

Review of Audit Results
December 31, 2023

Overview

- ▼ Introduction
- ▼ Review of Auditor's Report
- ▼ New accounting standard implementation - SBITAs
- ▼ Financial Highlights and Trends
- ▼ Auditor Communications

This presentation is intended solely for the information and use of management and the Board of Commissioners of South Whitehall Township and is not intended to be and should not be used by anyone other than these specified parties. For more detailed information please see the financial and compliance report for the Township.

Introduction

- ▼ Our audit is conducted under Generally Accepted Auditing Standards
- ▼ Our responsibility is to:
 - ▼ Obtain reasonable assurance about whether the financial statements are free from material misstatements, whether due to fraud or error, and then render an opinion on whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.

The Reporting Entity

▼ Blended Component Unit

- ▼ South Whitehall Township Authority- included within the water and sewer funds of the Township statements

▼ Work of Specialists

- ▼ Actuarial analysis for pension liability - Conrad Siegel
- ▼ Actuarial analysis for other postemployment benefits liability - Conrad Siegel

Auditor Opinion

▼ Generally Accepted Auditing Standards - Unmodified Opinion

An unmodified opinion is a clean audit opinion from an independent auditor.

This is not an opinion on internal controls of the Township as that was not the objective of our audit.

Implementation of GASB Statement No. 96

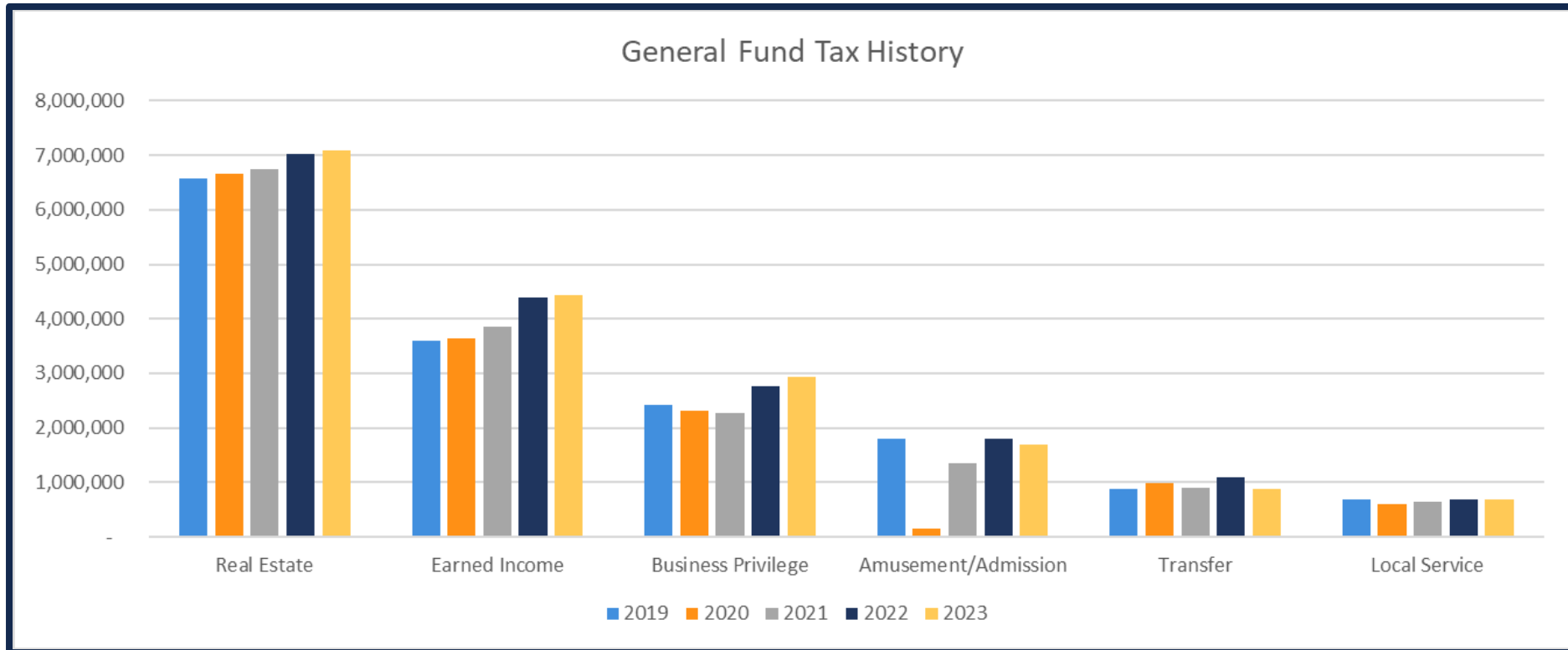
- ▼ SBITA = subscription-based information technology arrangement
- ▼ This statement requires recognition of subscription assets and liabilities for software agreements that have a noncancelable period greater than 12 months.
- ▼ Changes to the Township's statements for implementation of the standard: Addition of right-to-use subscription asset and related subscription liability as of 1/1/2023 totaling \$161,045.

General Fund Budget to Actual

	Budget	Actual	Variance
REVENUES			
Taxes	\$ 16,655,150	\$ 17,721,101	\$ 1,065,951
Licenses, permits, and fines	468,230	480,610	12,380
Interest and rent	1,500	402,915	401,415
Intergovernmental	917,215	1,280,006	362,791
Charges for services	1,614,051	2,132,586	518,535
Other	6,500	148,622	142,122
TOTAL REVENUES	19,662,646	22,165,840	2,503,194
EXPENDITURES			
General government	7,433,746	4,927,457	2,506,289
Public safety	6,586,659	7,569,180	(982,521)
Public works	3,295,981	3,583,722	(287,741)
Culture and recreation	316,278	236,092	80,186
Community development	856,109	643,193	212,916
Debt service and other	-	143,357	(143,357)
TOTAL EXPENDITURES	18,488,773	17,103,001	1,385,772
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	12,500	-	(12,500)
Proceeds - issuance of lease	-	14,056	14,056
Transfers in (out)	(1,156,813)	(2,995,580)	(1,838,767)
TOTAL OTHER FINANCING SOURCES (USES)	(1,144,313)	(2,981,524)	(1,837,211)
NET CHANGE IN FUND BALANCE	\$ 29,560	\$ 2,081,315	\$ 2,051,755

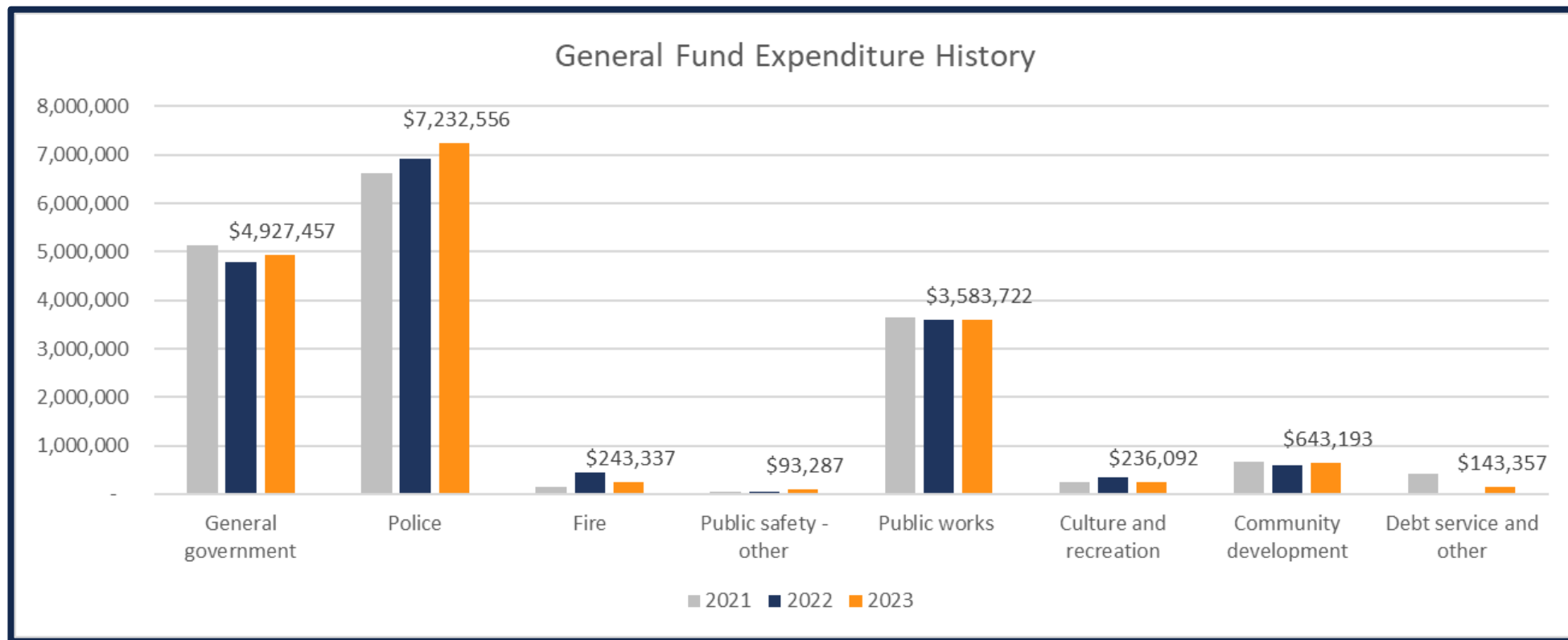
- ▼ Revenue exceeded budget by 12.7%
 - ▼ Taxes - EIT exceeded budget by \$587k and BPT exceeded budget by \$215k
 - ▼ Interest and rent - higher rates of return and movement of funds to higher earning accounts
 - ▼ Intergovernmental - state pension aid was \$166k higher than budget; fire aid of \$182k not budgeted
 - ▼ Charges for services - higher than anticipated subdivision reimbursements and police services revenue
 - ▼ Other - health insurance carrier reimbursement not budgeted
- ▼ Expenditures under budget by 7.5%
 - ▼ General government - allocation of \$1.9M in MMO payment to police and public works; savings due to open positions; certain software payments reclassified to debt service b/c of GASB 96
 - ▼ Public Safety - allocation of \$1.2M in MMO payment from general government, fire relief exp not budgeted, offset by savings due to open positions
 - ▼ Public works - allocation of \$689k in MMO payment from general government, savings in wages and conservative budgeting for projects/materials
 - ▼ Community development - fewer wages than anticipated and consulting services not utilized

General Fund Tax Revenue



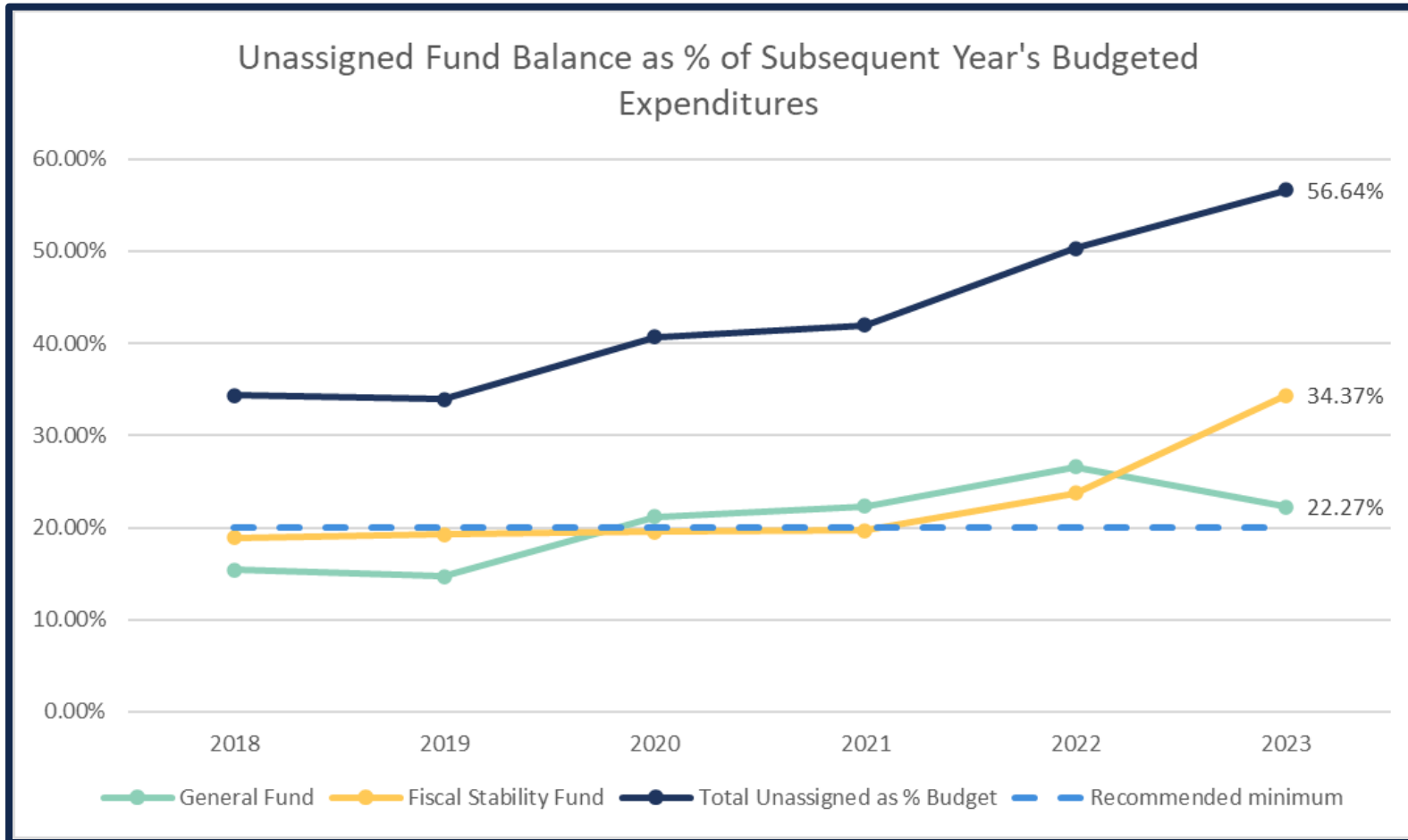
- ▼ This chart represents the different tax revenue streams of the Township over the past 5 years.

General Fund Expenditures



▼ This chart reflects the trends in general fund expenditures over the past 3 years.

General Fund - Fund Balance



- ▶ Unassigned fund balance in the Township's general fund (including the fiscal stability fund) has fluctuated from 34% to 57% of subsequent year's budgeted expenditures. Recommended minimum unassigned fund balance is 20% of subsequent year's budget.
- ▶ The Township's fund balance policy is to maintain unassigned fund balance in the general fund between 20-30% of yearly revenue. At December 31, 2023, unassigned fund balance (including fiscal stability) is 51% of current year revenue.

Special Revenue Funds

	Fire Tax	State Highway Aid	Open Space
ASSETS			
Cash	\$ 1,725,007	\$ 475,533	\$ 378,404
Interfund receivables	-	4,732	-
Taxes and accounts receivable	81,327	-	3,521
Prepaid expenses	9,305	-	-
TOTAL ASSETS	1,815,639	480,265	381,925
LIABILITIES			
Interfund payable	3,908	-	-
Accounts payable	78,543	32,067	5,993
Unearned revenue	1,000	-	-
TOTAL LIABILITIES	83,451	32,067	5,993
DEFERRED INFLOWS OF RESOURCES	20,868	-	-
FUND BALANCE			
Nonspendable	9,305	-	-
Restricted	1,702,015	448,198	375,932
TOTAL FUND BALANCE	\$ 1,711,320	\$ 448,198	\$ 375,932

	Fire Tax	State Highway Aid	Open Space
REVENUES			
Taxes	\$ 1,169,953	\$ -	\$ -
Intergovernmental	-	732,150	-
Charges for services/contributions	24,200	-	40,478
Interest and rent	13,111	6,043	3,521
TOTAL REVENUES	1,207,264	738,193	43,999
EXPENDITURES			
Public safety	727,390	-	-
Public works	-	814,152	-
Culture and recreation	-	-	75,908
Debt service (leases)	3,900	-	-
TOTAL EXPENDITURES	731,290	814,152	75,908
OTHER FINANCING SOURCES			
Transfers in (out)	200,000	4,732	(6,227)
TOTAL OTHER FINANCING SOURCES	200,000	4,732	(6,227)
NET CHANGE IN FUND BALANCE	\$ 675,974	\$ (71,227)	\$ (38,136)

▼ Fund balance is restricted for the purposes noted.

Capital Projects Fund

	2023	2022
ASSETS		
Cash	\$ 1,629,238	\$ 634,230
Interfund receivables	421,760	421,760
Accounts receivable	18,444	1,160
TOTAL ASSETS	2,069,442	1,057,150
LIABILITIES		
Interfund payables	289,625	289,625
Accounts payable	27,936	70,748
Unearned revenue	-	42,372
TOTAL LIABILITIES	317,561	402,745
FUND BALANCE		
Restricted	292,649	292,923
Assigned	1,459,232	361,482
	\$ 1,751,881	\$ 654,405

- ▶ This fund tracks capital expenditures of the Township, excluding those purchased through the water, sewer, and refuse funds.
- ▶ Restricted fund balance represents unspent debt proceeds restricted for capital projects. The remaining fund balance at 12/31/23 is assigned for future capital expenditures.

	2023	2022
REVENUES		
Interest and rent	\$ 7,559	\$ 1,164
Intergovernmental	53,257	34,172
Charges for services	233,240	-
TOTAL REVENUES	294,056	35,336
EXPENDITURES		
General government	-	37,843
Public safety	124,664	148,167
Public works	997,046	1,283,842
Culture and recreation	170,129	115,672
Community development	-	22,000
TOTAL EXPENDITURES	1,291,839	1,607,524
OTHER FINANCING SOURCES (USES)		
Sale of capital assets	172,245	-
Transfers in (out)	1,923,014	1,530,974
TOTAL OTHER FINANCING SOURCES (USES)	2,095,259	1,530,974
NET CHANGE IN FUND BALANCE	\$ 1,097,476	\$ (41,214)

Proprietary Funds

	Water	Sewer	Refuse
OPERATING REVENUES	\$ 4,861,809	\$ 3,365,974	\$ 2,916,212
OPERATING EXPENSES	3,603,513	3,913,810	2,956,291
NONOPERATING REVENUE (EXPENSES)	562,012	1,009,891	99,837
CHANGE IN NET POSITION	\$ 1,820,308	\$ 462,055	\$ 59,758
NET POSITION			
Net investment in capital assets	\$ 8,314,450	\$ 8,031,999	\$ 3,750
Unrestricted	6,399,467	5,087,506	662,966
TOTAL NET POSITION	\$ 14,713,917	\$ 13,119,505	\$ 666,716

- Proprietary funds have charges for services meant to cover the cost of providing those services. The Township has 3 such funds. The water and sewer fund represent Authority activity as well as the allocation of the debt and pension liability in the Township's name.

Pension Fund - Summary

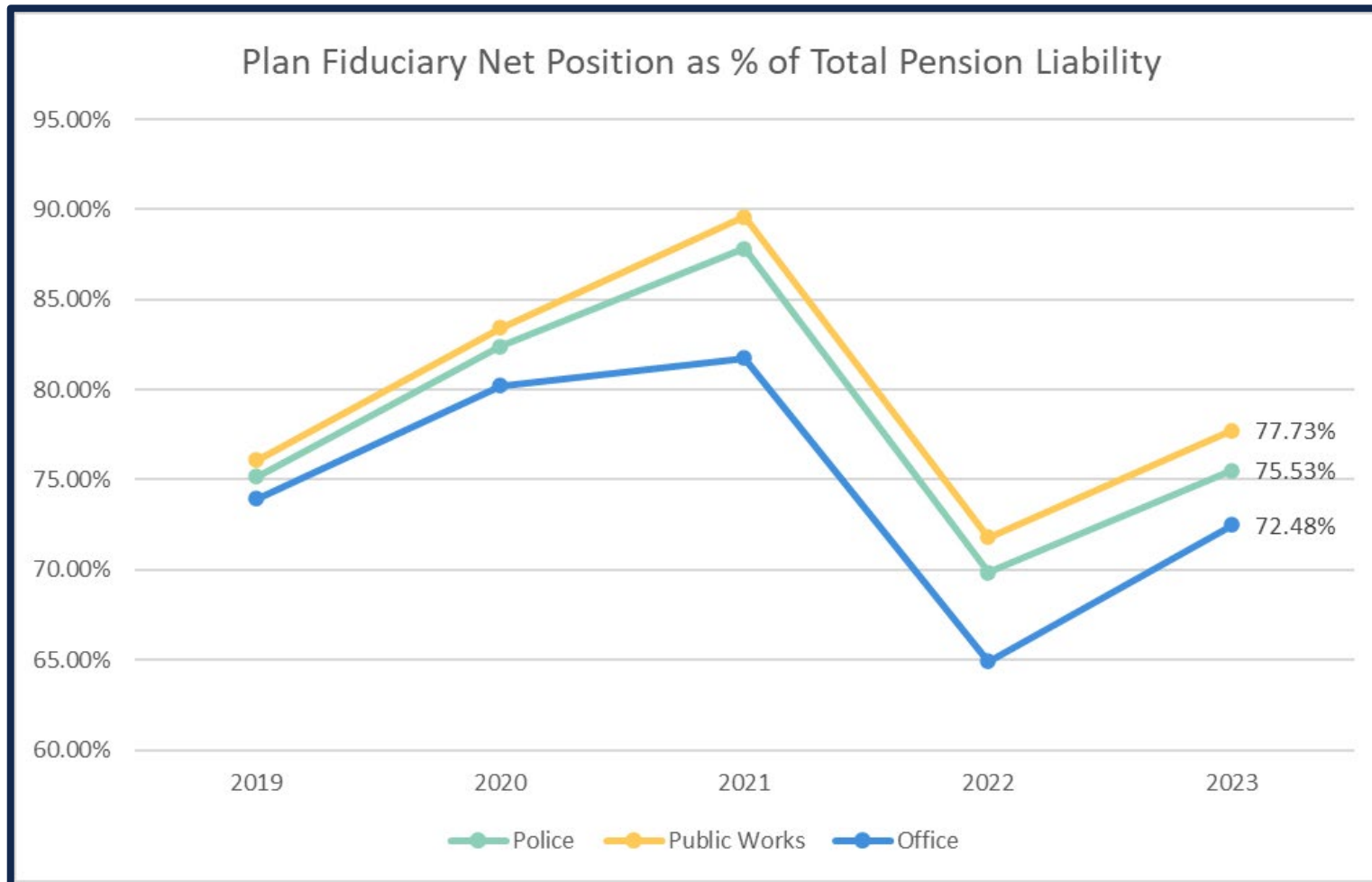
- ▼ Under GASB Statement No. 84, *Fiduciary Activities*, only the Township's defined benefit plans are included in the financial statements
 - ▼ Defined Benefit (part of reporting entity)
 - ▼ Police Pension Plan
 - ▼ Public Works Employees' Pension Plan
 - ▼ Office Personnel Pension Plan
 - ▼ Defined Contribution (not part of reporting entity)
 - ▼ Thrift Savings Plan
 - ▼ Non-Uniformed Employees' Defined Contribution Pension Plan

Pension Fund Trends



- ▶ The pension trends show the total pension liability for each defined benefit plan as well as the net pension liability.
- ▶ The pension liability was calculated under GASB 68 by an actuary.

Pension Fund Trends



Auditor Communications

Management Letter

- ▼ Continued improved processes for bank reconciliations and year-end close
- ▼ Consider allocation of depreciation expense

Auditor Communications

Communication Letter

- ▼ No difficulties were incurred in performing the audit
- ▼ Proposed journal entries are attached to letter
- ▼ Most sensitive estimates
 - ▼ Depreciation lives for capital assets
 - ▼ Pension Liability (performed by third party)
 - ▼ OPEB Liabilities (performed by third parties)
 - ▼ Discount rate for leases and SBITAs
- ▼ Adoption of GASB Statement No. 96 related to SBITAs
- ▼ No other reportable matters

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