

**WHITEMARSH TOWNSHIP
Lafayette Hill, Pennsylvania**

Financial Statements

Year Ended December 31, 2019

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MEMBER:
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Whitemarsh Township
Lafayette Hill, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Whitemarsh Township, Pennsylvania, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Whitemarsh Township Authority, which represent 84 percent, 74 percent, and 81 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Whitemarsh Township Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Whitemarsh Township, Pennsylvania, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Capital Reserve Fund, and the Open Space Reserve Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 26 and the supplemental pension schedules on pages 71 through 74 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whitemarsh Township, Pennsylvania's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Dreslin and Company, Inc.

East Norriton, Pennsylvania
October 30, 2020

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
December 31, 2019

The following discussion and analysis of Whitemarsh Township's financial performance provides an overview of the Township's financial condition and activities for the fiscal year ended December 31, 2019. The purpose of this discussion is to provide a narrative summary of the financial position and activities of Whitemarsh Township in order to enhance the reader's understanding of the Township's basic financial statements. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the Township's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

Financial Highlights for Fiscal Year 2019

Government-Wide Financial Statements (Full Accrual)

- The total net position (assets and deferred outflows of resources, less liabilities and deferred inflows of resources) of the Township's Primary Government, were \$38.60 million at the end of 2019 – an increase of \$1.82 million from the end of 2018. The majority of the increase was due to an increase in the cash balance for the Open Space Fund, capitalized costs of infrastructure improvements, and revenues generated as a result of home purchases through Real Estate Transfer Taxes. The remainder of the change is due to changes in accruals and deferred outflows for Other Post-Employment Benefits and changes in net Pension Liabilities. General revenues and program revenues of the Township amounted to \$23.43 million in 2019, while expenses totaled \$21.61 million.

Fund Financial Statements (Modified Accrual)

- At year-end, the Township's governmental funds reported a total fund balance of \$28.55 million, an increase of \$689 thousand. The increase is due to a net increase in the Open Space Fund of \$2.06 million, General Fund of \$369 thousand, other funds aggregating \$337 thousand, and decreases in the Capital Reserve Fund of \$2.08 million.
- The Township's General Fund reported a net increase in fund balance of \$0.36 million, resulting in a year ending fund balance of \$10.01 million.

Financial Statements

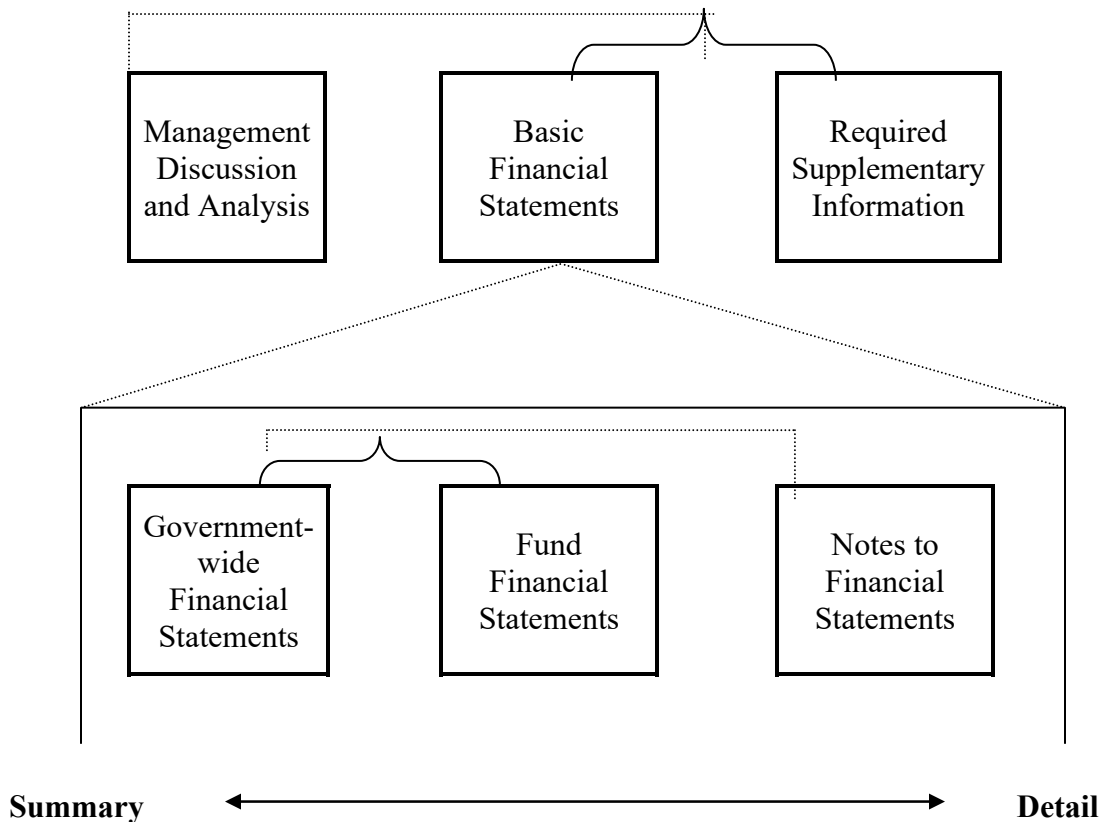
Prior to 2003, the primary focus of local government financial statements had been to provide fund type information on a current financial resource basis. This approach was modified in 2003 by the Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments (GASB 34), which established new requirements and a new reporting model for the annual financial reports of state and local governments.

WHITEMARSH TOWNSHIP
Management’s Discussion and Analysis
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December 31, 2019

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

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

Required Components of
Whitemarsh Township
Financial Report



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

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
December 31, 2019

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

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

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
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Government-Wide Statements

The government-wide statements report on the Township as a whole using accounting methods similar to those used by private sector companies. This analysis begins on page 27. One of the most critical questions asked about the Township's finances is, "is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about Whitemarsh Township as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or disbursed.

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

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

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

Fund Financial Statements

The fund financial statements begin on page 30 and provide detailed information about the most significant funds, not the Township as a whole. Some funds are required to be established by State law. Others are established to help control and manage money for particular purposes or to show that the Township is meeting legal responsibilities for using certain taxes, grants, or other funds.

Whitemarsh Township has three kinds of funds:

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

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

Financial Analysis of the Township as a Whole

The following table reflects the condensed statement of net position:

Statement of Net Position - December 31, 2019, and 2018 (in thousands)

	<u>2019</u>	<u>2018</u>
	Primary	Primary
	Government	Government
	Governmental	Governmental
	Activities	Activities
Current Assets	\$31,449	\$30,835
Net Capital Assets	36,874	35,924
Deferred Outflows	1,898	3,388
Total Assets	<u>\$70,221</u>	<u>\$70,147</u>
Current and Other Liabilities	\$2,719	\$2,525
Non-current Liabilities	27,264	30,676
Deferred Inflows	1,632	165
Total Liabilities and Deferred Inflows	<u>\$31,615</u>	<u>\$33,366</u>
Net Position:		
Invested in Capital Assets		
Net of Related Debt	\$21,824	\$20,130
Unrestricted	16,781	16,650
Total Net Position	<u>\$38,605</u>	<u>\$36,780</u>

For more detailed information, see the Statement of Net Position on pages 27 and 28.

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Management's Discussion and Analysis
Required Supplementary Information
December 31, 2019

Net position may serve over time as a useful indicator of a government's financial position. Whitemarsh Township's Primary Government's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$38.60 million as of December 31, 2019, and by \$36.78 million as of December 31, 2018. The largest portion of the Township's net assets reflects its capital assets. The restricted net assets portion (if any) represents resources that are subject to external restrictions on how they may be used; restricted net assets are also reported net of the related outstanding debt. The unrestricted net assets for governmental activities is the portion of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

The following table shows the revenues, expenses, and changes in net position (in thousands) of the primary government's governmental activities.

	<u>2019</u>	<u>2018</u>
	Primary Government Governmental Activities	Primary Government Governmental Activities
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,194	\$ 3,094
Operating Grants and Contributions	1,836	1,462
General Revenues:		
Taxes	17,278	16,808
Other General Revenues	<u>1,127</u>	<u>829</u>
Total Revenues	<u>23,435</u>	<u>22,193</u>
Expenses:		
General Government	3,177	2,851
Public Safety - Police	8,673	9,388
Public Safety - Other	2,307	1,922
Public Works - Sanitation	1,375	1,258
Public Works - Highway	3,280	2,901
Public - Works - Stormwater Management	96	234
Culture and Recreation	1,992	2,343
Conservation of Natural Resources	62	44
Community Development	136	107
Interest on Long Term Debt	513	282
Debt Issuance Cost	<u>-</u>	<u>130</u>
Total Expenses	<u>21,611</u>	<u>21,460</u>
Increase in Net Position	<u>\$ 1,824</u>	<u>\$ 733</u>

Expenses by Function for the Year Ended December 31, 2019

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

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Management's Discussion and Analysis
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<u>Functions/Programs</u>	<u>2019</u>		<u>2018</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General Government	3,176,950	2,289,278	2,850,627	2,021,800
Public Safety - Police	8,673,402	8,091,990	9,388,595	8,764,637
Public Safety - Other	2,306,912	1,569,320	1,921,817	1,211,502
Public Works - Sanitation	1,375,482	144,455	1,257,820	16,176
Public Works - Highway	3,280,278	2,592,767	2,900,867	2,307,825
Public Works - Stormwater Management	95,616	95,616	234,384	234,384
Culture and Recreation	1,992,138	1,086,825	2,342,975	1,784,677
Conservation of Natural Resources	61,715	61,715	44,099	44,099
Community Development	135,942	135,942	107,243	107,243
Interest on Long Term Debt	512,801	512,801	282,124	282,124
Debt Issuance Costs	-	-	130,344	130,344
	<u>-</u>	<u>-</u>	<u>130,344</u>	<u>130,344</u>
Total Governmental Activities	<u>\$ 21,611,236</u>	<u>\$ 16,580,709</u>	<u>\$ 21,460,895</u>	<u>\$ 16,904,811</u>

Financial Analysis of the Township's Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow, and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. At the end of fiscal 2019, the Township's governmental funds (as presented in the balance sheet on page 30) reported a combined fund balance of \$28.55 million, which is an increase of \$0.69 million from last year's ending fund balance of \$27.86 million.

The General Fund is the Township's primary operating fund used to account for the majority of services provided on a daily basis. In 2019, the fund balance of the General Fund increased by \$0.36 million from \$9.65 million to \$10.01 million.

The increase in the Open Space Fund of \$2.06 million resulted from General Fund transfers of \$2.21 million of designated Earned Income Tax Collections plus Interest Earnings of \$119 thousand to cover \$205 thousand of Debt Service costs and \$61 thousand of collection and maintenance costs.

Capital Reserve Fund decreased by \$2.08 million as 2019 capital expenditures of \$2.3 million drew-down 2018 Series Bond proceeds and prior year capital contributions. Contribution from the General Fund set aside \$104 thousand for future capital needs at the end of 2019.

Positive operating results totaling \$337 thousand in the other Non-Major Government Funds will be utilized toward the 2020 Budget Year for the Liquid Fuels, Refuse, Park, Impact Fee, Capital Equipment Reserve, and Traffic Improvement Reserve Funds.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
December 31, 2019

Major Governmental Funds

In 2019, General Fund Revenue increased by \$1.77 million from the 2018 levels. The increase is comprised of Earned Income Taxes \$865 thousand, Real Estate Transfer Tax \$489 thousand, Business Taxes \$288 thousand, and \$128 thousand across other revenue classifications. Business Tax receipts increased by 11% over 2018 collections. However, combined collections for this area are not meeting projections and are responsible for the negative operating results in the Other Act 511 line. Transfer Tax increases were the result of increased sales of both new and existing properties, both residential and commercial. Interest earnings were generated from the Township's multifaceted approach to investing, producing strong interest earnings resulting in favorable reserve balances.

The Capital Reserve Fund is used to account for amounts set aside in prior years to fund capital additions as well as accounting for the expenditure of borrowed funds and repayment of debt service obligations used to fund capital expenditures. In 2019, the Capital Reserve fund balance decreased by \$2.08 million due to net inter-fund transfers of \$236 thousand, plus HMI Intersection improvements that covered \$1.7 million of expenditures, including Debt Service of \$144 thousand.

For the fiscal year ended December 31, 2019, revenues for governmental fund type activities totaled \$23.65 million.

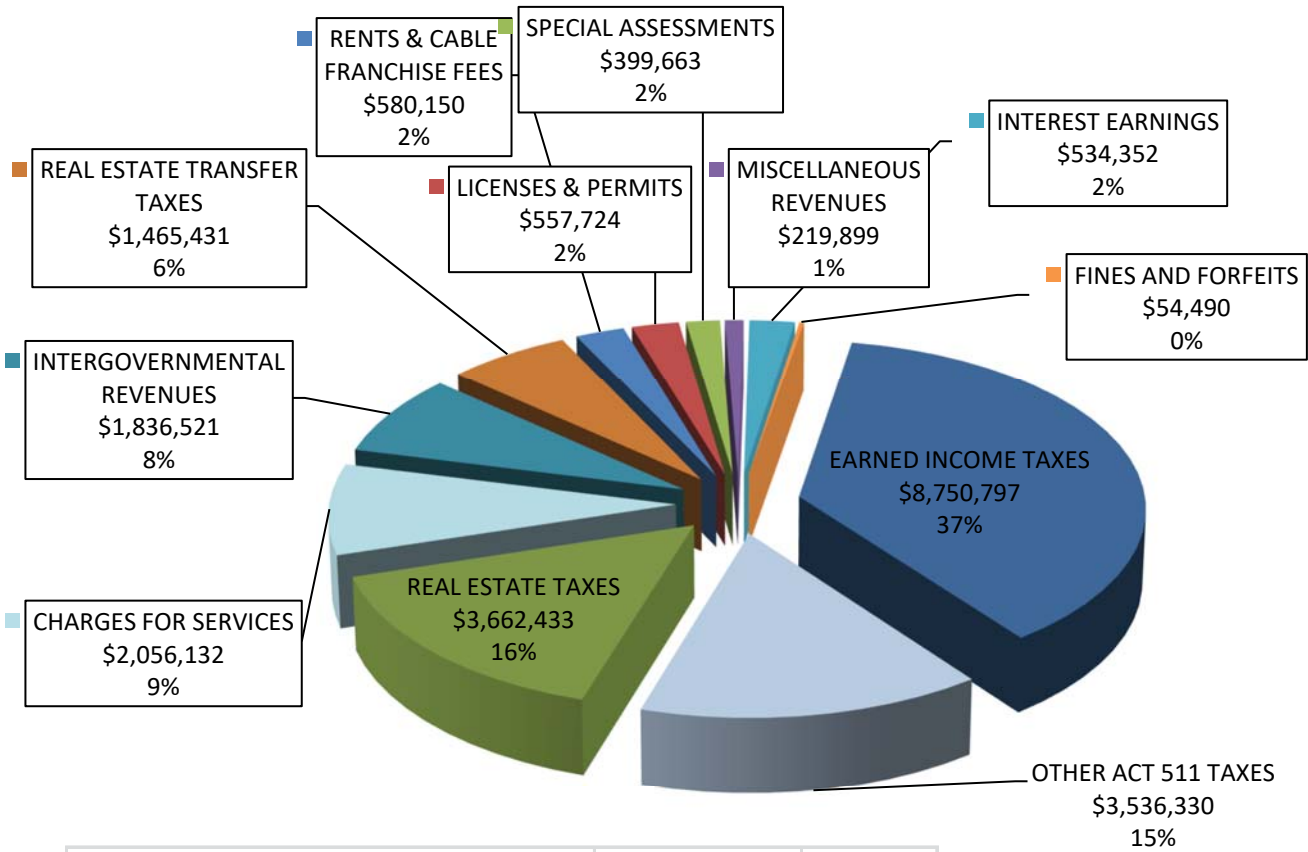
The earned income tax is the Township's largest revenue source at \$8.75 million (44% of total General Fund Revenues). Real estate tax revenues totaled \$3.25 million (17%). Other Act 511 Taxes generated \$3.54 million (18%). The Township's assessed value of real property exceeded \$1.85 billion at the end of 2019.

The graph and related chart on the next page provides an overview of the Sources of Governmental Revenue for Whitemarsh Township that totaled \$23.65 million for the 2019 Fiscal year.

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Management's Discussion and Analysis
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Revenue By Source Government Funds
December 31, 2019

TOTAL REVENUE = \$23,653,922



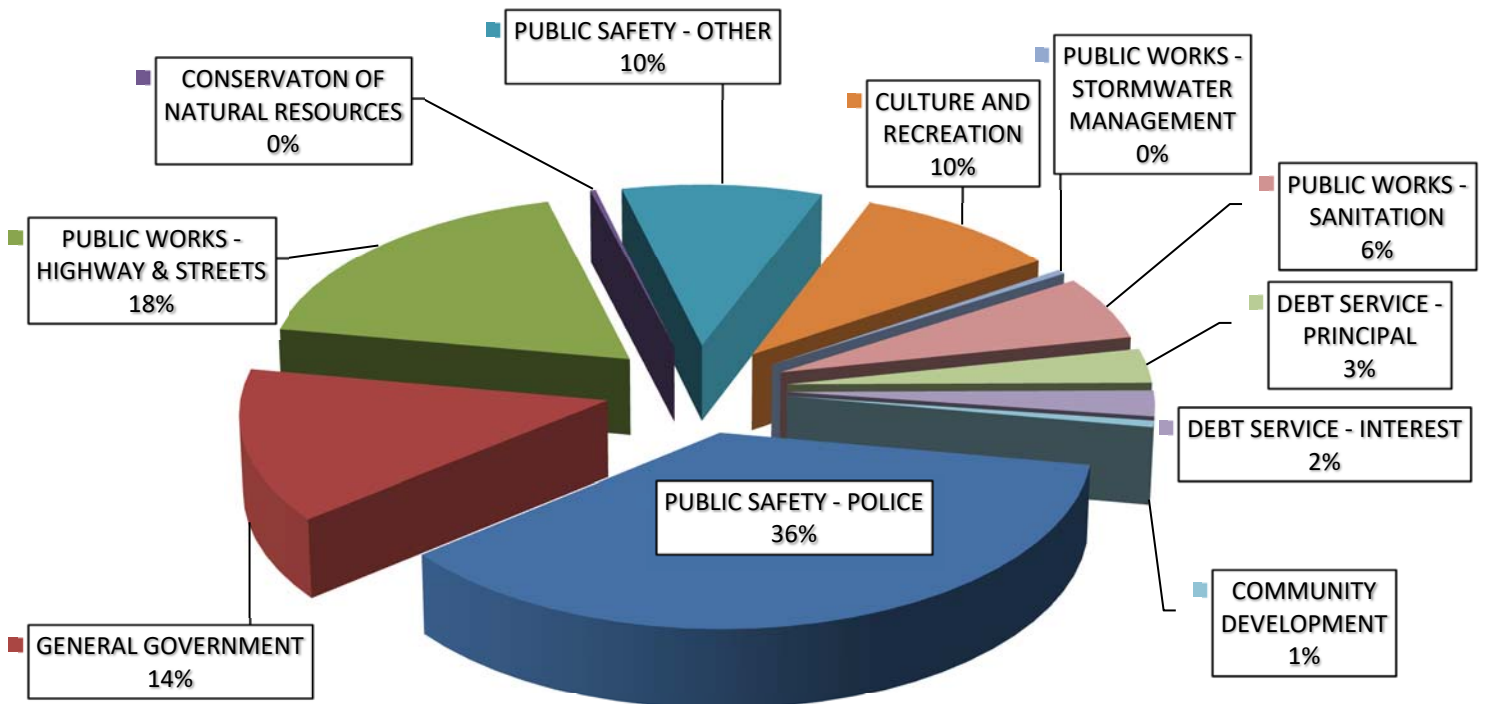
■ EARNED INCOME TAXES	\$ 8,750,797	37%
■ OTHER ACT 511 TAXES	\$ 3,536,330	15%
■ REAL ESTATE TAXES	\$ 3,662,433	15%
■ CHARGES FOR SERVICES	\$ 2,056,132	9%
■ INTERGOVERNMENTAL REVENUES	\$ 1,836,521	8%
■ REAL ESTATE TRANSFER TAXES	\$ 1,465,431	6%
■ RENTS & CABLE FRANCHISE FEES	\$ 580,150	2%
■ LICENSES & PERMITS	\$ 557,724	2%
■ SPECIAL ASSESSMENTS	\$ 399,663	2%
■ MISCELLANEOUS REVENUES	\$ 219,899	1%
■ INTEREST EARNINGS	\$ 534,352	2%
■ FINES AND FORFEITS	\$ 54,490	0%
TOTAL REVENUE	\$ 23,653,922	100%

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
Required Supplementary Information
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Expenditures for the fiscal year ended December 31, 2019, totaled \$23.04 million. Expenditures for the fiscal year 2019 are comprised of the following items:

EXPENDITURES BY PURPOSE GOVERNMENT FUNDS
DECEMBER 31, 2019

TOTAL EXPENDITURES = \$23,049,200



■ PUBLIC SAFETY - POLICE	\$8,358,738	36%
■ GENERAL GOVERNMENT	\$3,176,497	14%
■ PUBLIC WORKS - HIGHWAY & STREETS	\$4,177,711	18%
■ CONSERVATION OF NATURAL RESOURCES	\$61,715	0%
■ PUBLIC SAFETY - OTHER	\$2,199,010	10%
■ CULTURE AND RECREATION	\$2,241,228	10%
■ PUBLIC WORKS - STORMWATER MANAGEMENT	\$95,953	0%
■ PUBLIC WORKS - SANITATION	\$1,345,656	6%
■ DEBT SERVICE - PRINCIPAL	\$719,791	3%
■ DEBT SERVICE - INTEREST	\$537,339	2%
■ COMMUNITY DEVELOPMENT	\$135,562	1%
TOTAL EXPENDITURES	\$23,049,200	100%

WHITEMARSH TOWNSHIP
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Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the Township had \$47.35 million invested in a broad range of capital assets, including land, buildings, vehicles, and equipment. This amount represents a net increase of \$2.12 million above last year's \$45.23 million after recording additions and deductions for the year.

Long-Term Debt

The Township Board of Supervisors passed an ordinance on August 16, 2018, to allow for a \$9,790,000 General Obligation Bond Issue. Bond proceeds will be used to fund upcoming expenditures applicable to the Creekside HMI project, as well as refinance the Principal outstanding for the 2009 Note borrowing. As a result of a Triple-A rating from Moody's, the 2018 General Obligation Bonds were issued at a \$515,293 premium resulting in additional cash included in the proceeds. In addition, the Township received favorable interest rates on the refinancing of the remaining 2009 General Obligation Notes. The Township used \$3,900,000 of available Open Space Fund to prepay a portion of the 2009 Note. When the prepayment is coupled with the refinancing at fixed interest rates, reduced future debt service requirements for the Open Space as well as the General Fund resulted. Final Maturity for the 2018 General Obligation Bond will be in November of 2039. Debt Service payments on this obligation are funded 22% from the Open Space Fund and 78% from the General Fund. Principal outstanding on the Series of 2018 Bond is \$9,425,000

On August 28, 2014, the Township made settlement on a \$6,000,000 General Obligation Note with TD Bank. The Note proceeds will be used to fund capital assets, including equipment, building improvements, traffic improvements, and stormwater management projects. The Note bears semi-annual interest for the first seven years at 2.3% and then converts to variable rates with caps of 5% to 6%. Principal payments are payable annually on the 15th of November. Final Maturity for the 2014 General Obligation Note will be in November of 2039. Debt Service payments on this obligation will be made from the Capital Reserve Fund and are funded by transfers from the General Fund. Principal outstanding on the Series of 2014 Note is \$4,995,000 as of December 31, 2019.

On April 14, 2011, the Township Board of Supervisors passed an ordinance to guarantee \$8 million of debt incurred by the Whitemarsh Township Authority (a Component Unit of the Township) to finance certain improvements and upgrades to the sanitary sewer treatment, conveyance, and collection systems. The guarantee included a Reimbursement Agreement from the Authority to the Township and qualified as self-liquidating debt under the Local Government Unit Debt Act. Effective April 23, 2014, the Authority Note was refinanced in the amount of \$10,000,000. Under the Sewer Revenue Note – Series of 2014, interest accrues at 2.55% through June 1, 2021, and thereafter at 67% of the current prime rate plus 50 basis points with a cap of 5.5% and a floor of 2.55%. As a result of this refinancing, the Township is no longer a guarantor of the Authority.

On April 27, 2009, the Township borrowed \$15,000,000 from the Delaware Valley Regional Finance Authority to fund the acquisition of a portion of the Erdenheim Farm property known as Sheep Tract for Open Space along with various capital projects. Debt Service payments on this obligation were funded 63% from the Open Space Fund and 37% from the Capital Reserve Fund. Effective 2018, the Township Utilized \$3,900,000 of available Open Space Funds to prepay a portion of the \$9,799,000 principal outstanding and refinanced the remaining \$5,899,000 by borrowing \$5,670,000 at a premium of \$229,000. The final principal payment of \$5,899,000 for the Note Payable for the Sheep Tract was made on September 22,

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2018. Accordingly, Principal outstanding on the Series of 2009- Sheep Tract Note Payable is \$0 as of December 31, 2019.

On December 10, 2007, the Township borrowed \$1,900,000 for the acquisition of a portion of the Erdenheim Farm known as the Angus Tract. Debt Service payments on this obligation were funded by the Open Space Fund. The final principal payment of \$220,000 for the Note Payable for the Angus Tract was made on November 27, 2017. Accordingly, Principal outstanding on the Series of 2007- Angus Tract Note Payable is \$0 as of December 31, 2019.

The Commonwealth of Pennsylvania sets the borrowing limit, called the "Borrowing Base", of the Township through the State Local Government Unit Debt Act. The Township's "Borrowing Base", as calculated using the annual arithmetic average of total revenue (as defined in the Debt Act) for the three most recent full fiscal years, is in excess of \$19.30 million. The Township's non-electoral debt limit is 250% of the aforementioned borrowing base or \$48.25 million. At the end of 2019, the Township's level of outstanding debt for Primary Government Governmental Activities totaled \$14.56 million, which is well below the Township's "Borrowing Base" capacity. The \$14.56 million of Primary Government Governmental debt is exclusive of the \$7.77 million-dollar self-liquidating debt of the Whitemarsh Township Authority. As a result of the Authority's refinancing, the Township is no longer a guarantor of the Authority.

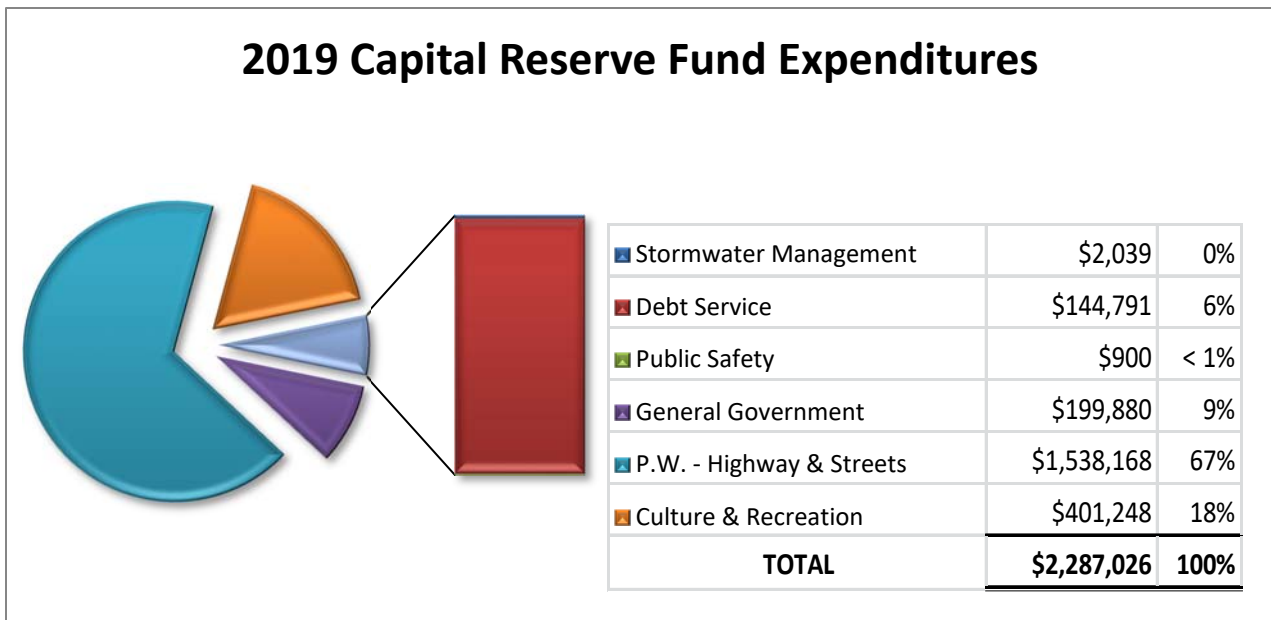
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Economic Factors and Next Year’s Budgets

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

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

On August 28, 2014, the Township borrowed \$6 million from TD Bank for stormwater-related infrastructure improvements. In 2019 Capital Reserve Fund expenditures totaling \$2,287,026 included \$144,791 of debt service for a portion of the 2015 Emergency Radio Equipment Financing. The remaining expenditures totaling \$2,142,235 were funded by the 2014 TD Bank Loan and from Interfund transfers from the General Fund. Priority projects such as Storm Water Management, vehicle purchases, and improvements to the Township’s Highway Garage were expended in 2019 and are summarized in the following chart and graph.

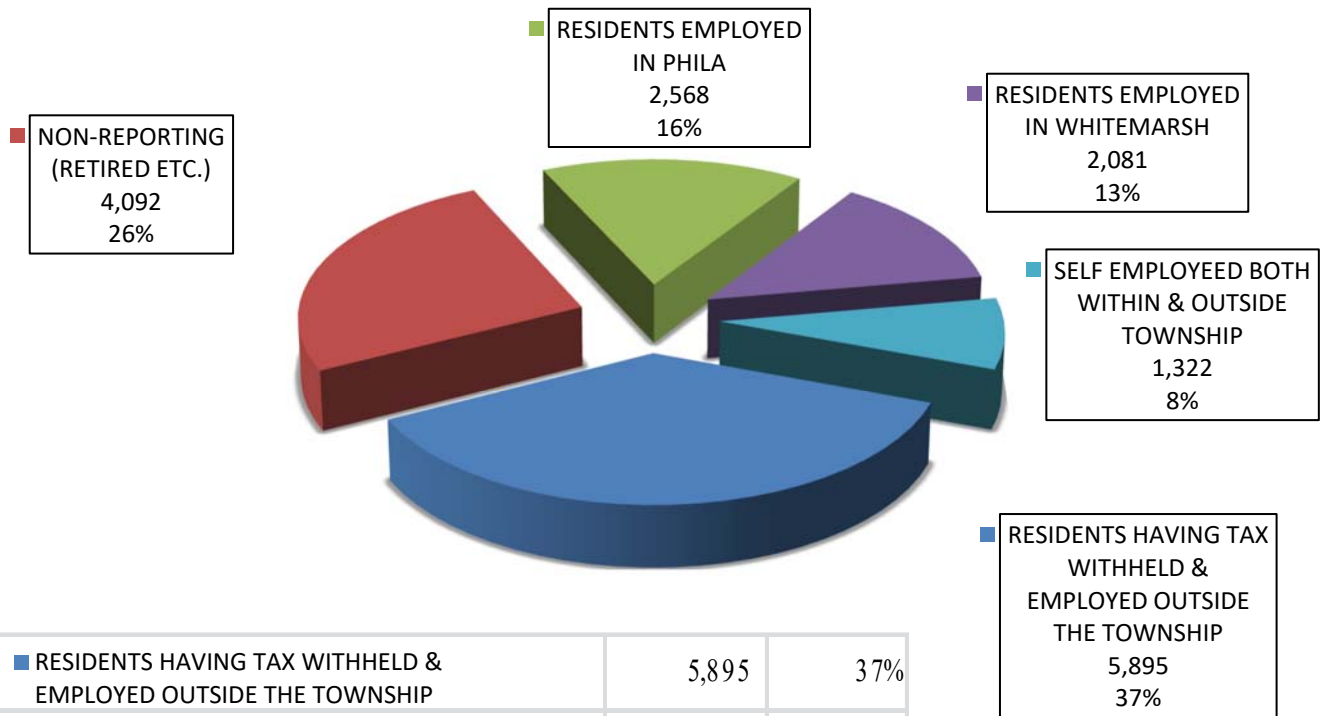


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Graphs shown below depict the distribution of registered residents for the 2019 earned income tax between residents and non-residents, in addition to the non-reporting individuals.

RESIDENTS REGISTERED FOR 2019 EIT

TOTAL REGISTERED = 15,958



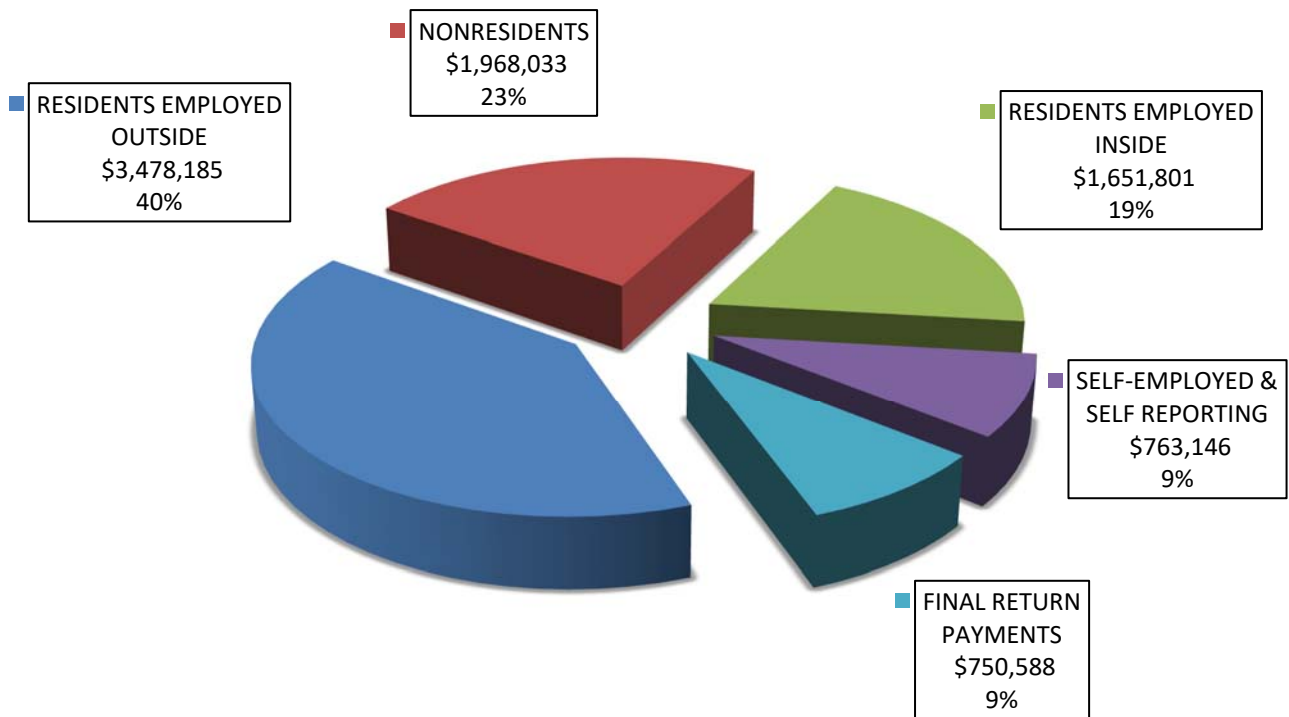
■ RESIDENTS HAVING TAX WITHHELD & EMPLOYED OUTSIDE THE TOWNSHIP	5,895	37%
■ NON-REPORTING (RETIRED ETC.)	4,092	26%
■ RESIDENTS EMPLOYED IN PHILA	2,568	16%
■ RESIDENTS EMPLOYED IN WHITEMARSH	2,081	13%
■ SELF EMPLOYEED BOTH WITHIN & OUTSIDE TOWNSHIP	1,322	8%
TOTAL REGISTERED	15,958	100%

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The graph below depicts the sources of \$8,611,754 Earned Income Tax received (cash basis) for 2019. The 2019 cash collections increased by \$524,968 from the 2018 level of \$8,086,786. The 6.5% increase in yearly cash collections is attributed to reduced reporting from self-reporting individuals.

SOURCE OF EARNED INCOME TAX 2019

TOTAL EARNED INCOME TAX = \$8,611,754



■ RESIDENTS EMPLOYED OUTSIDE	\$3,478,185	40%
■ NONRESIDENTS	\$1,968,033	23%
■ RESIDENTS EMPLOYED INSIDE	\$1,651,801	19%
■ SELF-EMPLOYED & SELF REPORTING	\$763,146	9%
■ FINAL RETURN PAYMENTS	\$750,588	9%
TOTAL EARNED INCOME TAX	\$8,611,754	100%

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Preservation of Open Space

The Hill at Whitemarsh

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

Preliminary estimates show the Township amount of tax increment revenues dedicated to the TIF Project by Whitemarsh Township based on an estimated post-completion assessed value of \$67,696,000 is approximately \$100,000 annually. As of December 31, 2016, 100% of the dwelling units in Phase I of The Hill at Whitemarsh are complete and available for occupancy. The assessment for The Hill at Whitemarsh is \$52,434,280 as of December 31, 2019. Tax increment revenues paid to the TIF Project by Whitemarsh Township during 2019 amounted to \$70,734.

Acquisition of the Angus and Sheep Tracts

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

Whitemarsh Township borrowed a \$1.9 million general obligation Note Payable – Series of 2007 for a 10-year term to fund a contribution to the Whitemarsh Foundation for the eventual purchase of the Angus Tract of Erdenheim Farm for the perpetual preservation of the property as open space for the public benefit. Pursuant to a Declaration of Conservation and Open Space Easements among Whitemarsh Township, Colonial School District, Montgomery County, and the Whitemarsh Foundation on December 22, 2008, Whitemarsh Township acquired a conservation and open space easement on real property known as the Angus Tract of the Erdenheim Farm.

Pursuant to a declaration of conservation and open space covenants, restrictions and easement, dated June 1, 2009, among Whitemarsh Township, Colonial School District, the County of Montgomery and The Whitemarsh Foundation, a Pennsylvania not-for-profit corporation, Whitemarsh Township acquired conservation and open space easements on real property situate in Whitemarsh Township, known as the Sheep Tract of the Erdenheim Farm. Whitemarsh Township borrowed \$8 million to finance the acquisition transaction.

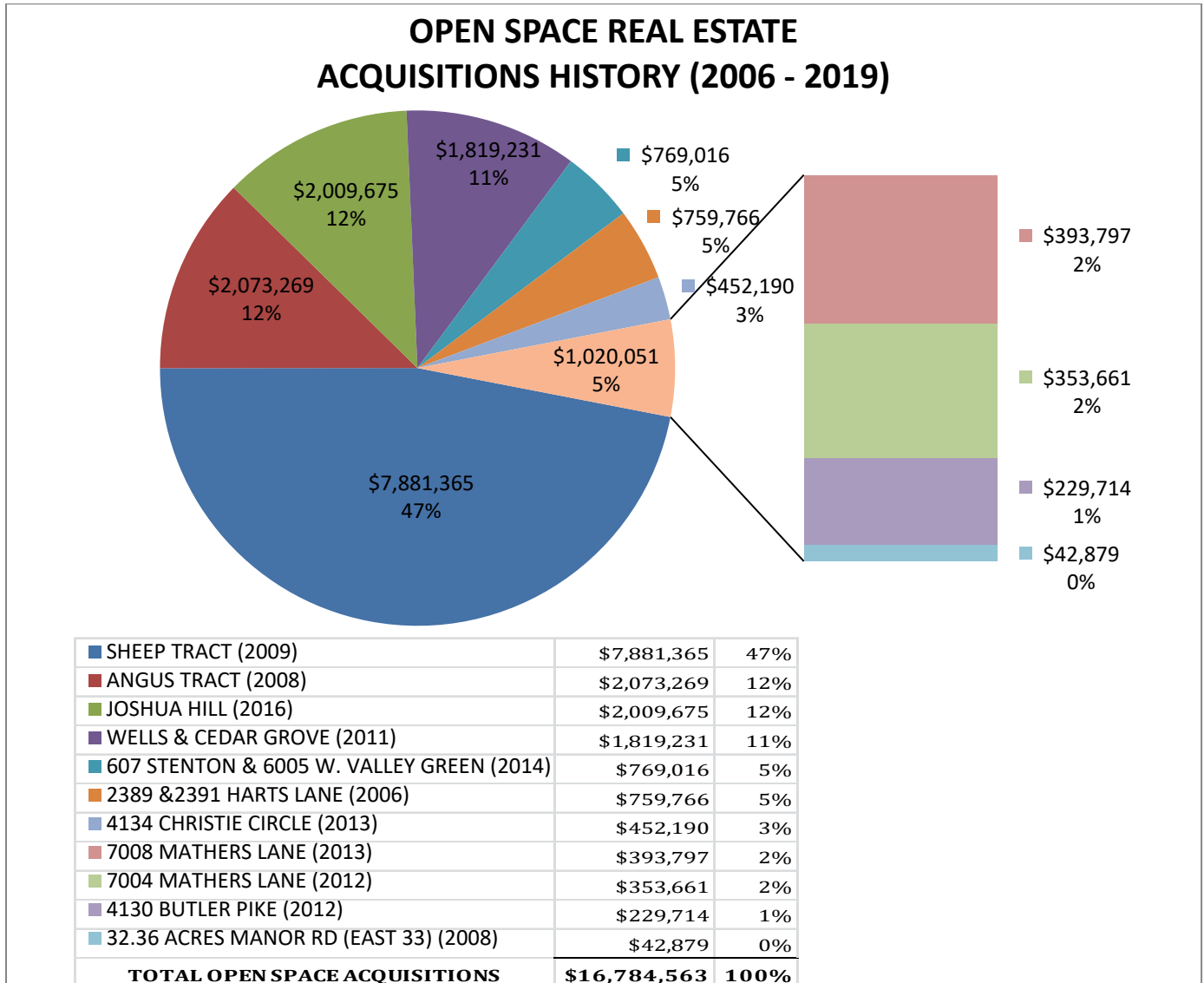
Revenues from the .25% increase generated \$2,046,204 for the preservation of Open Space in 2018. The debt service for the acquisition of both the Angus Tract and the Sheep Tract will be funded through the use of funds dedicated for this purpose in accordance with the Open Space Lands Act (Act 153) and raised in connection with an increase in the Township's Earned Income Tax, pursuant to a referendum approved by the Township's electors on November 7, 2006. An additional source of funding for the Angus Tract

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acquisition is the commitment of 100% of the positive real property tax increments collected on behalf of the Township from the Hill at Whitemarsh and Adjacent Open Space Tax Increment Financing District in accordance with a payment in Lieu of Taxes Agreement entered into by the Township, the Tax-Increment Financing District and Whitemarsh Continuing Care Retirement Community, a Pennsylvania not-for-profit corporation.

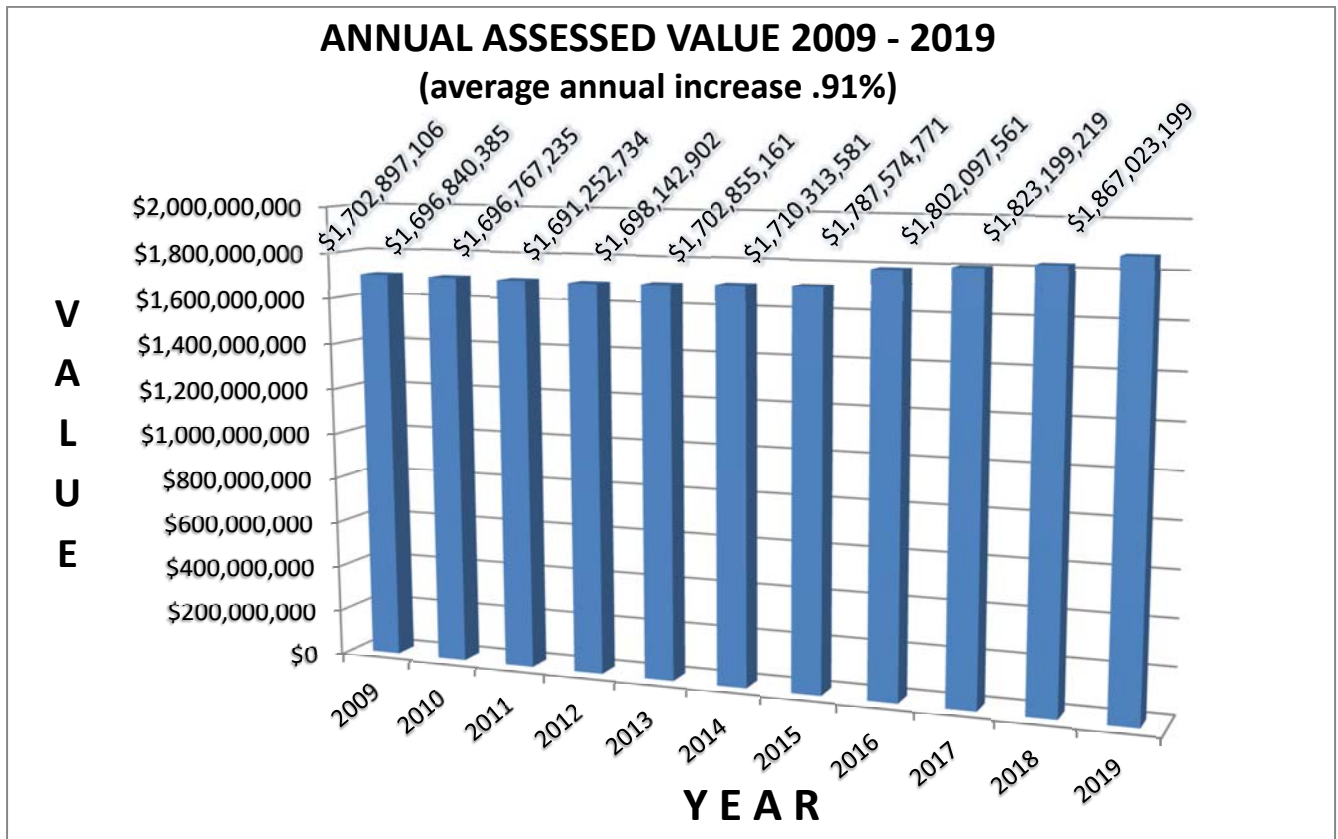
Acquisition and Maintenance of Properties from the Open Space Fund

In 2013, the Township began funding a reserve for the maintenance of properties purchased with Open Space Funds. In addition to funds being used for property maintenance, improvement, and upkeep, funds held in reserve can also be utilized for the acquisition of additional property at Board discretion. The maintenance reserve balance as of December 31, 2019, is \$1,825,017. Since the inception of the Open Space Fund, the Township has acquired properties totaling \$16,784,563.



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- Whitemarsh Township was awarded a \$48,000 joint grant through the Delaware Valley Regional Planning Commission (DVRPC) to create a *Riverfront Plan* jointly with Conshohocken Borough to assess riverfront access, usage, and development opportunities for the riverfront they share along the Schuylkill River. The Grant funding requires a matching contribution from Whitemarsh Township of \$12,000, of which Conshohocken Borough has agreed to reimburse the Township for \$4,000 of the plan costs. Recommendations were made to improve existing land use regulations, to acquire key parcels of real estate, and to create collaborative enterprise districts for the benefit of each community. An Action Plan was included to promote individual municipal as well as joint opportunities to pursue existing public and private grant dollars. Following a joint public meeting of the Whitemarsh Township and Conshohocken Borough Planning Commissions and a subsequent public meeting of the Whitemarsh Township Planning Commission, a recommendation to the Board of Supervisors was made for its adoption as an amendment to the Township’s 2003 overall Comprehensive Plan. The Whitemarsh Township Board of Supervisors held a public hearing on June 9, 2016; at the conclusion of the public hearing, the Board unanimously approved a resolution adopting the *Riverfront Plan* as an amendment to the 2003 Comprehensive Plan document.
- The Township strives to maintain a balance between preserving open space, attracting new business, and increasing the value of residential property. While striving to maintain this balance, the Township hopes to increase the assessed value for property, which has been relatively flat over time. Revenue generated by the earned income tax, business taxes, and real estate transfer taxes kept the Township’s real estate tax millage at 2.0379 mils with no tax increase since 2001 despite a relatively flat annual change in assessed values as indicated in the graph below. The graph below provides an overview of the change in assessed value over the last ten years.



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The Township conducts single-stream curbside recycling collection for approximately 5,400 residences on a weekly basis. The Township has entered into a Commodity Value Reimbursement Agreement for single-stream residential recycle marketing services. The contract calls for a reimbursement rate equal to the excess of average commodity revenue less a \$70 threshold. The monthly tonnage is multiplied by the excess average commodity revenue value subject to a \$15 minimum floor. In 2019, no revenue for single-stream curbside recycling collection was generated.

In 2008, Whitemarsh Township executed Cable Franchise Agreements with two major cable services providers for the use of Township rights-of-way in providing cable services to subscribers located within Whitemarsh Township. The aforementioned agreements provide for the payment of franchise fees to the Township for the use of the right-of-ways for the purpose of constructing, operating, and maintaining cable systems throughout the Township. In 2018, the Township renewed its agreement with Comcast for an additional ten years. The amount of revenue generated by the franchise fee during 2019 was \$476,722. Annual revenues from Cable Franchise Fees going forward are expected to approximate \$490,000 per year. Initial revenues from the franchise fee were used to finance the production and implementation of the Whitemarsh Township Cable TV system, which became fully operational during 2011, with live broadcasting of public meetings. As part of the Franchise Agreement, Cable Services Providers agreed to supply the Township with one educational and one governmental channel for the exclusive use by the Township. In addition, as a part of the 2018 Cable Franchise agreement renewal, Comcast shall provide the Township with a one-time educational and governmental access capital grant in the amount of \$30,000 to be used in support of the production of local educational and governmental channel programming or any other cable or technology. The channels will be used for programming related to community, governmental, and/or educational activities in order to inform the citizenry by highlighting community activities, showing local government at work, and responding to the local community and educational needs. The Township shall have complete control over the content, scheduling, administration, and all other programming aspects of the various channels supplied. As of the report the date, the Township is in the process of negotiating new cable contracts with Verizon.

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

	2019	2018
Fire Companies and Ambulance	\$ 945,679	\$ 748,241
The William Jeanes Memorial Library	\$773,328	\$ 742,364

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
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County of Montgomery Financing of Emergency Radio Equipment

On December 17, 2015, the Township Board of Supervisors approved Ordinance Number 959, authorizing the issuance of a \$730,000 promissory note Whitemarsh Township Promissory Note, 2015 Series payable to the County of Montgomery for the financing of emergency radio equipment. The radio equipment was acquired by the County as part of a bulk purchasing agreement with Motorola. The County has made available interest free (0%) financing to the participating municipalities through the Delaware Valley Regional Finance Authority (DVRFA). The Whitemarsh Township Promissory Note, 2015 Series is serviced by Wells Fargo Bank and will be repaid by the Township over a period of five years.

The fourth installment payment of \$144,791 was transmitted by the Township to Wells Fargo National Bank in January 2019. The payment is equal to one-fifth of the \$723,955 total communication equipment ordered by the Township's Emergency Management providers. Principal payments were paid from the Township's Capital Reserve Fund. Actual costs in excess of the \$723,955 financed with the County were being paid from the Township's Capital Reserve Fund. The remaining payment of \$144,791 is required next year to retire the remaining Principal outstanding of \$144,791 as of December 31, 2019.

The Barren Hill and Spring Mill Fire Companies, along with the Whitemarsh Ambulance, have agreed to reimburse the Township for a total of \$219,758, equal to one half of their \$439,516 share of the total costs over a five-year period at \$44,468 per year. The original borrowing included \$99,752 for communication equipment for Lincoln Fire Company (LFC), which has since been disbanded. Upon the closing of LFC, the Township negotiated with local area Emergency Service Providers for the purposes of equipment sale off. The Township has since recouped 100% of the LFC expenditure for equipment purchased and will utilize the proceeds from the sale to pay down the outstanding portion of the amount financed through the County of Montgomery. As of December 31, 2019, the outstanding balance on the 0 % Promissory Note Series of 2016 with the County is \$144,791.

Regional Street Lighting Procurement Program

Whitemarsh Township participated in the Pennsylvania Sustainable Energy Financing Program for the conversion of existing street lighting to more efficient LED lighting. The Township elected to pay for the \$348,443 conversion costs to Johnson Controls with available funds from the Light and Hydrant Fund rather than financing the costs resulting in savings of \$27,220 in interest costs over the five-year term of the proposed loan. The 2019 energy cost savings fell within the expected \$36,707 cost savings benefit projections. Total project expenditures for the conversion costs of \$283,175 are comprised of payments to Johnson Controls of \$262,039, accrued retainage of \$13,792, along with consulting fees of \$7,344. The prior year commitment of \$86,404 was removed from the Balance Sheet as the final payment of \$82,615.50 was issued for work completed by Johnson Controls during March of 2019. The projected savings include the effect of contracts with Constellation to lock in lower utility rates for transmission and generation costs through December 2022. The Township entered into a five-year sub-agreement with the Reserve (a Homeowners Association) to recoup \$14,503 of street lighting improvement costs at 2% over a five year (60-month term) commencing September 1, 2017 and ending on August 1, 2022. The Township received \$3,050 from this agreement in 2019.

WHITEMARSH TOWNSHIP
Management's Discussion and Analysis
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Contacting the Township's Financial Management

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

WHITEMARSH TOWNSHIP
Statement of Net Position
December 31, 2019

	Primary Government - Governmental Activities	Component Units	
		Whitemarsh Township Authority	William Jeanes Memorial Library
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 26,656,000	\$ 5,446,748	\$ 497,012
Investments	1,494,000	-	138,048
Accrued Interest Income	23,686	-	-
Accounts Receivable	-	476,776	-
Taxes Receivable	3,151,922	-	-
Due from Component Units	111	-	-
Other Receivables	123,132	107,378	-
Total Current Assets	31,448,851	6,030,902	635,060
Restricted Assets:			
Cash, Escrow Funds - Developers	-	235,917	-
Capital Assets:			
Land and Conservation Easements	21,649,486	862,410	62,979
Construction in Progress	-	789,475	-
Infrastructure - Sewer System (Net)	-	13,953,885	-
Infrastructure - Other (Net)	10,875,434	-	-
Building and Improvements (Net)	2,701,158	-	3,450,674
Equipment (Net)	749,039	918,940	158,915
Vehicles (Net)	898,754	30,667	-
Total Capital Assets	36,873,871	16,555,377	3,672,568
DEFERRED OUTFLOWS OF RESOURCES			
Pension	663,094	-	-
Other Post-Employment Benefits	1,235,256	-	-
Total Deferred Outflows of Resources	1,898,350	-	-
Total Assets and Deferred Outflows of Resources	\$ 70,221,072	\$ 22,822,196	\$ 4,307,628

(Continued)

WHITEMARSH TOWNSHIP
Statement of Net Position (Continued)
December 31, 2019

	Primary Government - Governmental Activities	Component Units	
		Whitemarsh Township Authority	William Jeanes Memorial Library
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 1,647,026	\$ 507,422	\$ 16,801
Due to Trust Funds	86,835	-	-
Due to Primary Government	-	14,289	111
Unearned Revenue	90,179	863,088	-
Other Liabilities	60,252	-	-
Current Portion of Bonds and Notes Payable	834,792	460,000	-
Total Current Liabilities	2,719,084	1,844,799	16,912
Non-Current Liabilities:			
Escrow Deposits - Developers	-	235,917	-
Bonds and Notes Payable, Net of Current Portion and Unamortized Bond Premium	14,214,620	7,778,746	-
Compensated Absences	948,828	-	-
Net Pension Liability	1,503,500	-	-
Net Other Post-Employment Benefits Liability	10,597,539	-	-
Total Non-Current Liabilities	27,264,487	8,014,663	-
Total Liabilities	29,983,571	9,859,462	16,912
DEFERRED INFLOWS OF RESOURCES			
Pension	1,158,061	-	-
Other Post-Employment Benefits	474,165	-	-
Total Deferred Inflows of Resources	1,632,226	-	-
NET POSITION			
Net Investment in Capital Assets	21,824,459	8,316,631	771,325
Restricted	-	-	2,901,243
Unrestricted	16,780,816	4,646,103	618,148
Total Net Position	38,605,275	12,962,734	4,290,716
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 70,221,072	\$ 22,822,196	\$ 4,307,628

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Statement of Activities
For the Year Ended December 31, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units		
					Primary Government - Governmental Activities	Whitemarsh Township Authority	William Jeanes Memorial Library
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 3,176,950	\$ 774,474	\$ 113,198	\$ -	\$ (2,289,278)		
Public Safety - Police	8,673,402	-	581,412	-	(8,091,990)		
Public Safety - Other	2,306,912	557,724	179,868	-	(1,569,320)		
Public Works - Sanitation	1,375,482	1,231,027	-	-	(144,455)		
Public Works - Highway	3,280,278	-	687,511	-	(2,592,767)		
Public Works - Stormwater Management	95,616	-	-	-	(95,616)		
Culture and Recreation	1,992,138	630,781	274,532	-	(1,086,825)		
Conservation of Natural Resources	61,715	-	-	-	(61,715)		
Community Development	135,942	-	-	-	(135,942)		
Interest on Long Term Debt	512,801	-	-	-	(512,801)		
Total Primary Government	<u>\$21,611,236</u>	<u>\$ 3,194,006</u>	<u>\$ 1,836,521</u>	<u>\$ -</u>	<u>(16,580,709)</u>		
COMPONENT UNITS:							
Whitemarsh Township Authority	\$ 3,912,765	\$ 3,814,433	\$ -	\$ -	\$ (98,332)		
William Jeanes Memorial Library	1,104,069	24,288	904,442	-	-	\$ (175,339)	
Total Component Units	<u>\$ 5,016,834</u>	<u>\$ 3,838,721</u>	<u>\$ 904,442</u>	<u>\$ -</u>	<u>(98,332)</u>	<u>(175,339)</u>	
General Revenues:							
Real Estate Taxes					3,662,433	-	-
Real Estate Transfer Taxes					1,465,431	-	-
Earned Income Taxes					8,641,754	-	-
Business Gross Receipts Taxes					2,774,804	-	-
Other Act 511 Taxes					734,194	-	-
Investment Income					530,769	68,832	8,205
Increase in Fair Market Value of Investments					-	-	19,120
Sale of Fixed Assets					40,029	-	-
Fines and Forfeits					54,490	-	-
Special Assessments					384,906	179,600	-
Miscellaneous Revenue					116,663	-	-
Total General Revenues					<u>18,405,473</u>	<u>248,432</u>	<u>27,325</u>
Change in Net Position					1,824,764	150,100	(148,014)
Net Position - Beginning of Year					<u>36,780,511</u>	<u>12,812,634</u>	<u>4,438,730</u>
Net Position - End of Year					<u>\$38,605,275</u>	<u>\$12,962,734</u>	<u>\$ 4,290,716</u>

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Balance Sheet
Governmental Funds
December 31, 2019

	General	Capital Reserve	Open Space Reserve	Non- Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 6,897,324	\$ 6,827,669	\$ 8,890,992	\$ 4,006,814	\$ 26,622,799
Investments	1,494,000	-	-	-	1,494,000
Due from Component Units	111	-	-	-	111
Taxes Receivable	3,151,922	-	-	-	3,151,922
Interfund Receivables	552,240	-	-	5,877	558,117
Other Receivables	119,008	-	-	4,124	123,132
	<u>\$ 12,214,605</u>	<u>\$ 6,827,669</u>	<u>\$ 8,890,992</u>	<u>\$ 4,016,815</u>	<u>\$ 31,950,081</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 919,065	\$ 507,906	\$ 1,074	\$ 40,764	\$ 1,468,809
Accrued Wages Payable	151,348	-	-	6,259	157,607
Other Accrued Expenses	17,115	-	-	-	17,115
Interfund Payables	92,712	-	-	552,240	644,952
Unearned Revenue	-	-	-	90,179	90,179
Other Liabilities	60,252	-	-	-	60,252
	<u>1,240,492</u>	<u>507,906</u>	<u>1,074</u>	<u>689,442</u>	<u>2,438,914</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Real Estate Taxes	44,646	-	-	-	44,646
Deferred Earned Income Taxes	910,676	-	-	-	910,676
Deferred Local Services Taxes	906	-	-	-	906
Deferred Special Assessments	-	-	-	4,124	4,124
	<u>956,228</u>	<u>-</u>	<u>-</u>	<u>4,124</u>	<u>960,352</u>
FUND BALANCES					
Restricted for:					
Building and Improving Local Roads and Bridges	-	-	-	567,398	567,398
Assigned for:					
Budget for 2020	3,685,156	-	-	533,388	4,218,544
Business Tax Refunds	1,778,650	-	-	-	1,778,650
Insurance Premiums	674,598	-	-	-	674,598
Capital Projects and Improvements	-	6,319,763	-	-	6,319,763
Acquisition of Other Equipment	-	-	-	293,576	293,576
Acquisition of Open Space	-	-	6,991,790	-	6,991,790
Maintenance of Open Space	-	-	1,898,128	-	1,898,128
Local Roads and Bridges	-	-	-	1,299,739	1,299,739
Sanitation - Waste Collection	135,000	-	-	629,148	764,148
Unassigned Fund Balance	3,744,481	-	-	-	3,744,481
	<u>10,017,885</u>	<u>6,319,763</u>	<u>8,889,918</u>	<u>3,323,249</u>	<u>28,550,815</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,214,605</u>	<u>\$ 6,827,669</u>	<u>\$ 8,890,992</u>	<u>\$ 4,016,815</u>	<u>\$ 31,950,081</u>

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
December 31, 2019

Total Governmental Fund Balances \$ 28,550,815

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

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

Cost of assets	47,359,493	
Accumulated depreciation	<u>(10,485,622)</u>	36,873,871

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

Notes Payable	15,049,412	
Compensated Absences	948,828	
Net Pension Liability, Net of Related Deferred Outflows and Deferred Inflows of Resources	1,998,467	
Net Other Post-Employment Benefits, Net of Related Deferred Outflows of Resources	<u>9,836,448</u>	(27,833,155)

Property taxes, earned income taxes, and other amounts receivable will not be collected soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds 984,038

Internal Service Fund Consolidation 29,706

Net Position of Governmental Activities \$ 38,605,275

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	Capital Reserve	Open Space Reserve	Non- Major Funds	Total Governmental Funds
REVENUES					
Real Estate Taxes	\$ 3,254,441	\$ -	\$ -	\$ 407,992	\$ 3,662,433
Real Estate Transfer Taxes	1,465,431	-	-	-	1,465,431
Earned Income Taxes	8,750,797	-	-	-	8,750,797
Business Gross Receipts Taxes	2,774,804	-	-	-	2,774,804
Other Act 511 Taxes	761,526	-	-	-	761,526
Licenses and Permits	557,724	-	-	-	557,724
Fines and Forfeits	54,490	-	-	-	54,490
Interest Earnings	209,983	162,845	119,814	41,710	534,352
Rents and Cable Fees	562,972	-	-	17,178	580,150
Intergovernmental Revenues	867,839	274,532	-	694,150	1,836,521
Charges for Services	194,324	-	-	1,861,808	2,056,132
Special Assessments	-	-	-	399,663	399,663
Miscellaneous Revenues	209,972	2,135	-	7,792	219,899
Total Revenues	19,664,303	439,512	119,814	3,430,293	23,653,922
EXPENDITURES					
General Government	2,976,617	199,880	-	-	3,176,497
Public Safety - Police	8,358,738	-	-	-	8,358,738
Public Safety - Other	2,060,481	900	-	137,629	2,199,010
Public Works - Sanitation	1,316,530	-	-	29,126	1,345,656
Public Works - Highway and Streets	2,563,596	1,538,168	-	75,947	4,177,711
Public Works - Stormwater Management	93,914	2,039	-	-	95,953
Culture and Recreation	751,176	401,248	-	1,088,804	2,241,228
Conservation of Natural Resources	-	-	61,715	-	61,715
Community Development	135,562	-	-	-	135,562
Debt Service - Principal	468,733	144,791	106,267	-	719,791
Debt Service - Interest	438,033	-	99,306	-	537,339
Total Expenditures	19,163,380	2,287,026	267,288	1,331,506	23,049,200
Excess of Revenues Over (Under) Expenditures	500,923	(1,847,514)	(147,474)	2,098,787	604,722
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Fixed Assets	40,029	-	-	-	40,029
Transfers In	2,289,601	104,155	2,214,812	142,285	4,750,853
Transfers Out	(2,461,252)	(385,601)	-	(1,904,000)	(4,750,853)
Refund of Prior-Year Expenditures	-	44,535	-	-	44,535
Total Other Financing Sources and Uses	(131,622)	(236,911)	2,214,812	(1,761,715)	84,564
Net Change in Fund Balances	369,301	(2,084,425)	2,067,338	337,072	689,286
FUND BALANCES - BEGINNING OF YEAR	9,648,584	8,404,188	6,822,580	2,986,177	27,861,529
FUND BALANCES - END OF YEAR	\$ 10,017,885	\$ 6,319,763	\$ 8,889,918	\$ 3,323,249	\$ 28,550,815

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2019

Net Change in Fund Balances - Governmental Funds \$ 689,286

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from outlays in the period (excludes internal service funds):

Depreciation Expense	\$(1,170,116)	
Capital Outlays	<u>2,120,310</u>	950,194

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

Repayment of bond and note principal	719,791	
Amortization of bond premium	<u>24,538</u>	744,329

Internal Service Funds are reported as proprietary funds in the fund statements but are consolidated in the entity wide statements. 1,237

In the statement of activities, compensated absences are measured by the amount earned during the year. In the governmental funds, expenditures are measured by the amounts actually paid. (87,045)

The net change in the net pension liability, as well as the change in related deferred outflows and inflows, is reported in the statement of activities, but is not reported in the fund financial statements. 182,672

The net change in the net OPEB liability, as well as the change in related deferred outflows, is reported in the statement of activities, but is not reported in the fund financial statements. (500,423)

Governmental funds report revenues related to prior periods as current financial resources. However, in the statement of activities, these amounts are not included as current year revenue. In addition, revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (155,486)

Change in Net Position of Governmental Activities \$1,824,764

WHITEMARSH TOWNSHIP
Budgetary Comparison Statement - General Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
REVENUES				
Real Estate Taxes	\$ 3,241,000	\$ 3,241,000	\$ 3,254,441	\$ 13,441
Real Estate Transfer Taxes	730,000	730,000	1,465,431	735,431
Earned Income Taxes	7,900,000	7,900,000	8,750,797	850,797
Business Gross Receipts Taxes	2,610,000	2,610,000	2,774,804	164,804
Other Act 511 Taxes	805,000	805,000	761,526	(43,474)
Licenses and Permits	369,000	369,000	557,724	188,724
Fines and Forfeits	67,500	67,500	54,490	(13,010)
Interest Earnings	140,000	140,000	209,983	69,983
Rents and Cable Fees	584,000	584,000	562,972	(21,028)
Intergovernmental Revenues	774,500	774,500	867,839	93,339
Charges for Services	146,175	146,175	194,324	48,149
Miscellaneous Revenues	141,000	141,000	209,972	68,972
Total Revenues	17,508,175	17,508,175	19,664,303	2,156,128
EXPENDITURES				
General Government	2,632,077	2,632,077	2,630,846	1,231
Public Safety - Police	8,826,581	8,826,581	8,358,738	467,843
Public Safety - Other	2,179,025	2,179,025	2,060,481	118,544
Public Works - Sanitation	1,270,763	1,270,763	1,316,530	(45,767)
Public Works - Highway and Streets	2,719,655	2,719,655	2,563,596	156,059
Public Works - Stormwater Management	247,229	247,229	93,914	153,315
Culture and Recreation	756,183	756,183	751,176	5,007
Community Development	139,431	139,431	135,562	3,869
Miscellaneous Expenditures	14,666	14,666	345,771	(331,105)
Debt Service - Principal	-	-	468,733	(468,733)
Debt Service - Interest	-	-	438,033	(438,033)
Total Expenditures	18,785,610	18,785,610	19,163,380	(377,770)
Excess of Revenues Over (Under) Expenditures	(1,277,435)	(1,277,435)	500,923	1,778,358
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Fixed Assets	20,000	20,000	40,029	20,029
Transfers In	1,825,000	1,825,000	2,289,601	464,601
Transfers Out	(2,137,285)	(2,137,285)	(2,461,252)	(323,967)
Total Other Financing (Uses)	(292,285)	(292,285)	(131,622)	160,663
Net Change in Fund Balance	(1,569,720)	(1,569,720)	369,301	1,939,021
FUND BALANCE - BEGINNING OF YEAR	2,155,028	2,155,028	9,648,584	7,493,556
FUND BALANCE - END OF YEAR	\$ 585,308	\$ 585,308	\$ 10,017,885	\$ 9,432,577

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Budgetary Comparison Statement - Capital Reserve Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
REVENUES				
Licenses and Permits	\$ 30,000	\$ 30,000	\$ -	\$ (30,000)
Interest Earnings	53,500	53,500	162,845	109,345
Intergovernmental Revenues	-	-	274,532	274,532
Miscellaneous Revenues	-	-	2,135	2,135
Total Revenues	83,500	83,500	439,512	356,012
EXPENDITURES				
General Government	4,555,120	4,555,120	199,880	4,355,240
Public Safety - Police	144,800	144,800	-	144,800
Public Safety - Other	23,000	23,000	900	22,100
Public Works - Highway and Streets	3,761,000	3,761,000	1,538,168	2,222,832
Public Works - Stormwater Management	54,000	54,000	2,039	51,961
Culture and Recreation	181,500	181,500	401,248	(219,748)
Debt Service - Principal	-	-	144,791	(144,791)
Total Expenditures	8,719,420	8,719,420	2,287,026	6,432,394
Excess of Revenues (Under) Expenditures	(8,635,920)	(8,635,920)	(1,847,514)	6,788,406
OTHER FINANCING SOURCES				
Transfers In	102,798	102,798	104,155	1,357
Transfers Out	-	-	(385,601)	(385,601)
Refund of Prior-Year Expenditures	44,467	44,467	44,535	68
Total Other Financing Sources	147,265	147,265	(236,911)	(384,176)
Net Change in Fund Balance	(8,488,655)	(8,488,655)	(2,084,425)	6,404,230
FUND BALANCE - BEGINNING OF YEAR	8,488,655	8,488,655	8,404,188	(84,467)
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 6,319,763	\$ 6,319,763

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Budgetary Comparison Statement - Open Space Reserve Fund
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
REVENUES				
Interest Earnings	\$ 67,500	\$ 67,500	\$ 119,814	\$ 52,314
Total Revenues	<u>67,500</u>	<u>67,500</u>	<u>119,814</u>	<u>52,314</u>
EXPENDITURES				
Conservation of Natural Resources	6,322,640	6,322,640	61,715	6,260,925
Debt Service - Principal	527,112	527,112	205,573	321,539
Total Expenditures	<u>6,849,752</u>	<u>6,849,752</u>	<u>267,288</u>	<u>6,582,464</u>
Excess of Revenues (Under) Expenditures	<u>(6,782,252)</u>	<u>(6,782,252)</u>	<u>(147,474)</u>	<u>6,634,778</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,975,000	1,975,000	2,214,812	239,812
Total Other Financing Sources	<u>1,975,000</u>	<u>1,975,000</u>	<u>2,214,812</u>	<u>239,812</u>
Net Change in Fund Balance	(4,807,252)	(4,807,252)	2,067,338	6,874,590
FUND BALANCE - BEGINNING OF YEAR	<u>4,807,252</u>	<u>4,807,252</u>	<u>6,822,580</u>	<u>2,015,328</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,889,918</u></u>	<u><u>\$ 8,889,918</u></u>

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Statement of Net Position
Proprietary Funds
December 31, 2019

	Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 33,201
Total Current Assets	33,201
Noncurrent Assets:	
Capital Assets:	
Fleet Garage (Net)	62,359
Equipment (Net)	36,339
Total Capital Assets (Net)	98,698
Total Assets	\$ 131,899
 LIABILITIES AND NET POSITION	
LIABILITIES	
Current Liabilities:	
Accrued Wages Payable	\$ 3,495
Total (Current) Liabilities	3,495
 NET POSITION	
Invested in Capital Assets, Net of Related Debt	98,698
Unrestricted	29,706
Total Net Position	128,404
Total Liabilities and Net Position	\$ 131,899

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Combined Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2019

	Internal Service Funds
OPERATING REVENUES:	
Charges for Services	\$ 400,374
Total Operating Revenues	400,374
OPERATING EXPENSES:	
Business Expense	6,768
Contracted Services	52,777
Depreciation	4,931
Gas and Oil	4,389
Materials and Supplies	10,686
Parts and Accessories	94,746
Repairs and Maintenance - Building	4,780
Salaries	197,711
Tires and Tubes	16,207
Tools	4,957
Utilities	6,887
Total Operating Expenses	404,839
Operating (Loss)	(4,465)
NONOPERATING REVENUES:	
Interest Earnings	771
Change in Net Position	(3,694)
NET POSITION - BEGINNING OF YEAR	132,098
NET POSITION - END OF YEAR	\$ 128,404

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2019

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Interfund Services Provided	\$ 400,374
Payments to Suppliers	(202,197)
Payments to Employees	(201,475)
Net Cash and Cash Equivalents (Used) by Operating Activities	(3,298)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
	NONE
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
	NONE
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Received	771
Net (Decrease) in Cash and Cash Equivalents	(2,527)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	35,728
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 33,201
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
(Loss) from Operations	\$ (4,465)
Adjustments to Reconcile (Loss) From Operations to Net Cash and Cash Equivalents (Used) by Operating Activities:	
Depreciation	4,931
(Decrease) in:	
Accrued Wages Payable	(3,764)
Net Cash and Cash Equivalents (Used) by Operating Activities	\$ (3,298)

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2019

	Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 830,440	\$ 1,699,766
Investments	39,256,340	-
Interfund Receivable	86,835	-
Accrued Interest	719	-
	\$ 40,174,334	\$ 1,699,766
LIABILITIES		
Escrowed Subdivision Fees	\$ -	\$ 1,591,439
Due to Taxpayers/Governments	-	108,327
	-	\$ 1,699,766
NET POSITION		
Restricted for Pension Benefits	32,831,290	
Restricted for Deferred Compensation Benefits	7,343,044	
	40,174,334	
Total Liabilities and Net Position	\$ 40,174,334	

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended December 31, 2019

	Trust Funds
ADDITIONS	
Contributions:	
Municipal Contribution	\$ 1,278,881
Employee Contribution	757,666
Other Contributions	650
Total Contributions	2,037,197
Investment Earnings:	
Net Increase in Fair Value of Investments	5,512,630
Interest and Dividends	848,158
Other Investment Earnings	146,680
Total Investment Earnings	6,507,468
Total Additions	8,544,665
DEDUCTIONS	
Benefits Paid	1,691,297
Administrative Expenses	87,694
Total Deductions	1,778,991
Change in Net Position	6,765,674
NET POSITION - BEGINNING OF YEAR	33,408,660
NET POSITION - END OF YEAR	\$ 40,174,334

The accompanying notes are an integral part of these financial statements.

WHITEMARSH TOWNSHIP, PENNSYLVANIA
Notes to the Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Financial Reporting Entity

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

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

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

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

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

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

Whitemarsh Township Authority (the "Authority") qualifies as a component unit of the Township. The Township appoints the members of the Authority's board. The financial statements of the Authority for the year ended December 31, 2019 have been summarized and discretely presented on the entity-wide financial statements of the Township. Complete financial statements of the Authority can be obtained from their administrative offices.

The William Jeanes Memorial Library (the "Library") is a separate nonprofit entity, which operates independently of the Township but services the same geographic area. The Township makes significant contributions to the Library to finance its operations and has set aside a portion of its annual real estate tax collections for this purpose. The Township's Board of Supervisors appoints four members of the Library Board; the remaining three members are elected by its members. The financial statements of the Library for the year ended December 31, 2019 have been summarized and discretely presented on the entity-wide financial statements of the Township. Complete financial statements of the Library can be obtained from their administrative offices.

Barren Hill Volunteer Fire Company, Spring Mill Fire Company, and Whitemarsh Community Ambulance Association receive contributions from the Township; however, most revenues generated by these entities are through other sources and, therefore, the entities are not deemed to be fiscally dependent on the Township. Each entity has its own governing board that is not appointed by the Township. Therefore, the financial statements of these entities are not included in these financial statements.

B. Basis of Presentation

Government-Wide Financial Statements

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

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

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

program revenues and expenses identifies the extent to which each functional area is self-financing or draws from the general revenues of the Township.

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

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

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

Fund Financial Statements

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

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers real estate tax revenues, earned income tax revenues, and most other revenues to be available if collected within sixty days of the end of the fiscal year. Revenues for state and federally funded projects are recognized at the time the expenditures are made. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received.

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

The Township reports the following major governmental funds:

- The General Fund is the primary operating fund of the Township and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

- The Capital Reserve Fund was established to accumulate resources for storm water management, future equipment, and facilities maintenance expenditures. Revenues and other financing sources include governmental grants and transfers from the General Fund.
- The Open Space Reserve Fund was established to accumulate resources to protect and preserve undeveloped land and preserve open space and agricultural lands for the benefit of residents within the Township. The Township transfers, from the General Fund to the Open Space Reserve Fund, earned income tax revenue designated for land preservation.

Governmental fund balances are classified as follows:

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

The Township has two agency funds. The Escrow Fund accounts for moneys paid by developers to be used for land subdivision costs. The Real Estate Tax Collector Fund accounts for collections and remittances of real estate taxes to Montgomery County and Whitemarsh Township. Agency funds are unlike all other types of funds, reporting only assets and liabilities. Therefore, these funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

C. 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.

D. Budgets

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

E. Cash, Cash Equivalents, and Investments

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

F. Capital Assets

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

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

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

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

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

G. Property Taxes

The tax on real estate in Whitemarsh Township for 2019 was 2.0379 mills (\$2.0379 per \$1,000 of assessed valuation) as levied by the Board of Supervisors. Assessed valuations of property are determined by Montgomery County. Taxes are billed March 1 and payable under the following terms: a 2% discount March 1 through April 30; full amount May 1 through June 30; and a 10% penalty after July 1. Unpaid real estate property taxes are returned to the County in January of the following year for the purpose of filing a lien and collecting the delinquent taxes.

H. Long-Term Obligations

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

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

I. Subsequent Events

Management has evaluated subsequent events through October 30, 2020, which is the date the financial statements were available to be issued.

2. LEGAL COMPLIANCE - BUDGETS

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

3. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

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

As of December 31, 2019, the bank balances and the carrying amounts of deposits of the primary government in these financial statements are as follows:

	Carrying Amount	Bank Balance		
		Total	Covered by FDIC	Secured
Checking and Savings Accounts	\$ 8,312,513	\$ 8,919,196	\$ 387,269	\$ 8,531,927
Pennsylvania Local Government Investment Trust (PLGIT)	18,122,413	18,122,413	-	18,122,413
Pennsylvania Treasurer's Invest Program	1,920,840	1,917,894	-	1,917,894
Trust Funds	830,440	830,440	-	830,440
Total	<u>\$ 29,186,206</u>	<u>\$ 29,789,943</u>	<u>\$ 387,269</u>	<u>\$ 29,402,674</u>

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

Credit Risk

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

Investments

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

Custodial Credit Risk

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

Credit Risk

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

The investments of the Municipal Pension Fund and the Deferred Compensation Fund are self-directed by the plans' participants and, therefore, no disclosures regarding credit risk are provided in these financial statements. The fixed income investment of the Police Pension Fund, totaling \$7,450,093 as of December 31, 2019, had the following credit quality ratings:

Market Value	Credit Quality Distribution - Standard & Poor's / Moody's				
	AAA/ <u>Aaa</u>	AA/ <u>Aa</u>	A/ <u>A</u>	BBB/ <u>Baa</u>	<u>Other</u>
12/31/19					
PFM Multi-Manager Fixed Income Fund	<u>\$ 7,450,093</u>	39.5%	7.5%	17.7%	22.2% 13.1%

Concentration of Credit Risk

The following investments comprised at least 5% of Police Pension Plan assets as of December 31, 2019.

	Market Value <u>12/31/19</u>
PFM MM Domestic Equity Fund	\$ 10,054,515
PFM Multi-Manager Fixed Income Fund	7,450,093
PFM MM International Equity Fund	5,609,167

The following cash equivalents and investments comprised at least 5% of Municipal Pension Plan assets as of December 31, 2019.

	Market Value <u>12/31/19</u>
Vantagepoint MP Long-Term Growth R3	\$ 2,855,629
Vantagepoint PLUS Fund R3	2,408,500
Vantagepoint MP Traditional Growth Fund R3	506,335

The following investments comprised at least 5% of Deferred Compensation Plan assets as of December 31, 2019.

	Market Value <u>12/31/19</u>
Vantagepoint PLUS Fund R3	\$ 1,282,250
Vantagepoint Milestone 2030 R3	567,133
Vantagepoint MP Long-Term Growth R3	563,227
VT Contrafund	474,554
Vantagepoint Traditional Growth R3	369,397

Interest Rate Risk

In order to manage cash flow and manage its exposure to fair value losses arising from increasing interest rates, the Township's policy is to invest primarily in investments with maturities of one year or less.

4. TAXES RECEIVABLE

Taxes receivable on the Statement of Net Position and the Balance Sheet – Governmental Funds at December 31, 2019, consist of the following:

Earned Income Taxes	\$ 2,860,000
Real Estate Taxes	47,833
Local Services Tax	170,000
Real Estate Transfer Tax	<u>74,089</u>
Total	<u><u>\$ 3,151,922</u></u>

5. UNEARNED REVENUE

Primary Government

Unearned revenue on the Statement of Net Position and the Balance Sheet – Governmental Funds, totaling \$90,179 as of December 31, 2019, represents revenues collected in advance.

Component Unit – Whitemarsh Township Authority

Unearned revenue totaling \$863,088 represents charges for services to be provided in the subsequent fiscal year.

6. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Government-Wide Financial Statements

Police Pension Plan

As described in Note 12, as of December 31, 2019, the Township reported deferred outflows of resources totaling \$663,094 related to difference between expected and actual experience and changes in assumptions, and deferred inflows of resources totaling \$1,158,061 related to differences between expected and actual experience and changes between projected and actual investment earnings.

Other Post-Retirement Benefits Plan

As described in Note 14, as of December 31, 2019, the Township reported deferred outflows of resources totaling \$1,235,256 related to changes of assumptions and for benefit payments made subsequent to the measurement date, and deferred inflows of resources totaling \$474,165 related to changes of assumptions.

Fund Financial Statements

Deferred inflows of resources on the Balance Sheet – Governmental Funds represent revenue earned but not subject to recognition in the fund financial statements because the revenues are not currently available. These resources, totaling \$960,352, include earned income taxes totaling \$910,676, delinquent real estate taxes liened by the Township totaling \$44,646, local services taxes

totaling \$906, and revenue from special assessments totaling \$4,124. These resources have been recognized as revenue in the government-wide financial statements.

7. CAPITAL ASSETS

Township

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance - 1/1/2019	Additions	Disposals	Balance - 12/31/2019
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Conservation Easements	\$ 21,649,486	\$ -	\$ -	\$ 21,649,486
Total Capital Assets Not Being Depreciated	<u>21,649,486</u>	<u>-</u>	<u>-</u>	<u>21,649,486</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	4,692,257	28,433	-	4,720,690
Furniture and Equipment	2,867,146	199,785	-	3,066,931
Vehicles	3,515,432	381,288	-	3,896,720
Infrastructure	12,514,862	1,510,804	-	14,025,666
Totals at Estimated Historical Cost	<u>23,589,697</u>	<u>2,120,310</u>	<u>-</u>	<u>25,710,007</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(1,907,563)	(111,969)	-	(2,019,532)
Furniture and Equipment	(2,032,257)	(285,635)	-	(2,317,892)
Vehicles	(2,657,044)	(340,922)	-	(2,997,966)
Infrastructure	(2,718,642)	(431,590)	-	(3,150,232)
Total Accumulated Depreciation	<u>(9,315,506)</u>	<u>(1,170,116)</u>	<u>-</u>	<u>(10,485,622)</u>
Capital Assets Being Depreciated, Net	<u>14,274,191</u>	<u>950,194</u>	<u>-</u>	<u>15,224,385</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,923,677</u>	<u>\$ 950,194</u>	<u>\$ -</u>	<u>\$ 36,873,871</u>

Depreciation expense was charged to functions of the Township as follows:

<u>Governmental Activities:</u>	
General Government	\$ 94,125
Public Safety - Police	230,969
Public Safety - Other	117,616
Public Works - Sanitation	29,826
Public Works - Highway	565,580
Culture and Recreation	130,742
Community Development	<u>1,258</u>
Total	<u>\$ 1,170,116</u>

Component Units

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

Whitemarsh Township Authority

	Balance - 1/1/2019	Additions	Reductions	Transfers	Balance - 12/31/2019
Capital Assets Not Being Depreciated:					
Land	\$ 862,410	\$ -	\$ -	\$ -	\$ 862,410
Construction in Progress	50,694	987,290	-	(248,509)	789,475
Total Capital Assets Not Being Depreciated	913,104	987,290	-	(248,509)	1,651,885
Capital Assets Being Depreciated:					
Sewer System	24,231,506	89,163	-	-	24,320,669
Machinery and Equipment	1,745,897	21,154	-	248,509	2,015,560
Vehicles	263,359	-	-	-	263,359
Totals at Estimated Historical Cost	26,240,762	110,317	-	248,509	26,599,588
Less: Accumulated Depreciation:					
Sewer System	(9,971,754)	(395,030)	-	-	(10,366,784)
Machinery and Equipment	(960,270)	(136,350)	-	-	(1,096,620)
Vehicles	(204,424)	(28,268)	-	-	(232,692)
Total Accumulated Depreciation	(11,136,448)	(559,648)	-	-	(11,696,096)
Capital Assets Being Depreciated, Net	15,104,314	(449,331)	-	248,509	14,903,492
Total Capital Assets, Net	\$16,017,418	\$ 537,959	\$ -	\$ -	\$16,555,377

William Jeanes Memorial Library

	Balance - 1/1/2019	Additions	Disposals	Balance - 12/31/2019
Capital Assets Not Being Depreciated:				
Land Improvements	\$ 62,979	\$ -	\$ -	\$ 62,979
Capital Assets Being Depreciated:				
Buildings and Improvements	5,155,727	1,575	-	5,157,302
Equipment	551,184	-	-	551,184
Totals at Estimated Historical Cost	5,706,911	1,575	-	5,708,486
Less: Accumulated Depreciation:				
Buildings and Improvements	(1,546,241)	(160,387)	-	(1,706,628)
Equipment	(365,625)	(26,644)	-	(392,269)
Total Accumulated Depreciation	(1,911,866)	(187,031)	-	(2,098,897)
Capital Assets Being Depreciated, Net	3,795,045	(185,456)	-	3,609,589
Totals	\$ 3,858,024	\$ (185,456)	\$ -	\$ 3,672,568

8. LONG-TERM DEBT

Primary Government

Bonds Payable

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

The bonds are stated to mature on November 15th of each year from 2020 through 2032, with remaining principal payments due in 2035 and 2039, with interest payable semiannually on May 15th

and November 15th of each year. The interest rate on the bonds range from 3% to 4%. Debt service payments for this series are made from the General Fund and the Open Space Fund.

Notes Payable

On December 17, 2015, the Township Board of Supervisors approved the issuance of a promissory note (Whitemarsh Township Promissory Note, 2015 Series) in the amount of \$723,956, payable to the County of Montgomery, for the financing of emergency radio equipment for the emergency service providers serving the Whitemarsh Township area. The radio equipment was acquired by the County as part of a bulk purchasing agreement with Motorola. The County has made available interest-free (0%) financing to the participating municipalities through the Delaware Valley Regional Finance Authority (DVRFA). The promissory note is being serviced by Wells Fargo Bank and will be repaid by the Township over a period of five years. Actual costs in excess of the \$723,956 amount of the promissory note will be paid from the Township’s Capital Reserve Fund. The Barren Hill and Spring Mill Fire Companies, along with the Whitemarsh Community Ambulance Association, have agreed to reimburse the Township \$219,758, which represents one-half of their shares of the total costs of \$439,516, over a five-year period. In addition, other local-area fire companies have agreed to reimburse the Township for purchased radio equipment totaling \$80,014. In 2019, debt service payments totaled \$144,791 and reimbursements recognized as revenue totaled \$44,535. Debt service payments and related revenue are recognized in the Capital Reserve Fund.

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

The following is a summary of notes payable of the primary government as of December 31, 2019.

General Obligation Bonds, Series of 2018	\$ 9,425,000
Promissory Note, Series of 2015	144,792
Note Payable, Series of 2014	<u>4,995,000</u>
 Total Bonds and Notes Payable	 <u><u>\$ 14,564,792</u></u>

Maturities of debt on the above loans are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	834,792	476,034	1,310,826
2021	735,000	452,068	1,187,068
2022	681,000	549,050	1,230,050
2023	710,000	520,100	1,230,100
2024	734,000	495,200	1,229,200
2025 - 2029	4,086,000	2,034,400	6,120,400
2030 - 2034	3,869,000	1,242,400	5,111,400
2035 - 2039	2,915,000	463,400	3,378,400
Total Due in Future Years	<u>\$ 14,564,792</u>	<u>\$ 6,232,652</u>	<u>\$ 20,797,444</u>

Compensated Absences

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

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

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

All payments related to compensated absences are made from the Township’s general fund.

Other Long-Term Debt

The Township’s net other post-employment benefits obligation is described in Note 15. The Township’s net pension liability is described in Note 13. All payments related to other post-employment benefits and pension liabilities are made from the Township’s general fund.

Changes in Long-Term Debt

The following summarizes the changes in long-term debt for the primary government for the year ended December 31, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and Notes Payable	\$ 15,284,583	\$ -	\$ 719,791	\$ 14,564,792	\$ 834,792
Bond Premium	509,158		24,538	484,620	-
Bonds and Notes Payable, Net	15,793,741	-	744,329	15,049,412	834,792
Compensated Absences	861,783	87,045	-	948,828	-
Net Pension Liability	4,053,651	-	2,550,151	1,503,500	-
Net Other Post-Employment Benefits Liability	10,686,641	-	89,102	10,597,539	-
Totals	<u>\$ 31,395,816</u>	<u>\$ 87,045</u>	<u>\$ 3,383,582</u>	<u>\$ 28,099,279</u>	<u>\$ 834,792</u>

Whitemarsh Township Authority

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

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

Debt Maturities

The annual requirements to amortize principal and interest under the 2014 Note are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 460,000	\$ 210,247	\$ 670,247
2021	365,000	303,615	668,615
2022	280,000	389,550	669,550
2023	295,000	374,850	669,850
2024	310,000	359,362	669,362
2025 - 2029	1,820,000	1,533,525	3,353,525
2030 - 2034	2,355,000	1,003,013	3,358,013
2035 - 2038	2,353,746	317,625	2,671,371
Total Debt Service	8,238,746	<u>\$4,491,787</u>	<u>\$ 12,730,533</u>
Less: Current Maturities	<u>(460,000)</u>		
Net Long-term Debt	<u>\$ 7,778,746</u>		

9. COMMITMENTS

Capital Project Commitments

As of December 31, 2019, the Township had outstanding capital project and other commitments totaling \$989,110.

10. CONTINGENT LIABILITIES

Grants

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

Other

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

11. INTERFUND TRANSFERS AND BALANCES

During 2019, the Township executed the following interfund transfers:

<u>Transferred From</u>	<u>Transferred To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Capital Reserve Fund	Capital reserve for fire	\$ 104,155
General Fund	Open Space Reserve Fund	Open space earned income tax collected	2,214,812
General Fund	Light and Hydrant Fund	Operational costs	16,500
General Fund	Park Fund	Operational costs	120,785
General Fund	Capital Equipment Reserve	Equipment	5,000
Capital Reserve Fund	General Fund	Equipment	201,898
Capital Reserve Fund	General Fund	Contributions to fire companies	183,703
Liquid Fuels Fund	General Fund	Road maintenance and repairs	550,000
Refuse Fee Fund	General Fund	Collection and disposal	1,354,000

As of December 31, 2019, \$86,835 was due from the General Fund to the Municipal Pension Fund (a Trust Fund), which included \$79,789 for accrued pension fees and \$7,046 for Municipal Pension fund cash maintained in the General Fund. In addition, \$5,877 was due from the Park Fund (a non-major governmental fund) to the General Fund and \$2,240 was due from the Refuse Fee Fund (a non-major governmental fund) to the General Fund as of December 31, 2019.

12. POLICE PENSION PLAN

Plan Description and Provisions

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

As of December 31, 2019, pension plan membership consisted of the following participants:

Active Employees	36
Retirees and Beneficiaries Currently Receiving Benefits	26
Vested Former Members	<u>2</u>
Total	<u><u>64</u></u>

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

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

Death Benefits

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

Life Insurance

Life insurance of \$12,000 is provided. This insurance is paid up at the officer's retirement date.

Cost of Living Increases

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

Summary of Significant Accounting Policies

Fiduciary Fund

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

Governmental Fund Financial Statements

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

Government-wide Financial Statements

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

Investments

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

Plan Investments

Summary by Type

Investments held as of December 31, 2019 are summarized as follows:

Mutual Funds - Fixed Income:	
PFM Multi Manager Fixed Income Fund	\$ 7,450,093
Mutual Funds - Equity:	
PFM Multi Manager Domestic Equity Fund	10,054,515
PFM Multi Manager International Equity Fund	5,609,167
Other Investments	<u>1,167,016</u>
Total	<u><u>\$24,280,791</u></u>

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments was 19.81%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Contributions and Funding Policy

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

Contributions to the Police Pension Plan for 2019 totaled \$1,020,946 from the Township, \$207,561 from employees, and \$650 from other sources. The components of the MMO for 2019, which totaled \$1,020,946, are as follows:

Normal Cost	\$ 648,071
Amortization Requirement	590,408
Less: Estimated Employee Contributions	<u>(217,533)</u>
 2019 Minimum Municipal Obligation	 <u><u>\$ 1,020,946</u></u>

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2019, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The components of the changes in the total pension liability, plan fiduciary net position, and net pension liability of the Police Pension Plan for the year ended December 31, 2019 are as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$ 559,407	\$ -	\$ 559,407
Interest on Total Pension Liability	1,894,785	-	1,894,785
Difference between Expected and Actual Experience	487,623	-	487,623
Employer Contributions	-	1,020,946	(1,020,946)
Employee Contributions	-	207,561	(207,561)
Other Contributions	-	650	(650)
Net Investment (Loss)	-	4,346,386	(4,346,386)
Benefit Payments	(1,086,276)	(1,086,276)	-
Administrative Expenses	-	(83,577)	83,577
 Net Changes	 1,855,539	 4,405,690	 (2,550,151)
Balances as of December 31, 2018	<u>24,759,911</u>	<u>20,706,260</u>	<u>4,053,651</u>
Balances as of December 31, 2019	<u><u>\$ 26,615,450</u></u>	<u><u>\$ 25,111,950</u></u>	<u><u>\$ 1,503,500</u></u>

In the government-wide financial statements for the year ended December 31, 2019, the Township recognized pension expense totaling \$832,573 for the Police Pension Plan. As of December 31, 2019, the Township reported deferred outflows of resources totaling \$663,094 related to differences between expected and actual experience and changes of assumptions, and deferred inflows of resources totaling \$1,158,061 related to differences between expected and actual experience and changes between projected and actual investment earnings. The amounts reported as deferred outflows and inflows of resources related to the Police Pension Plan will be recognized in pension expense as follows:

<u>Year</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2020	\$ 130,942	\$ 253,280
2021	130,943	298,522
2022	130,943	29,035
2023	130,943	577,224
2024	69,660	-
2025	69,663	-
	<u>\$ 663,094</u>	<u>\$ 1,158,061</u>

Actuarial Assumptions

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

Actuarial Valuation Date	1/1/19
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period	7 Years
Asset Valuation Method	Market Value
Inflation	3.00%
Projected Salary Increase	5.00%
Investment Rate of Return	7.50%
Retirement Age	The later of age 51, or age at the completion of 25 years of service
Mortality Rates	IRS 2017 Static Combined Table for Small Plans

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	40%	5.5% - 7.5%
International Equity	21%	4.5% - 6.5%
Fixed Income	38%	1.0% - 3.0%
Cash	1%	0% - 1.0%
Total	<u>100%</u>	

Discount Rate

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

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

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

	1% Decrease <u>(6.5%)</u>	Current Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Net Pension Liability	\$ 4,878,528	\$ 1,503,500	\$ (1,318,783)

13. NON-UNIFORMED PENSION PLAN

Plan Description and Provisions

The Whitmarsh Township Non-Uniformed Pension Plan is a single employer defined contribution pension plan controlled by the provisions of Ordinance No. 475, adopted August 11, 1983, amended by Ordinance No. 543 and No. 578.

Eligibility Requirements

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

Eligibility – All full-time employees hired on or after July 1, 1989 are required to become members of the Plan.

Normal Retirement – First day of the month coincident with or next following the employee's 65th birthday.

Retirement Benefit – Total value of the member's employee contribution account and the member's Township contribution account, including all member contributions, Township contributions and investment earnings.

Vesting – A member is 50 percent vested after 3 years of service and 100 percent vested after 5 years of service with the Township.

Form of Payment – Benefits will be paid in a single lump sum payment unless the member elects to receive monthly payments. If monthly payments are elected, the member shall elect any monthly dollar amount in excess of one percent of the member’s account balance. This amount may be changed no more than once per year.

Death and Disability Benefits – If a member becomes eligible for long-term disability benefits under the Township’s health and welfare plan or dies, the member’s account balance shall become 100 percent vested and shall be payable in the same manner as for normal retirement. Death benefits shall be paid only in single lump sum payments.

Contribution – Members are required to contribute to the plan three percent of annual salary. Township contributions match the members’ contributions at three percent. Members may elect to contribute an additional one to three percent, which will be matched by the Township to a maximum of 6%. Members may make additional contributions over 6% to a maximum of 15% which will not be matched by the Township. All contributions up to 6% are made pre-tax; employee contributions in excess of 6% are made post-tax.

Summary of Significant Accounting Policies

Fiduciary Fund

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

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Governmental Fund Financial Statements

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

Government-wide Financial Statements

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, the Township reports its net pension liability in the Statement of Net Position. As of December 31, 2019, the Township has no net pension liability with respect to the Non-Uniformed Pension Plan.

Plan Investments

Summary by Type

Investments held as of December 31, 2019 are summarized as follows:

Mutual Funds - Stable Value / Cash Management	\$ 2,439,999
Mutual Funds - Bond	320,659
Mutual Funds - Balanced / Asset Allocation	3,870,492
Mutual Funds - U.S. Stock	691,913
Mutual Funds - International / Global Stock	278,134
Other	<u>31,308</u>
Total	<u>\$ 7,632,505</u>

Concentrations

The following cash equivalents and investments comprised at least 5% of plan assets as of December 31, 2019.

	Market Value <u>12/31/19</u>
Vantagepoint MP Long-Term Growth R3	\$ 2,855,629
Vantagepoint PLUS Fund R3	2,408,500
Vantagepoint MP Traditional Growth Fund R3	506,335

Contributions

Contributions to the Non-Uniformed Pension Plan for 2019 included \$257,935 from the Township and \$178,434 from employees.

14. OTHER POST-RETIREMENT BENEFITS PLAN

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

Plan Description

The Whitmarsh Township Postretirement Benefits Plan (the Plan) is a single employer defined benefit plan, administered by the Township, for which the provisions are established by Township ordinance. The plan is not accounted for as a trust fund since an irrevocable trust has not

been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the Township's General Fund.

Plan Benefits

Police Officers

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

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

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

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

As of January 1, 2018, the following employees were covered by the benefit terms:

Active Participants	36
Vested Former Participants	2
Retired Participants	<u>20</u>
Total	<u><u>58</u></u>

Non-Uniformed Personnel

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

As of January 1, 2018, the following employees were covered by the benefit terms:

Active Participants	38
Vested Former Participants	-
Retired Participants	<u>-</u>
Total	<u><u>38</u></u>

Total OPEB Liability

The Township’s total OPEB liability of \$10,597,539 was measured as of January 1, 2019, rolled forward from an actuarial valuation as of January 1, 2018.

Actuarial Assumptions and Other Inputs

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

Healthcare Cost Trend Rates

2018	6.00%
2019 through 2021	5.50%
2022 through 2075	Gradually decrease from 5.40% to 3.80%

Discount Rate

The discount rate of 3.64% was based on the Standard & Poors Municipal Bond 20-Year High Grade Rate Index at January 1, 2019.

Salary Increases

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

Mortality and Disability Rates

Mortality rates were based on the IRS 2017 Static Combined Table for Small Plans; incorporated into the table are rates for annuitants projected seven years and rates for non-annuitants are projected fifteen years using Scale AA to reflect mortality improvement. Disability rates are based on SOA 1987 Group LTD Table – Males, three-month elimination.

Retirement

It is assumed that police officers will retire at the later of age 53, their age at completion of 25 years of service, or their age on the valuation date; that 100% of eligible police officer retirees and their spouses elect coverage under the Plan; that 50% of participants elect coverage upon disability; and 100% of vested former members and their spouses will return to the Plan at age 62.

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

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

Actuarial Experience Studies

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

Retiree Contributions

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

Actuarial Cost Method

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

Participant Data

Participant data is based on information as of January 1, 2018.

Changes in the Total OPEB Liability

OPEB liability as of January 1, 2019	\$ 10,686,641
Changes for the year:	
Service cost	439,084
Interest	345,545
Assumption changes	(521,581)
Benefit payments	<u>(352,150)</u>
OPEB liability as of December 31, 2019	<u><u>\$ 10,597,539</u></u>

Assumption changes included the following:

- The discount rate changed from 3.16% to 3.64%.

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

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16%) or 1-percentage-point higher (4.16%) than the current discount rate:

	1% Decrease <u>(2.64%)</u>	Discount Rate <u>(3.64%)</u>	1% Increase <u>(4.64%)</u>
Total OPEB liability	\$ 11,721,443	\$ 10,597,539	\$ 9,607,060

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

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

	<u>1% Decrease</u>	Current Trend Rate	<u>1% Increase</u>
Total OPEB liability	\$ 9,283,795	\$ 10,597,539	\$ 12,152,216

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

For the year ended December 31, 2019, the Township recognized an OPEB expense of \$837,060. As of December 31, 2019, the Township reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of assumptions	\$ 898,619	\$ 474,165
Benefit payments subsequent to the measurement date	<u>336,637</u>	<u>-</u>
Totals	<u>\$ 1,235,256</u>	<u>\$ 474,165</u>

An amount of \$336,637 reported as deferred outflows of resources related to OPEB resulting from Township contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ending <u>June 30</u>	<u>Amount</u>
2020	\$ 52,431
2021	52,431
2022	52,431
2023	52,431
2024	52,431
Thereafter	<u>162,299</u>
Total	<u>\$ 424,454</u>

15. BUILDING LEASE

The Township leases a 1,500-square foot section of a building in Lafayette Hill, Pennsylvania to Santander Bank. The current lease encompasses the period March 1, 2015 through February 29, 2020; the base rent for this period is \$7,187.50 per month. Two renewal options remain. The first option commences on March 1, 2020 and expires on August 31, 2022; the second option commences on September 1, 2022 and expires on February 28, 2025. Total rent received under this lease for the fiscal year ended December 31, 2019 was \$86,250.

WHITEMARSH TOWNSHIP
Schedule of Changes in the Township's Net Pension Liability and Related Ratios -
Police Pension Fund (1)
For the Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability						
Service Cost	\$ 559,407	\$ 550,305	\$ 524,100	\$ 514,831	\$ 490,315	\$ 477,607
Interest on Total Pension Liability	1,894,785	1,765,697	1,678,782	1,583,378	1,498,016	1,446,459
Differences between Expected and Actual Experience	487,623	-	(230,722)	-	-	(409,738)
Changes in Assumptions	-	-	428,977	-	-	-
Benefit Payments	(1,086,276)	(1,132,681)	(994,194)	(985,332)	(829,591)	(849,618)
Net Change in Total Pension Liability	1,855,539	1,183,321	1,406,943	1,112,877	1,158,740	664,710
Total Pension Liability - Beginning of Year	24,759,911	23,576,590	22,169,647	21,056,770	19,898,030	19,233,320
Total Pension Liability - End of Year (A)	<u>\$ 26,615,450</u>	<u>\$ 24,759,911</u>	<u>\$ 23,576,590</u>	<u>\$ 22,169,647</u>	<u>\$ 21,056,770</u>	<u>\$ 19,898,030</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 1,020,946	\$ 868,885	\$ 859,263	\$ 844,904	\$ 1,040,977	\$ 759,358
Contributions - Member	207,561	204,552	192,533	190,784	186,137	176,578
Contributions - Other	650	-	1,100	-	1,600	-
Net Investment Income	4,346,386	(1,032,796)	2,876,786	1,187,895	111,471	999,788
Benefit Payments	(1,086,276)	(1,132,681)	(994,194)	(985,332)	(829,591)	(849,618)
Administrative Expense	(83,577)	(86,223)	(97,322)	(80,039)	(77,951)	(83,756)
Net Change in Plan Fiduciary Net Position	4,405,690	(1,178,263)	2,838,166	1,158,212	432,643	1,002,350
Plan Fiduciary Net Position - Beginning of Year	20,706,260	21,884,523	19,046,357	17,888,145	17,455,502	16,453,152
Plan Fiduciary Net Position - End of Year (B)	<u>\$ 25,111,950</u>	<u>\$ 20,706,260</u>	<u>\$ 21,884,523</u>	<u>\$ 19,046,357</u>	<u>\$ 17,888,145</u>	<u>\$ 17,455,502</u>
Net Pension Liability - End of Year (A) - (B)	<u>\$ 1,503,500</u>	<u>\$ 4,053,651</u>	<u>\$ 1,692,067</u>	<u>\$ 3,123,290</u>	<u>\$ 3,168,625</u>	<u>\$ 2,442,528</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.4%	83.6%	92.8%	85.9%	85.0%	87.7%
Covered-employee Payroll	\$ 4,307,088	\$ 4,115,524	\$ 3,919,925	\$ 3,742,264	\$ 3,912,280	\$ 3,576,287
Net Pension Liability as a Percentage of Covered-Employee Payroll	34.9%	98.5%	43.2%	83.5%	81.0%	68.3%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially Determined Contribution	\$ 1,020,946	\$ 868,885	\$ 859,263	\$ 844,904	\$ 1,040,977	\$ 759,358	\$ 751,213	\$ 705,932	\$ 738,404	\$ 367,042
Contributions in Relation to the Actuarial Determined Contribution	<u>1,020,946</u>	<u>868,885</u>	<u>859,263</u>	<u>844,904</u>	<u>1,040,977</u>	<u>759,358</u>	<u>751,213</u>	<u>705,932</u>	<u>738,404</u>	<u>367,042</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee Payroll	\$ 4,307,088	\$ 4,115,524	\$ 3,919,925	\$ 3,742,264	\$ 3,912,280	\$ 3,576,287	\$ 3,710,416	\$ 3,688,843	\$ 3,342,478	\$ 3,050,458
Contributions as a Percentage of Covered-employee Payroll	23.7%	21.1%	21.9%	22.6%	26.6%	21.2%	20.2%	19.1%	22.1%	12.0%

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date	1/1/2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period as of December 31, 2018	7 Years
Asset Valuation Method	Market value of assets as determined by the trustee
Inflation	3.0%
Salary Increases	5.0%
Investment Rate of Return	7.5%
Retirement Age	The later of age 51, age at the completion of 25 years of service. It is assumed that 100% of eligible participants will elect the deferred retirement option plan.
Mortality	IRS 2017 Static Combined Table for Small Plans

WHITEMARSH TOWNSHIP
Schedule of Investment Returns -
Police Pension Fund
For the Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual Money-weighted Rate of Return, Net of Investment Expense	19.8%	-4.2%	15.2%	6.7%	0.6%	6.2%	15.3%	13.5%	-0.1%	13.7%

WHITEMARSH TOWNSHIP
Schedule of Changes in the Township's Net OPEB Liability and Related Ratios (1)
For the Last Two Fiscal Years

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	439,084	\$ 361,870
Interest on Total OPEB Liability	345,545	351,043
Changes in Assumptions	(521,581)	1,098,313
Benefit Payments	<u>(352,150)</u>	<u>(490,505)</u>
 Net Change in Total OPEB Liability	 (89,102)	 1,320,721
 Total OPEB Liability - Beginning of Year	 <u>10,686,641</u>	 <u>9,365,920</u>
 Total OPEB Liability - End of Year (A)	 <u><u>\$ 10,597,539</u></u>	 <u><u>\$ 10,686,641</u></u>
 Plan Fiduciary Net Position (B)	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>
 Net OPEB Liability - End of Year (A) - (B)	 <u><u>\$ 10,597,539</u></u>	 <u><u>\$ 10,686,641</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 0.0%	 0.0%
 Covered-Employee Payroll	 \$ 6,610,644	 \$ 6,610,644
 Net OPEB Liability as a Percentage of Covered-Employee Payroll	 160.3%	 161.7%

(1) This schedule is intended to show 10 years - additional information will be presented as it becomes available.

WHITEMARSH TOWNSHIP
Combining Balance Sheet
All Non-Major Governmental Funds
December 31, 2019

	Liquid Fuels Fund	Light and Hydrant Fund	Refuse Fee Fund	Park Fund	Impact Fee Fund	Capital Equip. Reserve	Traffic Improve. Fund	Total
ASSETS								
Cash and Cash Equivalents	\$ 1,117,398	\$ 253,953	\$ 638,388	\$ 403,760	\$ 1,000,051	\$ 293,576	\$ 299,688	\$ 4,006,814
Interfund Receivables	-	-	-	5,877	-	-	-	5,877
Other Receivables	-	2,731	1,393	-	-	-	-	4,124
Total Assets	\$ 1,117,398	\$ 256,684	\$ 639,781	\$ 409,637	\$ 1,000,051	\$ 293,576	\$ 299,688	\$ 4,016,815
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY								
LIABILITIES								
Accounts Payable	\$ -	\$ 26,203	\$ 7,000	\$ 7,561	\$ -	\$ -	\$ -	\$ 40,764
Accrued Wages Payable	-	-	-	6,259	-	-	-	6,259
Interfund Payables	550,000	-	2,240	-	-	-	-	552,240
Unearned Revenue	-	-	-	90,179	-	-	-	90,179
Total Liabilities	550,000	26,203	9,240	103,999	-	-	-	689,442
DEFERRED INFLOWS OF RESOURCES								
Deferred Special Assessments	-	2,731	1,393	-	-	-	-	4,124
Total Deferred Inflows of Resources	-	2,731	1,393	-	-	-	-	4,124
FUND BALANCE								
Restricted for:								
Building and Improving Local Roads and Bridges	567,398	-	-	-	-	-	-	567,398
Assigned for:								
Budget for 2020	-	227,750	-	305,638	-	-	-	533,388
Acquisition of Equipment	-	-	-	-	-	293,576	-	293,576
Local Roads and Bridges	-	-	-	-	1,000,051	-	299,688	1,299,739
Sanitation - Waste Collection	-	-	629,148	-	-	-	-	629,148
Total Fund Equity	567,398	227,750	629,148	305,638	1,000,051	293,576	299,688	3,323,249
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	\$ 1,117,398	\$ 256,684	\$ 639,781	\$ 409,637	\$ 1,000,051	\$ 293,576	\$ 299,688	\$ 4,016,815

WHITEMARSH TOWNSHIP
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Non-Major Governmental Funds
For the Year Ended December 31, 2019

	Liquid Fuels Fund	Light and Hydrant Fund	Refuse Fee Fund	Park Fund	Impact Fee Fund	Capital Equip. Reserve	Traffic Improve. Fund	Total
REVENUES:								
Real Estate Taxes	\$ -	\$ -	\$ -	\$ 407,992	\$ -	\$ -	\$ -	\$ 407,992
Interest Earnings	21,642	-	-	110	12,085	5,064	2,809	41,710
Rental Income	-	-	-	17,178	-	-	-	17,178
Intergovernmental Revenue	546,727	-	140,784	6,639	-	-	-	694,150
Charges for Services	-	-	1,231,027	630,781	-	-	-	1,861,808
Special Assessments	-	180,154	-	-	51,961	-	167,548	399,663
Miscellaneous Revenue	-	676	-	7,116	-	-	-	7,792
Total Revenues	568,369	180,830	1,371,811	1,069,816	64,046	5,064	170,357	3,430,293
EXPENDITURES:								
Public Safety - Other	-	137,629	-	-	-	-	-	137,629
Public Works - Sanitation	-	-	29,126	-	-	-	-	29,126
Public Works - Highway and Streets	-	75,947	-	-	-	-	-	75,947
Culture and Recreation	-	-	-	1,088,804	-	-	-	1,088,804
Total Expenditures	-	213,576	29,126	1,088,804	-	-	-	1,331,506
Excess of Revenues Over (Under) Expenditures	568,369	(32,746)	1,342,685	(18,988)	64,046	5,064	170,357	2,098,787
OTHER FINANCING SOURCES (USES)								
Transfers In	-	16,500	-	120,785	-	5,000	-	142,285
Transfers Out	(550,000)	-	(1,354,000)	-	-	-	-	(1,904,000)
Total Other Financing Sources and (Uses)	(550,000)	16,500	(1,354,000)	120,785	-	5,000	-	(1,761,715)
Net Change in Fund Balances	18,369	(16,246)	(11,315)	101,797	64,046	10,064	170,357	337,072
FUND BALANCES - BEGINNING OF YEAR	549,029	243,996	640,463	203,841	936,005	283,512	129,331	2,986,177
FUND BALANCES - END OF YEAR	\$ 567,398	\$ 227,750	\$ 629,148	\$ 305,638	\$1,000,051	\$ 293,576	\$ 299,688	\$ 3,323,249

WHITEMARSH TOWNSHIP
Combining Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2019

	Trust Funds				Agency Funds		
	Municipal Pension Fund	Police Pension Fund	Deferred Compensation Fund	Total	Escrow Fund	Real Estate Tax Collector Fund	Total
ASSETS							
Cash and Cash Equivalents	\$ -	\$ 830,440	\$ -	\$ 830,440	\$ 1,591,439	\$ 108,327	\$ 1,699,766
Investments	7,632,505	24,280,791	7,343,044	39,256,340	-	-	-
Interfund Receivable	86,835	-	-	86,835	-	-	-
Accrued Interest	-	719	-	719	-	-	-
Total Assets	\$ 7,719,340	\$ 25,111,950	\$ 7,343,044	\$ 40,174,334	\$ 1,591,439	\$ 108,327	\$ 1,699,766
LIABILITIES							
Escrowed Subdivision Fees	\$ -	\$ -	\$ -	\$ -	\$ 1,591,439	\$ -	\$ 1,591,439
Due to Taxpayers/Governments	-	-	-	-	-	108,327	108,327
Total Liabilities	-	-	-	-	\$ 1,591,439	\$ 108,327	\$ 1,699,766
NET POSITION							
Restricted for Pension Benefits	7,719,340	25,111,950	-	32,831,290			
Restricted for Deferred Compensation Benefits	-	-	7,343,044	7,343,044			
Total Net Position	7,719,340	25,111,950	7,343,044	40,174,334			
Total Liabilities and Net Position	\$ 7,719,340	\$ 25,111,950	\$ 7,343,044	\$ 40,174,334			

WHITEMARSH TOWNSHIP
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended December 31, 2019

	Trust Funds			Total
	Municipal Pension Fund	Police Pension Fund	Deferred Compensation Fund	
ADDITIONS				
Contributions:				
Municipal Contribution	\$ 257,935	\$ 1,020,946	\$ -	\$ 1,278,881
Employee Contribution	178,434	207,561	371,671	757,666
Other Contributions	-	650	-	650
Total Contributions	<u>436,369</u>	<u>1,229,157</u>	<u>371,671</u>	<u>2,037,197</u>
Investment Earnings:				
Net Increase in Fair Value of Investments	1,007,031	3,351,698	1,153,901	5,512,630
Interest and Dividends	150	848,008	-	848,158
Other	-	146,680	-	146,680
Total Investment Earnings	<u>1,007,181</u>	<u>4,346,386</u>	<u>1,153,901</u>	<u>6,507,468</u>
Total Additions	<u>1,443,550</u>	<u>5,575,543</u>	<u>1,525,572</u>	<u>8,544,665</u>
DEDUCTIONS				
Benefits Paid	564,837	1,086,276	40,184	1,691,297
Administrative Expenses	1,894	83,577	2,223	87,694
Total Deductions	<u>566,731</u>	<u>1,169,853</u>	<u>42,407</u>	<u>1,778,991</u>
Change in Net Position	876,819	4,405,690	1,483,165	6,765,674
NET POSITION - BEGINNING OF YEAR	<u>6,842,521</u>	<u>20,706,260</u>	<u>5,859,879</u>	<u>33,408,660</u>
NET POSITION - END OF YEAR	<u><u>\$ 7,719,340</u></u>	<u><u>\$ 25,111,950</u></u>	<u><u>\$ 7,343,044</u></u>	<u><u>\$ 40,174,334</u></u>