had a deficit fund balance or net position.

**Excess of Expenditures Over Appropriations**

No individual governmental fund required to have a legally adopted budget had an excess of expenditures over appropriations for the year ended December 31, 2022.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 3 - CASH AND INVESTMENTS**

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The Township is permitted to invest in the following types of investments as defined in the Commonwealth of Pennsylvania First Class Township Code:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016 and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The deposit and investment policy of the Township adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either state statutes or the policy of the Township.

Cash and investment classifications per the statement of net position and fiduciary fund statements are as follows at December 31, 2022:

Cash	\$ 25,327,910
Restricted cash - escrow	4,118,163
Cash and investments - pension funds	<u>33,709,228</u>
	<u>\$ 63,155,301</u>

Cash and investments in the financial statements at December 31, 2022, are summarized as follows:

	<u>Primary Government</u>	<u>Blended Component Unit</u>	<u>Total</u>
Petty cash	\$ 1,000	\$ -	\$ 1,000
Demand deposit accounts	14,497,982	10,952,416	25,450,398
Restricted deposits	4,118,163	-	4,118,163
Investments	33,585,740	-	<u>33,585,740</u>
			<u>\$ 63,155,301</u>

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

**Cash**

**Custodial Credit Risk - Deposit**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a policy for custodial credit risk. As of December 31, 2022, the carrying amount of the Township's deposits was \$29,568,561 and the bank balance was \$31,031,244. Of the balance, \$873,490 was covered by federal depository insurance and \$30,157,754 was exposed to custodial credit risk but covered by the collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

**Investments**

**Pension Trust Funds**

As of December 31, 2022, the Township had the following investments in its pension trust funds:

Investment Type	Fair Market Value	Fair Value Level
Investments measured at fair value:		
Mutual Funds:		
Diversified Emerging Markets	\$ 729,472	1
Fixed income	1,907,233	1
Foreign Blend/Growth	1,824,198	1
High Yield Bond	1,321,344	1
Intermediate-Core Plus Bond	4,944,572	1
Large Blend/Growth/Value	7,354,511	1
Mid-Cap Blend/Growth/Value	3,096,163	1
Multisector Bond	1,978,621	1
Short-Term Bond	496,698	1
Small Blend/Growth/Value	1,459,646	1
World Large Stock	606,990	1
Exchange Traded Products:		
Foreign	657,637	1
Intermediate Term Bond	736,531	1
Large Blend/Growth/Value	5,148,787	1
Mid-Cap Blend/Growth/Value	597,195	1
Small Blend/Value	726,142	1
Total investments measured at fair value	\$ 33,585,740	

**Interest Rate Risk**

The Township does have a formal investment policy that limits maturities in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

**SOUTH WHITEHALL TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

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**Investments - continued**

**Credit Risk**

The risk that an issuer or other counterparty to an investment will not fulfill its obligation is called credit risk. The Township does not have an investment policy that would limit its investment choices to certain credit ratings. Investments held in mutual funds are not subject to credit risk.

**Concentration of Credit Risk**

The Township places no limit on the amount the Township may invest in any one issuer. The investments are not applicable to concentration of credit risk.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. There are no funds exposed to custodial credit risk.

**NOTE 4 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND UNAVAILABLE REVENUE**

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**Governmental Fund Receivables, Uncollectible Accounts, and Unavailable Revenue**

*Accounts Receivable*

Receivables in the governmental funds consist of amounts due for services provided, including reimbursement of legal and engineering fees incurred by the Township, payment for inspections and permits, and other fees. See Note 5 for a summary of intergovernmental receivables.

The Township's receivables, other than taxes and intergovernmental receivables, at December 31, 2022, are as follows:

	Gross Accounts Receivable	Allowance for Uncollectible Receivables	Net Estimated to be Collectible	Revenue Recognized	Unavailable Revenue
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Accounts receivable	<u>918,180</u>	<u>340,899</u>	<u>577,281</u>	<u>388,566</u>	<u>529,614</u>

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 4 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND UNAVAILABLE REVENUE - CONTINUED**

**Governmental Fund Receivables, Uncollectible Accounts, and Unavailable Revenue - continued**

*Taxes Receivable*

Real estate taxes are based on assessed valuations provided by Lehigh County (County) and are levied on January 1 and billed March 1. The 2022 assessed value of real property totaled \$2,458,418,800 and taxes were levied at 3.31975 mills; 2.84975 mills for general purposes and 0.47 mills for fire protection. These taxes are billed and collected by the elected tax collector. Taxes paid through April 30 are given a 2% discount. Amounts paid after June 30 are assessed a 10% penalty. Any uncollected balances as of January 15 in the year following the billings are sent to the delinquent tax collector to be liened. Current tax collections for the year ended December 31, 2022 were 98% of the tax levy.

The Township's taxes at December 31, 2022, are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue
Real estate taxes	\$ 264,540	\$ 3,157	\$ 261,383	\$ 106,693	\$ 157,847
Earned income and local services taxes	170,950	-	170,950	170,950	-
Transfer taxes	105,024	-	105,024	105,024	-
Admission/amusement taxes	5,526	-	5,526	5,526	-
Business privilege taxes	8,073	-	8,073	8,073	-
<b>Total</b>	<b>\$ 554,113</b>	<b>\$ 3,157</b>	<b>\$ 550,956</b>	<b>\$ 396,266</b>	<b>\$ 157,847</b>



**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 4 - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND UNAVAILABLE REVENUE - CONTINUED**

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**Business-Type Activities Receivables, Uncollectible Accounts, and Unavailable Revenue**

Accounts receivable balance represents amounts due from customers for water, sewer, and refuse services that have been provided as of December 31, 2022. An allowance for uncollectible accounts is estimated using aging and collection reports.

Accounts receivable include the following amounts at December 31, 2022:

	Gross Receivable	Allowance	Net Receivable
Water charges	\$ 1,012,145	\$ (280,076)	\$ 732,069
Sewer charges	628,524	(349,504)	279,020
Refuse charges	386,670	(172,487)	214,183
	<u>\$ 2,027,339</u>	<u>\$ (802,067)</u>	<u>\$ 1,225,272</u>

**NOTE 5 - INTERGOVERNMENTAL RECEIVABLES**

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Intergovernmental receivables consist of the following at December 31, 2022:

	Governmental Activities	Business-Type Activities	
	General Fund	Water Fund	Sewer Fund
Parkland School District	\$ 100,822	\$ -	\$ -
Lehigh County District Court	3,771	-	-
Commonwealth of Pennsylvania	23,443	-	-
Other - municipal charges for services	-	14,737	3,941
	<u>\$ 128,036</u>	<u>\$ 14,737</u>	<u>\$ 3,941</u>

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 6 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

Interfund receivables/payables are as follows at December 31, 2022:

	Interfund Receivables	Interfund Payables
Governmental activities:		
General	\$ 596,141	\$ 300,834
Capital projects	421,760	289,625
Nonmajor fund - fire	-	4,666
Nonmajor fund - debt service	-	292,649
Business-type activities:		
Water	-	106,340
Sewer	-	23,787
	\$ 1,017,901	\$ 1,017,901

Interfund receivables and payables are a result of timing differences between when a cost is incurred and when it is paid or the result of interfund charges or interfund loans not yet reimbursed. Accounts are satisfied as resources become available, which may not be within one year.

The Township had transfers in and out for the following amounts during the year ended December 31, 2022:

	Transfers In	Transfers Out
Governmental activities:		
General	\$ 150,702	\$ 3,161,931
Capital projects	1,580,974	50,000
Nonmajor fund - fire	459,408	-
Nonmajor fund - state highway aid	15,639	-
Nonmajor fund - debt service	705,208	-
Business-Type Activities:		
Water	300,000	-
	\$ 3,211,931	\$ 3,211,931

Transfers and payments within the reporting entity are for the purpose of providing resources for current and future capital needs and debt service payments, as well as to reimburse the fire and state highway aid funds for prior year expenditures, and transfer state and local fiscal recovery funds to the fund where project expenses were incurred.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity and balances for the year ended December 31, 2022, were as follows:

	Beginning Balance (Restated)	Increase	Decrease/ Reclassifications	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated:				
Land	\$ 4,696,516	\$ -	\$ -	\$ 4,696,516
Construction in progress	163,018	100,937	-	263,955
Totals not being depreciated	<u>4,859,534</u>	<u>100,937</u>	-	<u>4,960,471</u>
Capital assets being depreciated:				
Land improvements	1,353,447	24,470	-	1,377,917
Building and improvements	13,387,548	45,103	-	13,432,651
Infrastructure	15,735,195	785,402	-	16,520,597
Equipment and vehicles	8,495,148	1,104,595	(37,952)	9,561,791
Furniture and fixtures	449,192	-	-	449,192
Totals being depreciated	<u>39,420,530</u>	<u>1,959,570</u>	<u>(37,952)</u>	<u>41,342,148</u>
Less accumulated depreciation for:				
Land improvements	190,817	90,842	-	281,659
Building and improvements	2,184,232	571,171	-	2,755,403
Infrastructure	8,508,293	639,330	-	9,147,623
Equipment and vehicles	5,175,771	860,473	(37,952)	5,998,292
Furniture and fixtures	14,804	23,014	-	37,818
Total accumulated depreciation	<u>16,073,917</u>	<u>2,184,830</u>	<u>(37,952)</u>	<u>18,220,795</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET</b>	23,346,613	(225,260)	-	23,121,353
Right-to-use lease assets being amortized:				
Equipment	33,177	13,021	-	46,198
Less accumulated amortization for:				
Equipment	-	14,024	-	14,024
Total right-to-use lease assets being amortized, net	<u>33,177</u>	<u>(1,003)</u>	-	<u>32,174</u>
<b>GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET</b>	<u>\$ 28,239,324</u>	<u>\$ (125,326)</u>	<u>\$ -</u>	<u>\$ 28,113,998</u>

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 7 - CAPITAL ASSETS - CONTINUED**

	Beginning Balance	Increase	Decrease/ Reclassifications	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated:				
Land	\$ 405,032	\$ -	\$ -	\$ 405,032
Construction in progress	-	335,642	-	335,642
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	405,032	335,642	-	740,674
Capital assets being depreciated:				
Building and building improvements	753,255	9,046	-	762,301
Infrastructure	37,791,741	527,034	-	38,318,775
Equipment and vehicles	1,760,397	629,723	-	2,390,120
Totals at historical cost	40,305,393	1,165,803	-	41,471,196
Less accumulated depreciation for:				
Building and building improvements	244,329	63,831	-	308,160
Infrastructure	23,057,443	803,864	-	23,861,307
Equipment and vehicles	947,774	271,910	-	1,219,684
Total accumulated depreciation	24,249,546	1,139,605	-	25,389,151
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET</b>	16,055,847	26,198	-	16,082,045
<b>BUSINESS-TYPE ACTIVITIES, CAPITAL ASSETS, NET</b>	<u>\$ 16,460,879</u>	<u>\$ 361,840</u>	<u>\$ -</u>	<u>\$ 16,822,719</u>

Depreciation and amortization expense was charged to functions of the primary government as follows:

Governmental Activities		Business-type Activities	
General Government	\$ 10,294	Water system	\$ 671,854
Public Safety - Fire	3,730	Sewer system	464,751
Unallocated	2,184,830	Refuse	3,000
	<u>\$ 2,198,854</u>		<u>\$ 1,139,605</u>

**SOUTH WHITEHALL TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 8 - LONG-TERM LIABILITIES**

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**Governmental Activities**

**Bonds Payable**

The Township’s bonds payable are as follows at December 31, 2022:

General Obligation Bond - Series of 2021:

The Township is liable for a general obligation bond dated November 23, 2021 for a principal amount of \$10,367,358. Principal maturities occur on October 15, 2022 through maturity in 2041. Interest is payable semi-annually on April 15 and October 15 at a fixed rate varying from 2.00% to 4.00%. The proceeds of this issuance were used to currently refund the Township’s outstanding General Obligation Note - Series of 2014, General Obligation Note - Series of 2018, and General Obligation Note - Series of 2019, to provide resources for future capital needs, and to pay the costs of issuing the bond. The Township realized a savings of \$356,119 as a result of the refunding, which includes the portion allocated to business-type activities.

\$ 10,021,514

The future annual payments required under the bond are as follows for the years ending December 31:

	Principal	Interest
2023	\$ 482,375	\$ 391,685
2024	505,438	368,644
2025	521,969	348,427
2026	545,031	327,548
2027	568,094	305,747
2028 - 2032	2,668,607	1,251,985
2033 - 2037	2,420,000	759,400
2038 - 2041	2,310,000	235,600
Total	\$ 10,021,514	\$ 3,989,036

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 8 - LONG-TERM LIABILITIES - CONTINUED**

**Leases**

The Township has entered into lease agreements for various equipment including copiers. The leases have various termination dates through April 2027. These leases include monthly payments of principal and interest at rates of 4.00%.

Future lease maturities as of December 31 are as follows:

	Principal	Interest	Total
2023	\$ 14,774	\$ 1,036	\$ 15,810
2024	8,698	510	9,208
2025	5,031	275	5,306
2026	3,174	100	3,274
2027	948	8	956
	\$ 32,625	\$ 1,929	\$ 34,554

**Business-Type Activities**

Bonds payable are as follows at December 31, 2022:

General Obligation Bond - Series of 2021

The Township is liable for a general obligation bond dated November 23, 2021 for a principal amount of \$1,112,642. Principal maturities occur on October 15, 2022 through maturity in 2028. Interest is payable semi-annually on April 15 and October 15 at a fixed rate varying from 2.00% to 4.00%. The proceeds of this issuance were used to currently refund the Township's outstanding General Obligation Note - Series of 2018 and to pay the costs of issuing the bond. The Township realized a savings of \$356,119 as a result of the refunding, which includes the portion allocated to governmental activities.

\$ 963,486

The future annual payments required under the bond are as follows for the years ending December 31:

	Principal	Interest
2023	\$ 152,625	\$ 32,814
2024	159,563	30,456
2025	163,031	24,073
2026	169,969	17,552
2027	176,906	10,573
2028	141,392	7,215
Total	\$ 963,486	\$ 122,683

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 8 - LONG-TERM LIABILITIES - CONTINUED**

The following is a summary of governmental long-term liability activity for the year ended December 31, 2022:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable	\$ 10,367,358	\$ -	\$ 345,844	\$ 10,021,514	\$ 482,375
Bond premium	1,524,261	-	77,015	1,447,246	-
Total bonds	<u>11,891,619</u>	<u>-</u>	<u>422,859</u>	<u>11,468,760</u>	<u>482,375</u>
Other liabilities:					
Lease obligations	33,177	12,782	13,334	32,625	14,774
Compensated absences	66,828	35,069	-	101,897	-
Net pension liability	6,028,752	10,042,086	2,179,966	13,890,872	-
OPEB liability	<u>330,308</u>	<u>-</u>	<u>42,566</u>	<u>287,742</u>	<u>-</u>
	<u>\$ 18,350,684</u>	<u>\$ 10,089,937</u>	<u>\$ 2,658,725</u>	<u>\$ 25,781,896</u>	<u>\$ 497,149</u>

The following is a summary of business-type long-term liability activity for the year ended December 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-Type Activities</b>					
Bonds payable	\$ 1,112,642	\$ -	\$ 149,156	\$ 963,486	\$ 152,625
Bond premium	162,283	-	23,894	138,389	-
Total bonds	<u>1,274,925</u>	<u>-</u>	<u>173,050</u>	<u>1,101,875</u>	<u>152,625</u>
Net pension liability	<u>475,436</u>	<u>1,144,297</u>	<u>227,968</u>	<u>1,391,765</u>	<u>-</u>
	<u>\$ 1,750,361</u>	<u>\$ 1,144,297</u>	<u>\$ 401,018</u>	<u>\$ 2,493,640</u>	<u>\$ 152,625</u>

Payments on bonds payable are made by the general and water funds. The compensated absence liabilities will be liquidated by the general fund. The lease payable will be liquidated by the general and fire tax funds. The net pension liability will be liquidated through future payments from the general fund, water fund, sewer fund, and refuse fund. The other postemployment benefit liability will be liquidated through future payments from the general fund. Total interest expense for the year ended December 31, 2022 was \$377,897 (\$360,645 governmental funds and \$17,252 business-type funds).

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 8 - LONG-TERM LIABILITIES - CONTINUED**

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**Events of Default**

The Township's General Obligation Bond is pledged on its full faith, credit and taxing power. In the event of default, bond holders are entitled to certain remedies, including the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas.

The Township's leases are collateralized by the related equipment. The provisions for default include surrendering of the pledged equipment.

**NOTE 9 - PENSION PLANS**

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The Township administers three single employer defined benefit pension plans: the South Whitehall Township Police Pension Plan, the South Whitehall Township Public Works Union Employees' Pension Plan, and the South Whitehall Township Office Personnel Pension Plan. The Plans are included in the financial statements of the Township and do not issue a separate financial statement. Plan provisions are established by Township Ordinance with the authority for municipal contribution required by the Commonwealth of Pennsylvania Act 205 of 1984 (the Act).

**Single Employer Defined Benefit Pension Plans**

**Plan Descriptions**

Membership of each defined-benefit plan consisted of the following at December 31, 2022:

	Police Pension Plan	Public Works Union Employees' Pension Plan	Office Personnel Pension Plan
Active plan members	40	10	6
Retired members	34	38	36
Vested former members	4	6	11
Total plan members	<u>78</u>	<u>54</u>	<u>53</u>

At December 31, 2022, there were no individual investments that constituted more than 5% of the Plan net position available for benefits that were required to be reported. The Plans did not have any investment transactions with related parties during the year.



**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

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**Single Employer Defined Benefit Pension Plans - continued**

**Plan Descriptions - continued**

***Benefits Provided - South Whitehall Township Police Pension Plan***

*Eligibility:* All full-time members of the police force join the Plan on the December 31 following the date of employment. Members are fully vested after 12 years of service.

*Retirement Benefit* - Members who have reached age 50 and completed 25 years of service are eligible for normal retirement. The monthly pension benefit is equal to 50% of average monthly pay. Average monthly pay is based upon the last 36 months of employment and includes overtime (effective January 1, 2000). A service increment provides an additional \$100 per year of service over 25 years, with a maximum increment of \$400. If a participant continues working after normal retirement date, their pension does not start until their actual retirement date.

*Disability Benefit* - If an active member is disabled in the line of duty, they are eligible for a disability pension. The disability pension is equal to 50% of the member's monthly salary at the time of disability.

*Death Benefit* - If a member is eligible for retirement at the time of death, a monthly death benefit is payable to his or her surviving spouse or eligible child (dependent under the age of 18), equal to 50% of the monthly benefit the member would have been receiving had they been retired at the time of death.

***Benefits Provided - South Whitehall Township Public Works Union Employees' Pension Plan***

*Eligibility* - Any individual employed by the Township on a regular, full-time basis as a member of the public works union is eligible to participate in the plan on his or her 91<sup>st</sup> day of employment. Members are fully vested after 7 years of service.

*Retirement Benefit* - Members who have reached age 65 and completed 7 years of service are eligible for normal retirement. A participant is eligible for early retirement when the participant's attained age and years of vesting service, when added together, equals or exceeds 80. The retirement benefit is equal to 2% of final average monthly compensation times years of service. Final average monthly compensation is based upon the last 36 months of employment. If a participant continues working after normal retirement date, their pension does not start until their actual retirement date. A participant who terminates prior to age 55 with 25 years of service may retire at age 55 with an actuarially reduced benefit.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

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**Single Employer Defined Benefit Pension Plans - continued**

**Plan Descriptions - continued**

***Benefits Provided - South Whitehall Township Public Works Union Employees' Pension Plan - continued***

*Disability Benefit* - If a participant is eligible to receive Social Security disability benefits, he or she is eligible for a disability pension. The disability pension is equal to the actuarial equivalent of the benefit based on the normal retirement formula.

*Death Benefit* - If a participant (including vested former members) is vested, a death benefit is payable to his or her surviving spouse in an amount equal to 100% of the qualified survivor benefit.

***Benefits Provided - South Whitehall Township Office Personnel Pension Plan***

*Eligibility* - Any nonunion individual hired prior to January 1, 2015 and employed by the Township on a regular, full-time basis is eligible to participate on his or her 91<sup>st</sup> day of employment. Members are fully vested after 7 years of service.

*Retirement Benefit* - Members who have reached age 65 and completed 7 years of service are eligible for normal retirement. A participant is eligible for early retirement when the participant's attained age and years of vesting service, when added together, equal or exceeds 80. The retirement benefit is equal to 2% of final average monthly compensation times years of service. Final average monthly compensation is based upon the last 36 months of employment. If a participant continues working after normal retirement date, their pension does not start until their actual retirement date. A participant who terminates prior to age 55 with 25 years of service may retire at age 55 with an actuarially reduced benefit.

*Disability Benefit* - If a participant is eligible to receive Social Security disability benefits, he or she is eligible for a disability pension. The disability pension is equal to the actuarial equivalent of the benefit based on the normal retirement formula.

*Death Benefit* - If a participant (including vested former members) is vested, a death benefit is payable to his or her surviving spouse in an amount equal to 100% of the qualified survivor benefit.

**SOUTH WHITEHALL TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

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**Single Employer Defined Benefit Pension Plans - continued**

**Contributions**

PA Act 205 of 1984 requires that annual contributions be based upon the calculation of the Minimum Municipal Obligation (MMO). The MMO calculation is based upon the biennial actuarial valuation. The January 1, 2019 valuation was used in the calculation of the Township's 2022 MMO.

Employees are not required to contribute under the Act; such contributions are subject to collective bargaining and Township ordinances.

*South Whitehall Township Police Pension Plan:* If an actuarial study shows the Plan to have sufficient assets to fund plan benefits, member contributions are suspended. Effective January 1, 2019, members contributed 2% of compensation. Effective January 1, 2021 the rate is 2.25%. Member contributions are credited with 7% interest.

*South Whitehall Township Public Works Union Employees' Pension Plan:* Members contribute 1% of pay. Member contributions are credited with 7% interest.

*South Whitehall Township Office Personnel Pension Plan:* Member contributions are currently suspended. Member contributions are credited with 7% interest.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

**Single Employer Defined Benefit Pension Plans - continued**

**Contributions - continued**

The Commonwealth of Pennsylvania allocates certain funds to assist in pension funding. Any financial requirement established by the MMO which exceeds the Commonwealth allocation, must be funded by the Township (and could include employee contributions). Payments made to the Plans were sufficient to meet the MMOs in 2022. The following table reflects contribution information for 2022:

	Police	Public Works	Office	Total
MMO	\$ 1,113,862	\$ 612,816	\$ 681,256	\$ 2,407,934
Contributions:				
Township	\$ 709,787	\$ 571,898	\$ 639,812	\$ 1,921,497
Allocation of state aid	404,075	72,526	41,444	518,045
Total	1,113,862	644,424	681,256	2,439,542
Employee	87,579	7,284	-	94,863
Total contributions	\$ 1,201,441	\$ 651,708	\$ 681,256	\$ 2,534,405
Covered payroll	\$ 3,998,578	\$ 712,184	\$ 430,246	\$ 5,141,008
Employee contributions as a percent of covered payroll	2.19%	1.02%	0.00%	1.85%

Administrative costs, including investment, custodial trustee, and actuarial services, are charged to the appropriate plan and funded from investment earnings.

**SOUTH WHITEHALL TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

**Single Employer Defined Benefit Pension Plans - continued**

**Deferred Retirement Option Program (DROP)**

*South Whitehall Township Police Pension Plan*

Effective January 1, 2016, a member who is eligible for normal retirement may elect the DROP for 3 years. Officers in the DROP have their retirement benefit calculated as of the date of entry into the DROP and accrue no further benefit under the plan. The retirement benefit is paid from the plan and deposited into an account established for the officer, which will be paid in full upon retirement. The Township remains the fiduciary for these funds until full retirement of the officers. At December 31, 2022, the balance of DROP accounts for the Police Pension Plan held by the Township is included in the total cash and investments reported for the police pension plan.

**Net Pension Liability**

The components of the net pension liability of the defined benefit pension plans at December 31, 2022, were as follows:

	<u>Police Pension Plan</u>	<u>Public Works Union Employees' Pension Plan</u>	<u>Office Personnel Pension Plan</u>	<u>Total</u>
Total pension liability	\$ 22,067,262	\$ 13,265,880	\$ 13,928,929	\$ 49,262,071
Plan fiduciary net position	<u>(15,410,673)</u>	<u>(9,524,575)</u>	<u>(9,044,186)</u>	<u>(33,979,434)</u>
Net pension liability	<u>\$ 6,656,589</u>	<u>\$ 3,741,305</u>	<u>\$ 4,884,743</u>	<u>\$ 15,282,637</u>
Plan fiduciary net position as a percentage of total pension liability	<u>69.84%</u>	<u>71.80%</u>	<u>64.93%</u>	<u>68.98%</u>

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

**Single Employer Defined Benefit Pension Plans - continued**

**Net Pension Liability - continued**

Changes in the Net Pension Liability

The changes in the net pension liability of the Township for the year ended December 31, 2022, were as follows:

	Increases/Decreases		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2021	\$ 48,404,968	\$ 41,900,780	\$ 6,504,188
Changes for the year:			
Service cost	812,953	-	812,953
Interest	3,508,809	-	3,508,809
Contributions - employer	-	2,439,542	(2,439,542)
Contributions - employee	-	94,863	(94,863)
Net investment income	-	(6,973,867)	6,973,867
Benefit payments, including refunds	(3,464,659)	(3,464,659)	-
Administrative expenses	-	(17,225)	17,225
Net changes	857,103	(7,921,346)	8,778,449
Balances at December 31, 2022	\$ 49,262,071	\$ 33,979,434	\$ 15,282,637
Plan fiduciary net position as a percentage of the total pension liability			68.98%

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

**Single Employer Defined Benefit Pension Plans - continued**

**Net Pension Liability - continued**

*Actuarial Assumptions* - The total pension liability was determined by an actuarial valuation performed on January 1, 2021, and rolled forward to December 31, 2022, using the following actuarial assumptions, applied to all periods in the measurement:

	Police Pension Plan	Public Works Union Employees' Pension Plan	Office Personnel Pension Plan
<i>Actuarial Assumptions:</i>			
Investment rate of return	7.63%	7.63%	7.63%
Projected salary increases	5.00%	5.00%	5.00%
Inflation rate	3.00%	3.00%	3.00%
Mortality	PubS-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP- 2020 to reflect mortality improvement.	PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP- 2020 to reflect mortality improvement.	PubG-2010 mortality table, including rates for disabled retirees and contingent survivors. Incorporated into the table are rates projected generationally using Scale MP- 2020 to reflect mortality improvement.

*Investment Policy* - The pension trust funds' investments are held separately from those of other Township funds. Assets in the pension trust funds are stated at fair value. Any premiums or discounts are recognized as a gain or loss upon disposition.

*Long-Term Expected Rate of Return* - The long-term expected rate of return on 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 investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

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**Single Employer Defined Benefit Pension Plans - continued**

**Net Pension Liability - continued**

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2022:

*South Whitehall Township Police Pension Plan:*

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	67.00%	5.50% - 7.50%
Fixed Income	20.00%	1.00% - 3.00%
Cash	13.00%	0.00% - 1.00%
	100.00%	

*South Whitehall Township Public Works Union Employees' Pension Plan:*

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	64.00%	5.50% - 7.50%
Fixed Income	17.00%	1.00% - 3.00%
Cash	19.00%	0.00% - 1.00%
	100.00%	

*South Whitehall Township Office Personnel Pension Plan:*

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	64.00%	5.50% - 7.50%
Fixed Income	19.00%	1.00% - 3.00%
Cash	17.00%	0.00% - 1.00%
	100.00%	



**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

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**Single Employer Defined Benefit Pension Plans - continued**

**Net Pension Liability - continued**

*Rate of Return* - The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2022, the annual money-weighted rate of return on the Police Pension Plan, Public Works Union Employees' Pension Plan, and Office Personnel Pension Plan, net of investment expenses, was (16.95%), (16.98%), and (17.11%), respectively.

*Discount Rate* - The discount rate used to measure the total pension liability for each of the defined benefit pension plans was 7.63%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the Township's contributions will be made based on the yearly Minimum Municipal Obligation calculation. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the net pension liability of the Plans calculated using the discount rates described previously, as well as what the Plans' net pension liabilities would be if they were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rates:

	1% Decrease (6.63%)	Current Discount Rate (7.63%)	1% Increase (8.63%)
Police Pension Plan	\$ 9,383,875	\$ 6,656,589	\$ 4,385,454
Public Works Union Employees' Pension Plan	\$ 5,028,866	\$ 3,741,305	\$ 2,660,523
Office Personnel Pension Plan	\$ 6,240,762	\$ 4,884,743	\$ 3,721,757

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

**Single Employer Defined Benefit Pension Plans - continued**

**Net Pension Liability - continued**

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

For the year ended December 31, 2022, the Township recognized pension expense of \$3,227,475 (\$3,284,830 - governmental activities; (\$57,355) - business-type activities). At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Police Pension Plan	Public Works Union Employees' Pension Plan	Office Personnel Pension Plan	Total
<u>Deferred Outflows of Resources:</u>				
Difference between expected and actual experience	\$ 245,106	\$ 27,595	\$ -	\$ 272,701
Changes of assumptions	234,015	67,197	-	301,212
Internal change in proportion	-	100,476	-	100,476
Difference between projected and actual earnings on pension plan investments	3,642,304	2,273,447	2,192,049	8,107,800
Total	\$ 4,121,425	\$ 2,468,715	\$ 2,192,049	\$ 8,782,189
<u>Deferred Inflows of Resources:</u>				
Internal change in proportion	\$ -	\$ 100,476	\$ -	\$ 100,476
Difference between expected and actual experience	320,916	-	-	320,916
Difference between projected and actual earnings on pension plan investments	1,218,063	763,709	765,952	2,747,724
Total	\$ 1,538,979	\$ 864,185	\$ 765,952	\$ 3,169,116

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

**Single Employer Defined Benefit Pension Plans - continued**

**Net Pension Liability - continued**

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the years ending December 31 as follows:

2023	\$	721,271
2024		1,214,522
2025		1,581,159
2026		2,025,298
2027		(1,651)
Thereafter		<u>72,474</u>
Total	\$	<u><u>5,613,073</u></u>

**Pension Trust Fund Financial Information**

*Plan Net Position*

	<u>Police Employee Pension Fund</u>	<u>Public Works Union Employees' Pension Fund</u>	<u>Office Personnel Pension Fund</u>	<u>Total Defined Benefit Pension Trust Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 15,314,060	\$ 9,446,264	\$ 8,948,904	\$ 33,709,228
Prepaid benefits	<u>96,613</u>	<u>78,311</u>	<u>95,282</u>	<u>270,206</u>
<b>TOTAL ASSETS</b>	<u>15,410,673</u>	<u>9,524,575</u>	<u>9,044,186</u>	<u>33,979,434</u>
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	 <u><u>\$ 15,410,673</u></u>	 <u><u>\$ 9,524,575</u></u>	 <u><u>\$ 9,044,186</u></u>	 <u><u>\$ 33,979,434</u></u>

**SOUTH WHITEHALL TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

**Single Employer Defined Benefit Pension Plans - continued**

**Pension Trust Fund Financial Information - continued**

*Changes in Plan Net Position*

	Police Employee Pension Fund	Public Works Union Employees' Pension Fund	Office Personnel Pension Fund	Total Defined Benefit Pension Trust Funds
<b>ADDITIONS</b>				
Contributions:				
Employer (including state aid)	\$ 1,113,862	\$ 644,424	\$ 681,256	\$ 2,439,542
Employee	87,579	7,284	-	94,863
Investment income:				
Interest and dividends	666,721	415,864	397,898	1,480,483
Net depreciation in fair value of investments	<u>(3,797,170)</u>	<u>(2,371,203)</u>	<u>(2,285,977)</u>	<u>(8,454,350)</u>
<b>TOTAL ADDITIONS</b>	(1,929,008)	(1,303,631)	(1,206,823)	(4,439,462)
<b>DEDUCTIONS</b>				
Benefits, including tax withheld	1,398,123	921,955	1,144,581	3,464,659
Administrative expenses	<u>6,300</u>	<u>6,350</u>	<u>4,575</u>	<u>17,225</u>
<b>TOTAL DEDUCTIONS</b>	<u>1,404,423</u>	<u>928,305</u>	<u>1,149,156</u>	<u>3,481,884</u>
<b>CHANGE IN NET POSITION</b>	(3,333,431)	(2,231,936)	(2,355,979)	(7,921,346)
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEGINNING OF YEAR</b>				
	<u>18,744,104</u>	<u>11,756,511</u>	<u>11,400,165</u>	<u>41,900,780</u>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR</b>	<u>\$ 15,410,673</u>	<u>\$ 9,524,575</u>	<u>\$ 9,044,186</u>	<u>\$ 33,979,434</u>

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 9 - PENSION PLANS - CONTINUED**

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**Single Employer Defined Contribution Pension Plans**

The Township administers two single employer defined contribution pension plans:

South Whitehall Township Thrift Savings Plan

The Township maintains a defined contribution employee thrift savings plan, which covers substantially all full-time employees of the Township. Employee contributions are fully vested. The Township makes matching contributions of 100 - 200% of all employee contributions up to a maximum of \$1,000. Employee contributions are voluntary. During the year ended December 31, 2022, the Township contributed \$137,200 to the plan.

South Whitehall Township Non-Uniformed Employees' Defined Contribution Pension Plan

Any non-union employees scheduled to work more than 1,500 hours annually and who became employed on or after January 1, 2015 are eligible to participate in the plan. Eligible employees can begin participating in the plan on the date of employment. Employees are 0% vested until reaching 7 years of service, at which time they become 100% vested. Employees do not contribute to the plan.

The Township contributes 6% of members' compensation annually. A member's full account is payable upon retirement at age 65. If a member continues working after his or her normal retirement date, he or she will remain in the Plan as an active member. The member's account will become payable upon actual retirement from active employment. If a member dies while an active member of the Plan, his or her account will be payable to the designated beneficiary or beneficiaries. During the year ended December 31, 2022, the Township contributed \$187,222 to the plan, which included \$17,684 related to prior years.

**SOUTH WHITEHALL TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS**

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**Employee Defined Benefit Other Postemployment Benefits Plan**

***General Information About the OPEB Plan***

Plan Description

The Township sponsors a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides medical benefits for eligible police officer retirees. Benefit provisions are established through negotiation with the Township and the union representing the Township's police employees.

Benefits Provided

For police officers retiring on or after January 1, 2006 after attainment of age 50 with 25 years of service, the Township will contribute \$200 per month towards health insurance until the retired officer reaches Medicare age. The retired officer is responsible for finding his or her own coverage and for any remaining premium. In the event that the retired officer dies while receiving benefits, the benefits cease.

Employees Covered by Benefit Terms

At January 1, 2022, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

	<u>Police</u>
Active participants	40
Vested former participants	-
Retired participants	<u>11</u>
Total	<u><u>51</u></u>

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED**

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**Employee Defined Benefit Other Postemployment Benefits Plan - continued**

***OPEB Liability***

Actuarial Assumptions and Other Inputs

The total OPEB liability as of January 1, 2022, was determined by rolling forward the Township’s total OPEB liability as of January 1, 2021 to January 1, 2022, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal.
- Salary increases - annual salary increases are assumed to be 5.0%
- Discount rate - 2.25% - based on the Standard & Poor’s Municipal Bond 20 Year High Grade Rate Index at January 1, 2022.
- Mortality rates - IRS 2017 Static Combined Table for Small Plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non-annuitants projected 15 years using Scale AA to reflect mortality improvement.
- Participation rates - 75% of employees are assumed to elect coverage.

The actuarial assumptions were selected using input from the Township based on actual experience.

***Changes in Total OPEB Liability***

	Total OPEB Liability
Balance at January 1, 2021	\$ 330,308
Changes for the year:	
Service cost	19,315
Interest	6,435
Differences between expected and actual experience	(32,180)
Changes of assumptions or other inputs	(6,254)
Benefit payments	(29,882)
Net changes	(42,566)
Balance at January 1, 2022	\$ 287,742

Changes of assumptions or other inputs reflect the following changes: (1) the discount rate changed from 1.93% to 2.25%.

**SOUTH WHITEHALL TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED**

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**Employee Defined Benefit Other Postemployment Benefits Plan - continued**

***Changes in Total OPEB Liability - continued***

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 one-percentage point lower (1.25%) or one-percentage point higher (3.25%) than the current discount rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB Liability	\$ 307,900	\$ 287,742	\$ 269,320

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

The following presents 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 one-percentage point lower or one-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 287,742	\$ 287,742	\$ 287,742



**SOUTH WHITEHALL TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED**

**Employee Defined Benefit Other Postemployment Benefits Plan - continued**

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

For the year ended December 31, 2022, the Township recognized OPEB expense of \$29,939. At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 34,968	\$ 11,497
Differences between expected and actual experience	50,522	38,174
Benefit payments made subsequent to the measurement date	26,400	-
	\$ 111,890	\$ 49,671

The \$26,400 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending December 31:

2023	\$ 4,189
2024	4,189
2025	4,189
2026	4,189
2027	4,189
Thereafter	14,874
Total	\$ 35,819

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 11 - RISK MANAGEMENT**

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In the normal course of business, the Township is subject to various contingent liabilities arising from litigation. The Township does not anticipate future losses resulting from these transactions to be material to the Township's financial statements.

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. For insured programs, there were no significant reductions in insurance coverages of the 2022 year. Settlement amounts have not exceeded insurance coverage for the current year or the 3 prior years. The Township has no unfunded liability.

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

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**Grant Programs**

The Township participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Township is potentially liable for an expenditure which may be disallowed pursuant to the terms of these grant programs. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. Township officials do not expect any significant adjustments as a result of these examinations.

**Concentration of Labor**

The Township has in effect two labor agreements. The collective bargaining agreement with Teamsters Local 773 was renewed in 2021 and is effective through December 31, 2024. The South Whitehall Township Police's labor agreement was renewed in 2021 and is effective through December 31, 2026.

**Intermunicipal Agreements**

On October 1, 1997, South Whitehall Township entered into an agreement with the City of Allentown for the purchase of water. On the same day, this agreement was assigned to the South Whitehall Township Authority. Under Addendum #2 to the agreement, dated January 1, 2004, the Authority agrees to purchase a minimum of 850,000 gallons of water per day average per year from the City. Rates for purchase are determined as a percentage of current rates to City customers. Expenses under this agreement were \$1,269,553 for the year ended December 31, 2022.

On December 29, 1981, the Authority (through the South Whitehall Township) entered into an agreement with the City of Allentown for the transportation, treatment, and disposal of sewage collected by the South Whitehall Township Authority. The Authority pays the City of Allentown for sewer treatment charges, sewage transportation charges, and debt service charges on a quarterly basis. Final calculations are determined after year-end, with an adjustment billing in the following year. Expenses under this agreement were \$1,730,235 for the year ended December 31, 2022.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 12 - COMMITMENTS AND CONTINGENCIES - CONTINUED**

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**Commitments - Refuse Contract**

In April of 2016, the Township entered into an agreement with a contractor to provide collection, disposal and recycling services for residential municipal solid waste and recyclables generated within the Township over the period of January 1, 2020 through December 31, 2022. During 2022, the contract was extended through December 31, 2023. Expenses under this agreement were \$2,703,147 for the year ended December 31, 2022.

**Commitments - Bid Awards and Construction Contracts**

The Township awards bids and contracts for capital projects and expenses. Outstanding commitments, including bids awarded subsequent to year end for capital projects and assets include:

<u>Project</u>	<u>Contracts/Bids Awarded</u>
Jordan Creek Greenway - Wehr Lap	\$ 135,570
Wehr's Dam Rehabilitation Project - construction	62,972
Wehr's Dam Rehabilitation Project - design	34,767
River Road Relocation	56,240
2025 Tower Aerial Fire Truck	1,985,000
Bridgeview Terrace - Phase 2	250,772
Tilghman Street Bridge Utility Relocation	473,060
Total	<u>\$ 2,998,381</u>

The above commitments will be satisfied by existing and future funds in the general, fire, capital projects, water, and sewer funds as well as grant funding and reimbursements from third parties.

**SOUTH WHITEHALL TOWNSHIP**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**December 31, 2022**

**NOTE 13 - FUND BALANCE**

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**Primary Government**

Details of the Township's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended December 31, 2022 were as follows:

**General Fund:** The general fund has nonspendable fund balance of \$583,027 related to prepaid expenditures, assigned funds of \$163,684, consisting of \$50,100 for emergency medical services and \$113,584 for encumbrances, and an unassigned fund balance of \$9,537,427.

**Capital Projects Fund:** The capital projects fund has assigned funds of \$361,482 to be used for future capital purchases and restricted funds of \$292,923 consisting of unspent debt proceeds, restricted for capital spending.

**Nonmajor Funds:**

**Fire Tax Fund:** The fire tax fund has nonspendable fund balance of \$2,057 related to prepaid expenditures and restricted funds of \$1,033,289, consisting of unspent real estate taxes assessed for fire protection services.

**State Highway Aid Fund:** The state highway aid fund has restricted funds of \$519,425, consisting of unspent highway state aid funds restricted by state law.

**Open Space Fund:** The open space fund has restricted funds of \$414,068, consisting of unspent open space contributions.

**Debt Service Fund:** The debt service fund has restricted funds of \$1,475, restricted for future debt service payments.

The Township has established and will maintain reservations of fund balance in accordance with GASB 54. This policy applies to the Township's General Fund and all governmental funds. Fund balance is composed of nonspendable, restricted, committed, assigned, and unassigned amounts.

Fund balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing programs, or enhance the financial position of the Township in accordance with policies established by the board of commissioners.

## SOUTH WHITEHALL TOWNSHIP

### NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2022

#### NOTE 14 - NEW ACCOUNTING STANDARDS

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The Governmental Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* - As used in this statement, a public-private and public-public partnership arrangement (PPP) is an arrangement in which a government contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87 if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of a service concession arrangement. The statement also provides accounting and financial reporting requirements for all other PPPs. The statement also defines and provides guidance for accounting and financial reporting for availability payment arrangements (APAs). This statement is effective for the Township's fiscal year ending December 31, 2023.
- Statement No. 96, *Subscription-Based IT Arrangements* - This statement establishes guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement is effective for the Township's fiscal year ending December 31, 2023.
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of Statement No. 62* - The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.
- Statement No. 101, *Compensated Absences* - The primary objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Township has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTH WHITEHALL TOWNSHIP**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**

**Year Ended December 31, 2022**

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Real estate taxes	\$ 6,827,535	\$ 6,827,535	\$ 7,021,912	\$ 194,377
Earned income taxes	3,450,000	3,450,000	4,389,693	939,693
Business privilege taxes	2,359,000	2,359,000	2,752,559	393,559
Amusement/admission taxes	1,300,000	1,300,000	1,804,516	504,516
Other taxes	1,280,000	1,280,000	1,778,034	498,034
Licenses, permits, and fines	545,330	545,330	492,759	(52,571)
Interest and rent	-	-	81,145	81,145
Intergovernmental	879,034	879,034	1,485,436	606,402
Charges for services	1,301,601	1,301,601	1,916,474	614,873
Other	14,000	14,000	245,861	231,861
<b>TOTAL REVENUES</b>	<b>17,956,500</b>	<b>17,956,500</b>	<b>21,968,389</b>	<b>4,011,889</b>
<b>EXPENDITURES</b>				
General government	7,393,335	7,479,486	4,777,835	2,701,651
Public safety:				
Police	6,023,112	6,082,831	6,911,493	(828,662)
Fire	153,881	153,881	451,558	(297,677)
Other	62,050	63,225	44,669	18,556
Public works	3,361,958	3,353,028	3,605,144	(252,116)
Culture and recreation	401,360	453,259	357,764	95,495
Community development	753,607	755,931	602,258	153,673
Debt service - principal	-	-	9,686	(9,686)
Debt service - interest	-	-	1,029	(1,029)
<b>TOTAL EXPENDITURES</b>	<b>18,149,303</b>	<b>18,341,641</b>	<b>16,761,436</b>	<b>1,580,205</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(192,803)</b>	<b>(385,141)</b>	<b>5,206,953</b>	<b>5,592,094</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	20,000	20,000	99,566	79,566
Proceeds from issuance of leases	-	-	12,782	12,782
Transfers in	-	-	150,702	150,702
Transfers out	-	-	(3,161,931)	(3,161,931)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>20,000</b>	<b>20,000</b>	<b>(2,898,881)</b>	<b>(2,918,881)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (172,803)</b>	<b>\$ (365,141)</b>	<b>2,308,072</b>	<b>\$ 2,673,213</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<b>7,862,482</b>	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 10,170,554</b>	

See notes to required supplementary information.

SOUTH WHITEHALL TOWNSHIP

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -  
POLICE PENSION PLAN

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:							
Service cost	\$ 619,800	\$ 590,286	\$ 498,753	\$ 475,003	\$ 410,978	\$ 391,408	\$ 367,683
Interest	1,507,692	1,547,727	1,503,622	1,442,678	1,431,012	1,383,965	1,277,769
Differences between expected and actual experience	-	285,445	-	(577,652)	-	161,657	-
Changes of assumptions	-	40,675	-	236,670	-	496,272	-
Benefit payments, including refunds of employee contributions	(1,398,123)	(1,159,353)	(1,149,278)	(1,593,038)	(999,660)	(1,118,525)	(1,055,423)
Net change in total pension liability	729,369	1,304,780	853,097	(16,339)	842,330	1,314,777	590,029
Total pension liability, beginning	21,337,893	20,033,113	19,180,016	19,196,355	18,354,025	17,039,248	16,449,219
Total pension liability, ending	<u>\$ 22,067,262</u>	<u>\$ 21,337,893</u>	<u>\$ 20,033,113</u>	<u>\$ 19,180,016</u>	<u>\$ 19,196,355</u>	<u>\$ 18,354,025</u>	<u>\$ 17,039,248</u>
Plan Fiduciary Net Position:							
Contributions - employer	\$ 1,113,862	\$ 1,083,286	\$ 1,223,911	\$ 1,037,781	\$ 840,360	\$ 859,899	\$ 875,856
Contributions - employee	87,579	83,099	71,145	74,258	46,873	43,825	23,373
Net investment income (loss)	(3,130,449)	2,239,126	1,965,023	2,493,261	(896,934)	983,478	340,935
Benefit payments, including refunds of employee contributions	(1,398,123)	(1,159,353)	(1,149,278)	(1,593,038)	(999,660)	(1,118,525)	(1,055,423)
Administrative expenses	(6,300)	(10,450)	(18,625)	(31,489)	(10,265)	(11,225)	(16,075)
Net change in plan fiduciary net position	(3,333,431)	2,235,708	2,092,176	1,980,773	(1,019,626)	757,452	168,666
Plan fiduciary net position, beginning	18,744,104	16,508,396	14,416,220	12,435,447	13,455,073	12,697,621	12,528,955
Plan fiduciary net position, ending	<u>\$ 15,410,673</u>	<u>\$ 18,744,104</u>	<u>\$ 16,508,396</u>	<u>\$ 14,416,220</u>	<u>\$ 12,435,447</u>	<u>\$ 13,455,073</u>	<u>\$ 12,697,621</u>
<b>Net Pension Liability</b>	<u>\$ 6,656,589</u>	<u>\$ 2,593,789</u>	<u>\$ 3,524,717</u>	<u>\$ 4,763,796</u>	<u>\$ 6,760,908</u>	<u>\$ 4,898,952</u>	<u>\$ 4,341,627</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<u>69.84%</u>	<u>87.84%</u>	<u>82.41%</u>	<u>75.16%</u>	<u>64.78%</u>	<u>73.31%</u>	<u>74.52%</u>
<b>Covered Employee Payroll</b>	<u>\$ 3,998,578</u>	<u>\$ 3,820,206</u>	<u>\$ 3,597,398</u>	<u>\$ 3,748,891</u>	<u>\$ 3,306,211</u>	<u>\$ 3,175,209</u>	<u>\$ 2,814,122</u>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<u>166.47%</u>	<u>67.90%</u>	<u>97.98%</u>	<u>127.07%</u>	<u>204.49%</u>	<u>154.29%</u>	<u>154.28%</u>

Note:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.



SOUTH WHITEHALL TOWNSHIP

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -  
PUBLIC WORKS UNION EMPLOYEES' PENSION PLAN

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:							
Service cost	\$ 90,055	\$ 85,767	\$ 105,507	\$ 100,483	\$ 152,453	\$ 145,193	\$ 150,341
Interest	973,111	957,241	939,887	900,386	899,406	845,387	753,803
Differences between expected and actual experience	-	82,783	-	(576,326)	-	45,000	-
Changes of assumptions	-	201,589	-	141,833	-	497,535	-
Benefit payments, including refunds of employee contributions	(921,955)	(773,101)	(593,983)	(415,242)	(348,264)	(296,948)	(296,510)
Net change in total pension liability	141,211	554,279	451,411	151,134	703,595	1,236,167	607,634
Total pension liability, beginning	13,124,669	12,570,390	12,118,979	11,967,845	11,264,250	10,028,083	9,420,449
Total pension liability, ending	<u>\$ 13,265,880</u>	<u>\$ 13,124,669</u>	<u>\$ 12,570,390</u>	<u>\$ 12,118,979</u>	<u>\$ 11,967,845</u>	<u>\$ 11,264,250</u>	<u>\$ 10,028,083</u>
Plan Fiduciary Net Position:							
Contributions - employer	\$ 644,424	\$ 629,229	\$ 642,814	\$ 568,741	\$ 406,560	\$ 431,313	\$ 433,934
Contributions - employee	7,284	9,322	12,154	16,227	16,358	17,601	18,041
Net investment income (loss)	(1,955,339)	1,415,047	1,223,835	1,534,413	(533,228)	583,396	149,621
Benefit payments, including refunds of employee contributions	(921,955)	(773,101)	(593,983)	(415,242)	(348,264)	(296,948)	(296,510)
Administrative expenses	(6,350)	(13,350)	(18,075)	(19,719)	(6,775)	(9,150)	(11,650)
Net change in plan fiduciary net position	(2,231,936)	1,267,147	1,266,745	1,684,420	(465,349)	726,212	293,436
Plan fiduciary net position, beginning	11,756,511	10,489,364	9,222,619	7,538,199	8,003,548	7,277,336	6,983,900
Plan fiduciary net position, ending	<u>\$ 9,524,575</u>	<u>\$ 11,756,511</u>	<u>\$ 10,489,364</u>	<u>\$ 9,222,619</u>	<u>\$ 7,538,199</u>	<u>\$ 8,003,548</u>	<u>\$ 7,277,336</u>
<b>Net Pension Liability</b>	<u>\$ 3,741,305</u>	<u>\$ 1,368,158</u>	<u>\$ 2,081,026</u>	<u>\$ 2,896,360</u>	<u>\$ 4,429,646</u>	<u>\$ 3,260,702</u>	<u>\$ 2,750,747</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<u>71.80%</u>	<u>89.58%</u>	<u>83.45%</u>	<u>76.10%</u>	<u>62.99%</u>	<u>71.05%</u>	<u>72.57%</u>
<b>Covered Employee Payroll</b>	<u>\$ 712,184</u>	<u>\$ 711,066</u>	<u>\$ 1,181,318</u>	<u>\$ 1,303,969</u>	<u>\$ 1,586,857</u>	<u>\$ 1,759,824</u>	<u>\$ 1,781,978</u>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<u>525.33%</u>	<u>192.41%</u>	<u>176.16%</u>	<u>222.12%</u>	<u>279.15%</u>	<u>185.29%</u>	<u>154.36%</u>

Note:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

SOUTH WHITEHALL TOWNSHIP

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -  
OFFICE PERSONNEL PENSION PLAN

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:							
Service cost	\$ 103,098	\$ 98,189	\$ 138,533	\$ 131,936	\$ 145,940	\$ 139,324	\$ 180,889
Interest	1,028,006	1,027,267	989,857	982,144	951,774	931,808	882,700
Differences between expected and actual experience	-	594,990	-	241,779	-	(6,430)	-
Changes of assumptions	-	321,526	-	148,861	-	393,499	-
Benefit payments, including refunds of employee contributions	<u>(1,144,581)</u>	<u>(1,114,420)</u>	<u>(1,073,310)</u>	<u>(972,264)</u>	<u>(843,273)</u>	<u>(813,404)</u>	<u>(776,741)</u>
Net change in total pension liability	(13,477)	927,552	55,080	532,456	254,441	644,797	286,848
Total pension liability, beginning	<u>13,942,406</u>	<u>13,014,854</u>	<u>12,959,774</u>	<u>12,427,318</u>	<u>12,172,877</u>	<u>11,528,080</u>	<u>11,241,232</u>
Total pension liability, ending	<u>\$ 13,928,929</u>	<u>\$ 13,942,406</u>	<u>\$ 13,014,854</u>	<u>\$ 12,959,774</u>	<u>\$ 12,427,318</u>	<u>\$ 12,172,877</u>	<u>\$ 11,528,080</u>
Plan Fiduciary Net Position:							
Contributions - employer	\$ 681,256	\$ 688,146	\$ 707,207	\$ 809,797	\$ 665,787	\$ 722,111	\$ 745,839
Net investment income (loss)	(1,888,079)	1,392,778	1,240,981	1,643,333	(577,983)	658,115	263,883
Benefit payments, including refunds of employee contributions	(1,144,581)	(1,114,420)	(1,073,310)	(972,264)	(843,273)	(813,755)	(776,741)
Administrative expenses	<u>(4,575)</u>	<u>(9,150)</u>	<u>(16,900)</u>	<u>(20,656)</u>	<u>(6,275)</u>	<u>(8,824)</u>	<u>(13,400)</u>
Net change in plan fiduciary net position	(2,355,979)	957,354	857,978	1,460,210	(761,744)	557,647	219,581
Plan fiduciary net position, beginning	<u>11,400,165</u>	<u>10,442,811</u>	<u>9,584,833</u>	<u>8,124,623</u>	<u>8,886,367</u>	<u>8,328,720</u>	<u>8,109,139</u>
Plan fiduciary net position, ending	<u>\$ 9,044,186</u>	<u>\$ 11,400,165</u>	<u>\$ 10,442,811</u>	<u>\$ 9,584,833</u>	<u>\$ 8,124,623</u>	<u>\$ 8,886,367</u>	<u>\$ 8,328,720</u>
<b>Net Pension Liability</b>	<u>\$ 4,884,743</u>	<u>\$ 2,542,241</u>	<u>\$ 2,572,043</u>	<u>\$ 3,374,941</u>	<u>\$ 4,302,695</u>	<u>\$ 3,286,510</u>	<u>\$ 3,199,360</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<u>64.93%</u>	<u>81.77%</u>	<u>80.24%</u>	<u>73.96%</u>	<u>65.38%</u>	<u>73.00%</u>	<u>72.25%</u>
<b>Covered Employee Payroll</b>	<u>\$ 430,246</u>	<u>\$ 531,450</u>	<u>\$ 710,416</u>	<u>\$ 833,379</u>	<u>\$ 1,172,873</u>	<u>\$ 1,206,762</u>	<u>\$ 1,386,068</u>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<u>1135.34%</u>	<u>478.36%</u>	<u>362.05%</u>	<u>404.97%</u>	<u>366.85%</u>	<u>272.34%</u>	<u>230.82%</u>

Note:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

SOUTH WHITEHALL TOWNSHIP

SCHEDULE OF TOWNSHIP CONTRIBUTIONS AND INVESTMENT RETURNS

LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Police Pension Plan</b>										
Schedule of Township Contributions										
Actuarial determined contributions	\$ 1,113,862	\$ 1,083,286	\$ 1,223,911	\$ 1,037,781	\$ 840,360	\$ 837,979	\$ 875,856	\$ 966,966	\$ 715,489	\$ 712,818
Contributions in relation to the actuarially determined contribution	1,113,862	1,083,286	1,223,911	1,037,781	840,360	859,899	875,856	966,994	747,815	712,818
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,920)	\$ -	\$ (28)	\$ (32,326)	\$ -
Covered payroll	\$ 3,998,578	\$ 3,820,206	\$ 3,597,398	\$ 3,748,891	\$ 3,306,211	\$ 3,175,209	\$ 2,814,122	\$ 2,835,238	\$ 2,752,440	
Contribution as a percentage of covered payroll	27.86%	28.36%	34.02%	27.68%	25.42%	27.07%	31.12%	34.11%	27.17%	
Investment Returns										
Annual money-weighted rate of return, net investment expense	(16.95%)	14.17%	14.25%	21.07%	(6.58%)	8.31%	3.15%	(4.35%)	4.84%	
<b>Public Works Union Employees' Pension Plan</b>										
Schedule of Township Contributions										
Actuarial determined contributions	\$ 612,816	\$ 628,466	\$ 642,814	\$ 568,741	\$ 406,560	\$ 431,296	\$ 433,934	\$ 456,874	\$ 432,878	\$ 432,580
Contributions in relation to the actuarially determined contribution	644,424	793,466	642,814	404,504	406,560	431,313	433,934	456,902	452,470	432,580
Contribution deficiency (excess)	\$ (31,608)	\$ (165,000) *	\$ -	\$ 164,237 *	\$ -	\$ (17)	\$ -	\$ (28)	\$ (19,592)	\$ -
Covered payroll	\$ 712,184	\$ 711,066	\$ 1,181,318	\$ 1,303,969	\$ 1,586,857	\$ 1,759,824	\$ 1,781,978	\$ 1,777,401	\$ 1,790,358	
Contribution as a percentage of covered payroll	90.49%	111.59%	54.41%	31.02%	25.62%	24.51%	24.35%	25.71%	25.27%	
Investment Returns										
Annual money-weighted rate of return, net investment expense	(16.98%)	14.20%	14.09%	20.74%	(6.49%)	8.42%	2.58%	(5.83%)	3.71%	
<b>Office Personnel Pension Plan</b>										
Schedule of Township Contributions										
Actuarial determined contributions	\$ 681,256	\$ 688,146	\$ 707,207	\$ 803,614	\$ 665,787	\$ 704,611	\$ 745,839	\$ 782,792	\$ 606,253	\$ 578,467
Contributions in relation to the actuarially determined contribution	681,256	688,146	707,207	809,797	665,787	-	745,839	782,820	619,478	578,467
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (6,183)	\$ -	\$ 704,611	\$ -	\$ (28)	\$ (13,225)	\$ -
Covered payroll	\$ 430,246	\$ 531,450	\$ 710,416	\$ 833,379	\$ 1,172,873	\$ 1,206,762	\$ 1,386,068	\$ 1,659,343	\$ 1,803,986	
Contribution as a percentage of covered payroll	158.34%	129.48%	99.55%	97.17%	56.77%	0.00%	53.81%	47.18%	34.34%	
Investment Returns										
Annual money-weighted rate of return, net investment expense	(17.11%)	14.26%	13.86%	21.18%	(6.48)	8.51%	3.74%	(3.71%)	4.69%	

\* Excess payment made in 2021 related to amount owed for 2019 plan year.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

See notes to required supplementary information.

**SOUTH WHITEHALL TOWNSHIP**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

**LAST TEN FISCAL YEARS**

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service cost	\$ 19,315	\$ 14,662	\$ 12,934	\$ 13,594	\$ 11,952
Interest	6,435	9,999	8,493	7,539	8,809
Differences between expected and actual experience	(32,180)	-	65,678	-	(12,898)
Changes of assumptions	(6,254)	26,521	6,954	(7,966)	11,168
Benefit payments	(29,882)	(28,200)	(15,537)	(20,400)	(18,489)
Net change in total OPEB liability	(42,566)	22,982	78,522	(7,233)	542
Total OPEB liability, beginning	330,308	307,326	228,804	236,037	235,495
Total OPEB liability, ending	<u>\$ 287,742</u>	<u>\$ 330,308</u>	<u>\$ 307,326</u>	<u>\$ 228,804</u>	<u>\$ 236,037</u>
Covered employee payroll	<u>\$ 3,820,205</u>	<u>\$ 3,748,892</u>	<u>\$ 3,748,892</u>	<u>\$ 2,993,649</u>	<u>\$ 2,993,649</u>
Total OPEB liability as a percentage of covered employee payroll	7.53%	8.81%	8.20%	7.64%	7.88%

**NOTES TO SCHEDULE**

*Change to Benefit Terms*

None.

*Changes of Assumptions*

Significant changes in assumptions for the January 1, 2022 measurement date are as follows:

- The discount rate changed from 1.93% to 2.25%.

Significant changes in assumptions for prior measurement dates are as follows:

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

**SOUTH WHITEHALL TOWNSHIP**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**December 31, 2022**

**NOTE 1 - BUDGETARY COMPARISON SCHEDULE**

The budgetary comparison schedule for the general fund is prepared using the modified accrual basis of accounting which is the same basis used to report actual expenditures.

**NOTE 2 - PENSION SCHEDULES**

The information presented in the required supplementary schedules related to the pension funds was determined as part of the actuarial valuations. Methods and assumptions used to determine contribution rates for the plans are as follows:

	Police Pension Plan	Public Works Union Employees' Pension Plan	Office Personnel Pension Plan
Actuarial valuation date	01/01/19	01/01/19	01/01/19
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining amortization period	3 years	6 years	8 years
Asset valuation method	Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 80% to 120% of market value	Smoothed value with a corridor of 80% to 120% of market value
Actuarial assumptions:			
Investment rate of return	7.88%	7.88%	7.88%
Projected salary increases	5%	5%	5%
Inflation rate	3%	3%	3%
Mortality table	IRS 2017 Static combined table for small plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non- annuitants projected 15 years using scale AA to reflect mortality improvement.	IRS 2017 Static combined table for small plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non- annuitants projected 15 years using scale AA to reflect mortality improvement.	IRS 2017 Static combined table for small plans. Incorporated into the table are rates for annuitants projected 7 years and rates for non- annuitants projected 15 years using scale AA to reflect mortality improvement.

Change in Actuarial Assumptions

The remaining amortization period is adjusted each valuation based on the average remaining service life of plan members. The investment rate of return was changed from 8.00% to 7.88%.

Change in Benefits

No changes in benefits noted.

**SUPPLEMENTARY INFORMATION**

**SOUTH WHITEHALL TOWNSHIP**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

**December 31, 2022**

	Fire Tax	State Highway Aid	Open Space	Debt Service	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash	\$ 1,099,375	\$ 557,419	\$ 413,261	\$ 292,923	\$ 2,362,978
Accounts receivable	4,212	-	807	1,201	6,220
Taxes receivable	37,390	-	-	-	37,390
Prepaid expenses	2,057	-	-	-	2,057
<b>TOTAL ASSETS</b>	<b><u>\$ 1,143,034</u></b>	<b><u>\$ 557,419</u></b>	<b><u>\$ 414,068</u></b>	<b><u>\$ 294,124</u></b>	<b><u>\$ 2,408,645</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Interfund payables	\$ 4,666	\$ -	\$ -	\$ 292,649	\$ 297,315
Accounts payable	80,687	37,994	-	-	118,681
<b>TOTAL LIABILITIES</b>	<b>85,353</b>	<b>37,994</b>	<b>-</b>	<b>292,649</b>	<b>415,996</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	22,335	-	-	-	22,335
<b>FUND BALANCES</b>					
Nonspendable	2,057	-	-	-	2,057
Restricted for:					
Fire protection	1,033,289	-	-	-	1,033,289
Highways and streets	-	519,425	-	-	519,425
Open space	-	-	414,068	-	414,068
Debt service	-	-	-	1,475	1,475
<b>TOTAL FUND BALANCES</b>	<b><u>1,035,346</u></b>	<b><u>519,425</u></b>	<b><u>414,068</u></b>	<b><u>1,475</u></b>	<b><u>1,970,314</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 1,143,034</u></b>	<b><u>\$ 557,419</u></b>	<b><u>\$ 414,068</u></b>	<b><u>\$ 294,124</u></b>	<b><u>\$ 2,408,645</u></b>

**SOUTH WHITEHALL TOWNSHIP**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

**Year Ended December 31, 2022**

	Fire Tax	State Highway Aid	Open Space	Debt Service	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Real estate taxes	\$ 1,162,811	\$ -	\$ -	\$ -	\$ 1,162,811
Interest and rent	1,909	177	807	1,475	4,368
Intergovernmental	-	705,835	-	-	705,835
Other	-	-	18,523	-	18,523
<b>TOTAL REVENUES</b>	<b>1,164,720</b>	<b>706,012</b>	<b>19,330</b>	<b>1,475</b>	<b>1,891,537</b>
<b>EXPENDITURES</b>					
Current:					
Public safety:					
Fire	1,632,751	-	-	-	1,632,751
Public works	-	514,586	-	-	514,586
Culture and recreation	-	-	24,183	-	24,183
Debt service - principal	3,648	-	-	345,844	349,492
Debt service - interest	252	-	-	359,364	359,616
<b>TOTAL EXPENDITURES</b>	<b>1,636,651</b>	<b>514,586</b>	<b>24,183</b>	<b>705,208</b>	<b>2,880,628</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(471,931)</b>	<b>191,426</b>	<b>(4,853)</b>	<b>(703,733)</b>	<b>(989,091)</b>
<b>OTHER FINANCING SOURCES</b>					
Sale of capital assets	9,110	-	-	-	9,110
Transfers in	459,408	15,639	-	705,208	1,180,255
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>468,518</b>	<b>15,639</b>	<b>-</b>	<b>705,208</b>	<b>1,189,365</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(3,413)</b>	<b>207,065</b>	<b>(4,853)</b>	<b>1,475</b>	<b>200,274</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>1,038,759</b>	<b>312,360</b>	<b>418,921</b>	<b>-</b>	<b>1,770,040</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 1,035,346</b>	<b>\$ 519,425</b>	<b>\$ 414,068</b>	<b>\$ 1,475</b>	<b>\$ 1,970,314</b>



**SOUTH WHITEHALL TOWNSHIP**

**COMBINING STATEMENT OF NET POSITION - FIDUCIARY FUNDS - TRUST FUNDS**

**December 31, 2022**

	<u>Police Employee Pension Fund</u>	<u>Public Works Union Employee Pension Fund</u>	<u>Office Personnel Pension Fund</u>	<u>Total Pension Trust Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 15,314,060	\$ 9,446,264	\$ 8,948,904	\$ 33,709,228
Prepaid benefits	<u>96,613</u>	<u>78,311</u>	<u>95,282</u>	<u>270,206</u>
<b>TOTAL ASSETS</b>	<u>15,410,673</u>	<u>9,524,575</u>	<u>9,044,186</u>	<u>33,979,434</u>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<u><u>\$ 15,410,673</u></u>	<u><u>\$ 9,524,575</u></u>	<u><u>\$ 9,044,186</u></u>	<u><u>\$ 33,979,434</u></u>

**SOUTH WHITEHALL TOWNSHIP**

**COMBINING STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS - TRUST FUNDS**

**Year Ended December 31, 2022**

	<u>Police Employee Pension Fund</u>	<u>Public Works Union Employee Pension Fund</u>	<u>Office Personnel Pension Fund</u>	<u>Total Pension Trust Funds</u>
<b>ADDITIONS</b>				
Contributions:				
Employer (including state aid)	\$ 1,113,862	\$ 644,424	\$ 681,256	\$ 2,439,542
Employees	87,579	7,284	-	94,863
Investment income:				
Interest and dividends	666,721	415,864	397,898	1,480,483
Net depreciation in fair value of investments	<u>(3,797,170)</u>	<u>(2,371,203)</u>	<u>(2,285,977)</u>	<u>(8,454,350)</u>
<b>TOTAL ADDITIONS</b>	(1,929,008)	(1,303,631)	(1,206,823)	(4,439,462)
<b>DEDUCTIONS</b>				
Benefits, including tax withheld	1,398,123	921,955	1,144,581	3,464,659
Administrative expenses	<u>6,300</u>	<u>6,350</u>	<u>4,575</u>	<u>17,225</u>
<b>TOTAL DEDUCTIONS</b>	<u>1,404,423</u>	<u>928,305</u>	<u>1,149,156</u>	<u>3,481,884</u>
<b>CHANGE IN NET POSITION</b>	(3,333,431)	(2,231,936)	(2,355,979)	(7,921,346)
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR</b>				
	<u>18,744,104</u>	<u>11,756,511</u>	<u>11,400,165</u>	<u>41,900,780</u>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS - END OF YEAR</b>				
	<u>\$ 15,410,673</u>	<u>\$ 9,524,575</u>	<u>\$ 9,044,186</u>	<u>\$ 33,979,434</u>