

**Whitemarsh Township**

**Lafayette Hill, Pennsylvania**

**December 31, 2020**

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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, 2020, 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 85 percent, 75 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.

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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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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 3 through 23 and the supplemental budgetary comparison schedules and notes and pension schedules on pages 71 through 78 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 index 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.

*Barsz Gowie Amon & Fultz, LLC*

August 19, 2021  
Media, Pennsylvania

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**  
**December 31, 2020**

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, 2020. 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 2020**

*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 \$41.49 million at the end of 2020 – an increase of \$2.89 million from the end of 2019. 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 \$24.20 million in 2020, while expenses totaled \$21.32 million.

*Fund Financial Statements (Modified Accrual)*

- At year-end, the Township's governmental funds reported a total fund balance of \$28.23 million, a decrease of \$318 thousand. The decrease is due to a net increase in the Open Space Fund of \$2.06 million, an increase in the General Fund of \$414 thousand, decrease in other funds aggregating \$256 thousand, and a decrease in the Capital Reserve Fund of \$2.54 million.
- The Township's General Fund reported a net increase in fund balance of \$0.42 million, resulting in a year ending fund balance of \$10.43 million.

**Financial Statements**

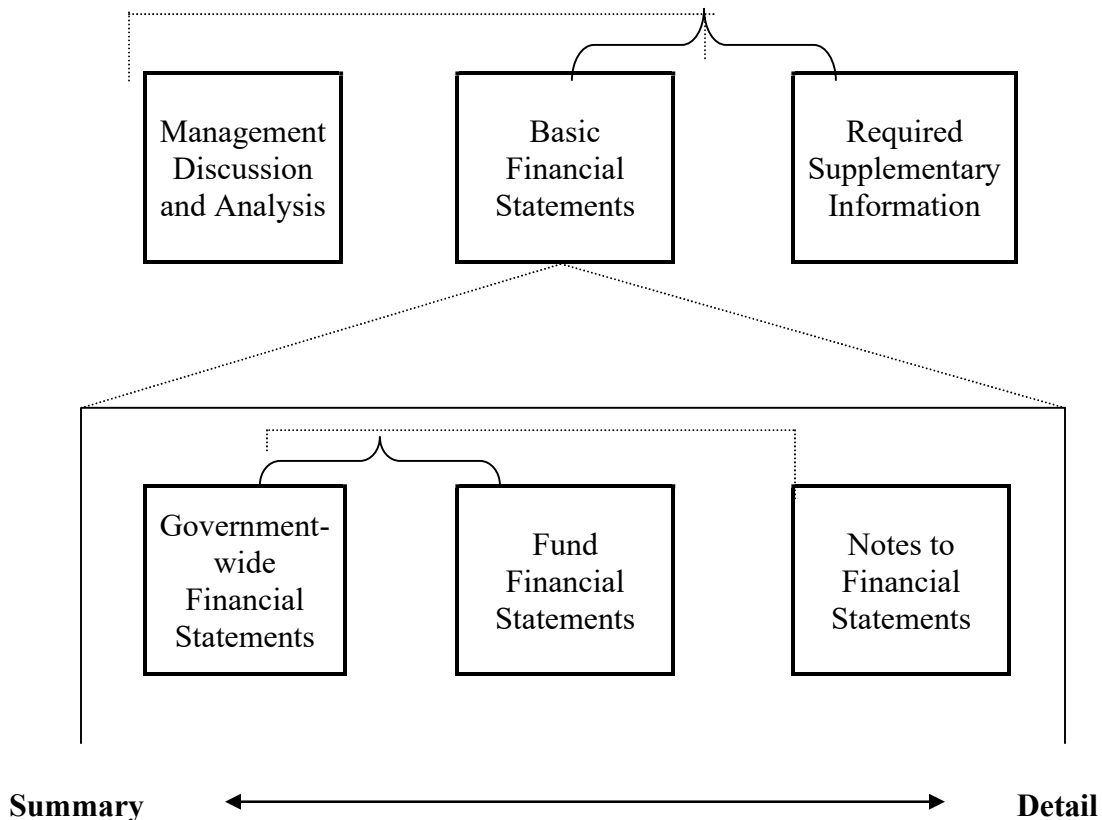
Prior to 2003, the primary focus of local government financial statements had been to provide fund type information on a current financial resource basis. This approach was modified in 2003 by the Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management 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**  
**Required Supplementary Information**  
**December 31, 2020**

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, 2020**

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**  
**Required Supplementary Information**  
**December 31, 2020**

*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.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**  
**December 31, 2020**

- 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, 2020, and 2019 (in thousands)

	<u>2020</u>	<u>2019</u>
	<b>Primary</b>	<b>Primary</b>
	<b>Government</b>	<b>Government</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Activities</b>	<b>Activities</b>
<b>Current Assets</b>	\$31,509	\$31,449
<b>Net Capital Assets</b>	38,796	36,874
<b>Deferred Outflows</b>	2,058	1,898
<b>Other Assets</b>	821	0
<b>Total Assets</b>	<u>\$73,184</u>	<u>\$70,221</u>
<b>Current and Other Liabilities</b>	\$3,010	\$2,719
<b>Non-current Liabilities</b>	25,041	27,264
<b>Deferred Inflows</b>	3,643	1,632
<b>Total Liabilities and Deferred Inflows</b>	<u>\$31,694</u>	<u>\$31,615</u>
<b>Net Position:</b>		
Invested in <b>Capital Assets</b>		
Net of Related Debt	\$24,606	\$21,824
Unrestricted	16,884	16,781
<b>Total Net Position</b>	<u>\$41,490</u>	<u>\$38,605</u>

For more detailed information, see the Statement of Net Position on pages 24 and 25.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis**  
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**December 31, 2020**

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 \$41.49 million as of December 31, 2020, and by \$38.60 million as of December 31, 2019. 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>2020</u>	<u>2019</u>
	Primary Government Governmental Activities	Primary Government Governmental Activities
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,700	\$ 3,194
Operating Grants and Contributions	2,128	1,836
General Revenues:		
Taxes	20,081	17,278
Other General Revenues	294	1,127
Total Revenues	<u>24,203</u>	<u>23,435</u>
Expenses:		
General Government	2,755	3,177
Public Safety - Police	7,705	8,673
Public Safety - Other	2,368	2,307
Public Works - Sanitation	2,383	1,375
Public Works - Highway	3,209	3,280
Public - Works - Stormwater Management	-	96
Culture and Recreation	2,240	1,992
Conservation of Natural Resources	64	62
Community Development	86	136
Interest on Long Term Debt	509	513
Debt Issuance Cost	-	-
Total Expenses	<u>21,319</u>	<u>21,611</u>
Increase in Net Position	<u>\$ 2,884</u>	<u>\$ 1,824</u>

*Expenses by Function for the Year Ended December 31, 2020*

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.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**  
**December 31, 2020**

<u>Functions/Programs</u>	<u>2020</u>		<u>2019</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	\$ 2,754,766	\$ 2,014,403	\$ 3,176,950	\$ 2,289,278
Public Safety - Police	7,704,631	7,073,215	8,673,402	8,091,990
Public Safety - Other	2,367,635	1,517,852	2,306,912	1,569,320
Public Works - Sanitation	2,383,412	2,383,412	1,375,482	144,455
Public Works - Highway	3,209,340	1,971,606	3,280,278	2,592,767
Public Works - Stormwater Management	-	-	95,616	95,616
Culture and Recreation	2,240,059	1,870,880	1,992,138	1,086,825
Conservation of Natural Resources	64,062	64,062	61,715	61,715
Community Development	85,944	85,944	135,942	135,942
Interest on Long Term Debt	509,261	509,261	512,801	512,801
Total Governmental Activities	<u>\$ 21,319,110</u>	<u>\$ 17,490,635</u>	<u>\$ 21,611,236</u>	<u>\$ 16,580,709</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 2020, the Township's governmental funds (as presented in the balance sheet on page 27) reported a combined fund balance of \$28.23 million, which is a decrease of \$0.32 million from last year's ending fund balance of \$28.55 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 2020, the fund balance of the General Fund increased by \$0.42 million from \$10.01 million to \$10.43 million.

The increase in the Open Space Fund of \$2.06 million resulted from General Fund transfers of \$2.32 million of designated Earned Income Tax Collections plus Interest Earnings of \$38 thousand to cover \$210 thousand of Debt Service costs and \$64 thousand of collection and maintenance costs.

Capital Reserve Fund decreased by \$2.54 million as 2020 capital expenditures of \$3.41 million drew-down 2018 Series Bond proceeds and prior year capital contributions. Contribution from the General Fund set aside \$606 thousand for future capital needs at the end of 2020.

Negative operating results totaled \$256 thousand in the other Non-Major Government Funds.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**  
**December 31, 2020**

*Major Governmental Funds*

In 2020, General Fund Revenue increased by \$.989 million from the 2019 levels. The increase is comprised of Real Estate taxes \$634 thousand, Earned Income Taxes \$486 thousand, Real Estate Transfer Tax was down \$457 thousand, Business Taxes down \$70 thousand, Other Act 511 Taxes down \$78 thousand, Intergovernmental Revenue \$675 thousand, and \$201 thousand down across other revenue classifications. Business Tax receipts down by 3% over 2019 collections. 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 decrease in sales of both new and existing properties, both residential and commercial.

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 2020, the Capital Reserve fund balance decreased by \$2.54 million due to net inter-fund transfers of \$516 thousand, plus HMI Intersection improvements that covered \$3.1 million of expenditures, including Debt Service of \$145 thousand.

For the fiscal year ended December 31, 2020, revenues for governmental fund type activities totaled \$24.14 million.

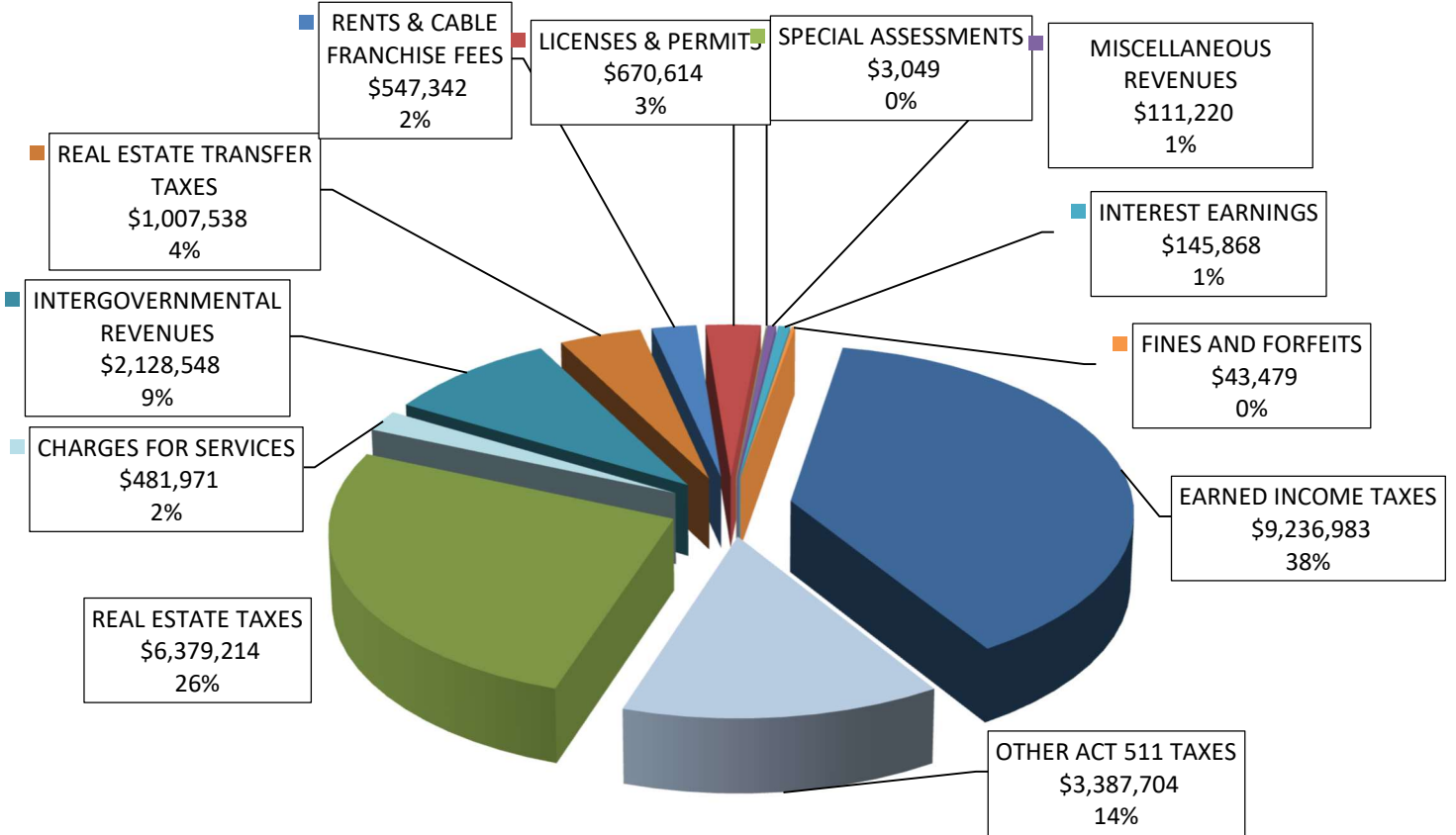
The earned income tax is the Township's largest revenue source at \$9.24 million (45% of total General Fund Revenues). Real estate tax revenues totaled \$3.88 million (19%). Other Act 511 Taxes generated \$3.39 million (16%). The Township's assessed value of real property exceeded \$1.89 billion at the end of 2020.

The graph and related chart on the next page provides an overview of the Sources of Governmental Revenue for Whitemarsh Township that totaled \$24.14 million for the 2020 Fiscal year.

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**  
**December 31, 2020**

**Revenue By Source Government Funds**  
**December 31, 2020**

**TOTAL REVENUE = \$24,143,530**



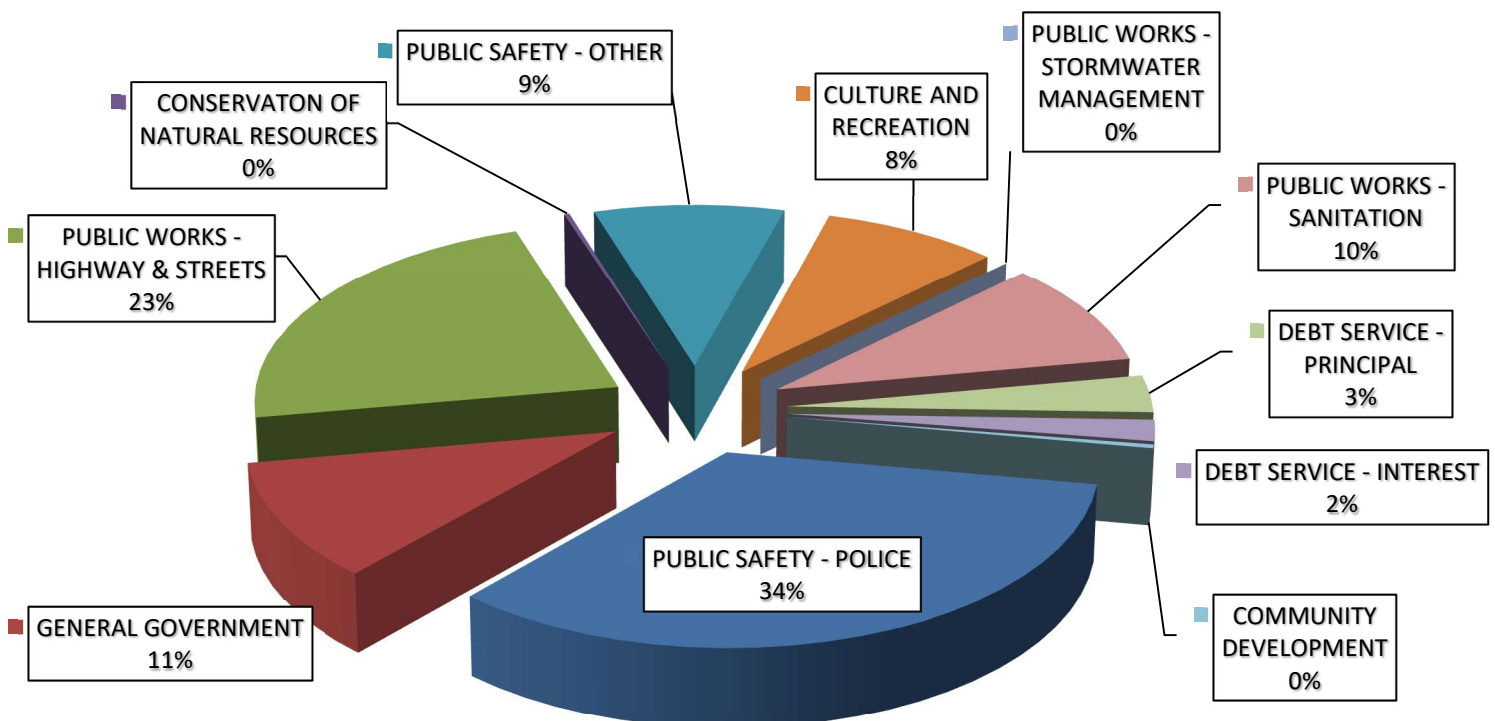
■ EARNED INCOME TAXES	\$	9,236,983	38%
■ OTHER ACT 511 TAXES	\$	3,387,704	14%
■ REAL ESTATE TAXES	\$	6,379,214	26%
■ CHARGES FOR SERVICES	\$	481,971	2%
■ INTERGOVERNMENTAL REVENUES	\$	2,128,548	9%
■ REAL ESTATE TRANSFER TAXES	\$	1,007,538	4%
■ RENTS & CABLE FRANCHISE FEES	\$	547,342	2%
■ LICENSES & PERMITS	\$	670,614	3%
■ SPECIAL ASSESSMENTS	\$	3,049	0%
■ MISCELLANEOUS REVENUES	\$	111,220	0%
■ INTEREST EARNINGS	\$	145,868	1%
■ FINES AND FORFEITS	\$	43,479	0%
<b>TOTAL REVENUE</b>	<b>\$</b>	<b>24,143,530</b>	<b>100%</b>

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis**  
**Required Supplementary Information**  
**December 31, 2020**

Expenditures for the fiscal year ended December 31, 2020, totaled \$24.85 million. Expenditures for the fiscal year 2020 are comprised of the following items:

**EXPENDITURES BY PURPOSE GOVERNMENT FUNDS**  
**DECEMBER 31, 2020**

**TOTAL EXPENDITURES = \$24,857,299**



■ PUBLIC SAFETY - POLICE	\$8,390,548	34%
■ GENERAL GOVERNMENT	\$2,662,258	11%
■ PUBLIC WORKS - HIGHWAY & STREETS	\$5,642,757	23%
■ CONSERVATION OF NATURAL RESOURCES	\$64,062	0%
■ PUBLIC SAFETY - OTHER	\$2,252,594	9%
■ CULTURE AND RECREATION	\$2,095,982	8%
■ PUBLIC WORKS - STORMWATER MANAGEMENT	\$0	0%
■ PUBLIC WORKS - SANITATION	\$2,353,585	10%
■ DEBT SERVICE - PRINCIPAL	\$834,792	3%
■ DEBT SERVICE - INTEREST	\$476,035	2%
■ COMMUNITY DEVELOPMENT	\$84,686	0%
<b>TOTAL EXPENDITURES</b>	<b>\$24,857,299</b>	<b>100%</b>

**WHITEMARSH TOWNSHIP**  
**Management's Discussion and Analysis**  
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**Capital Assets and Debt Administration**

*Capital Assets*

At the end of 2020, the Township had \$50.50 million invested in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure. This amount represents a net increase of \$3.15 million above last year's \$47.35 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 \$8,950,000

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 15<sup>th</sup> 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 \$4,780,000 as of December 31, 2020.

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 2020, 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 \$10.12 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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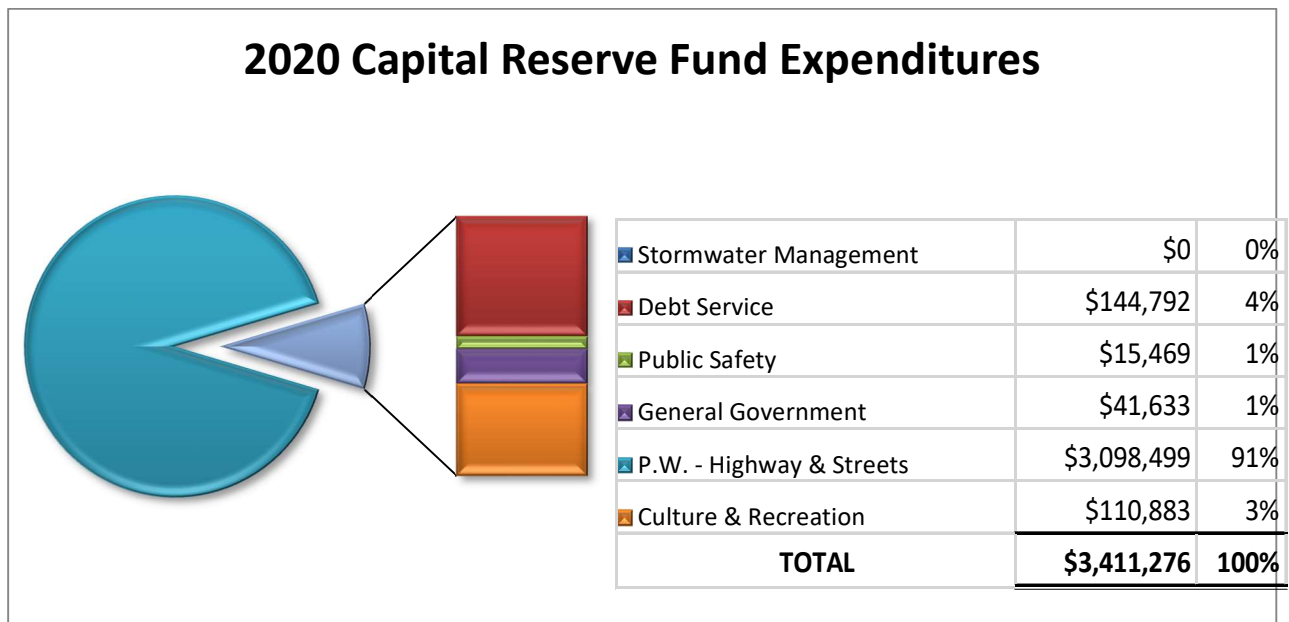
**Economic Factors and Next Year’s Budgets**

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.

In 2020 we received reimbursement for COVID-19 expense for a total of \$12,624.

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 2020 Capital Reserve Fund expenditures totaling \$3,411,276 included \$144,792 of debt service for a portion of the 2015 Emergency Radio Equipment Financing. The remaining expenditures totaling \$3,266,484 were funded by the 2014 TD Bank Loan and from Interfund transfers from the General Fund.

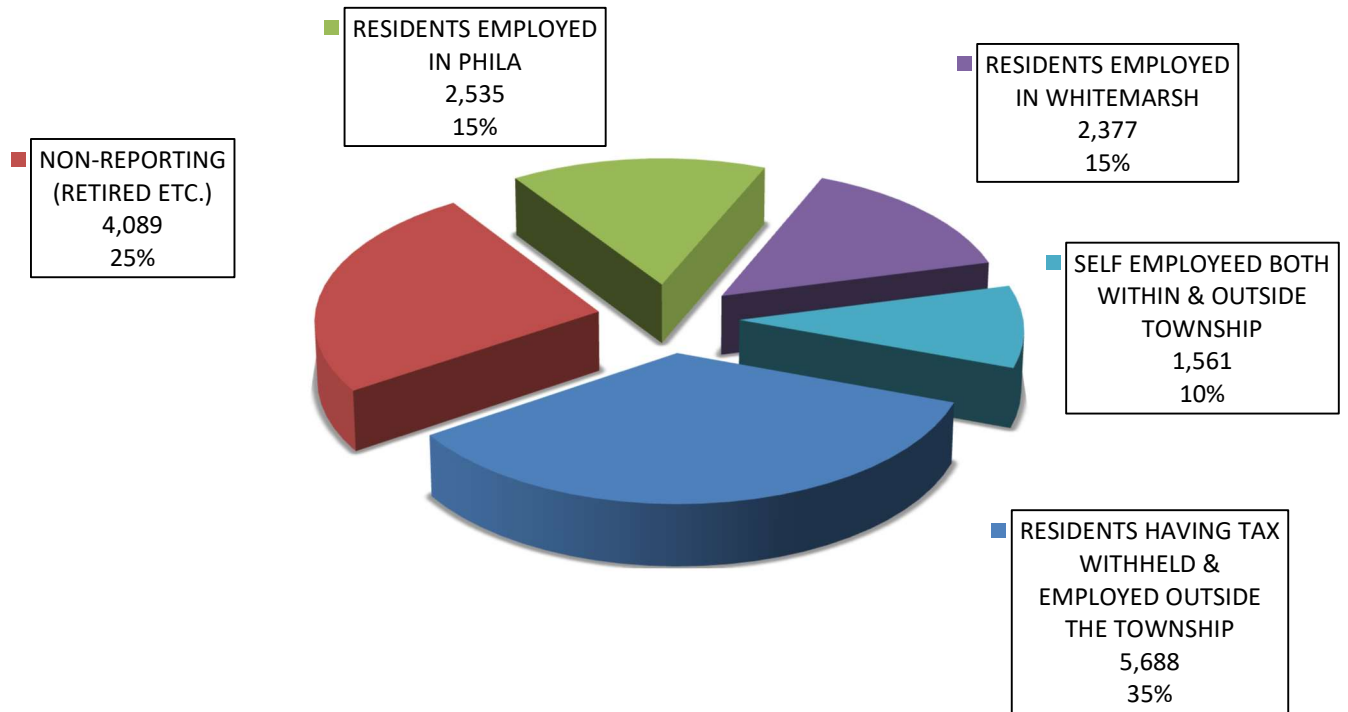


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Graphs shown below depict the distribution of registered residents for the 2020 earned income tax between residents and non-residents, in addition to the non-reporting individuals.

**RESIDENTS REGISTERED FOR 2020 EIT**

**TOTAL REGISTERED = 16,250**



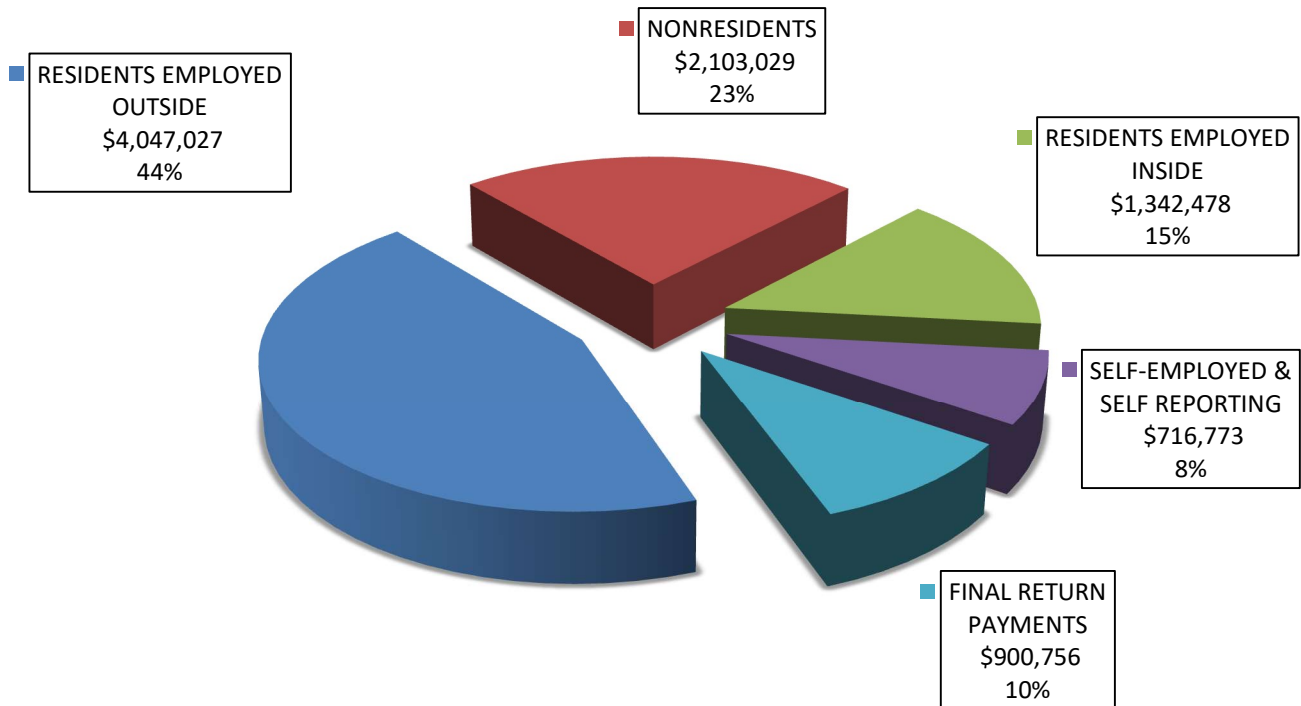
RESIDENTS HAVING TAX WITHHELD & EMPLOYED OUTSIDE THE TOWNSHIP	5,688	35%
NON-REPORTING (RETIRED ETC.)	4,089	25%
RESIDENTS EMPLOYED IN PHILA	2,535	16%
RESIDENTS EMPLOYED IN WHITEMARSH	2,377	15%
SELF EMPLOYEED BOTH WITHIN & OUTSIDE TOWNSHIP	1,561	10%
<b>TOTAL REGISTERED</b>	<b>16,250</b>	<b>100%</b>

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The graph below depicts the sources of \$9,110,062 Earned Income Tax received (cash basis) for 2020. The 2020 cash collections increased by \$498,308 from the 2019 level of \$8,611,754. The 5.8% increase in yearly cash collections is attributed to reduced reporting from self-reporting individuals.

**SOURCE OF EARNED INCOME TAX 2020**

**TOTAL EARNED INCOME TAX = \$9,110,062**



RESIDENTS EMPLOYED OUTSIDE	\$4,047,027	44%
NONRESIDENTS	\$2,103,029	23%
RESIDENTS EMPLOYED INSIDE	\$1,342,478	15%
SELF-EMPLOYED & SELF REPORTING	\$716,773	8%
FINAL RETURN PAYMENTS	\$900,756	10%
<b>TOTAL EARNED INCOME TAX</b>	<b>\$9,110,062</b>	<b>100%</b>

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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, 2020. Tax increment revenues paid to the TIF Project by Whitemarsh Township during 2020 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.

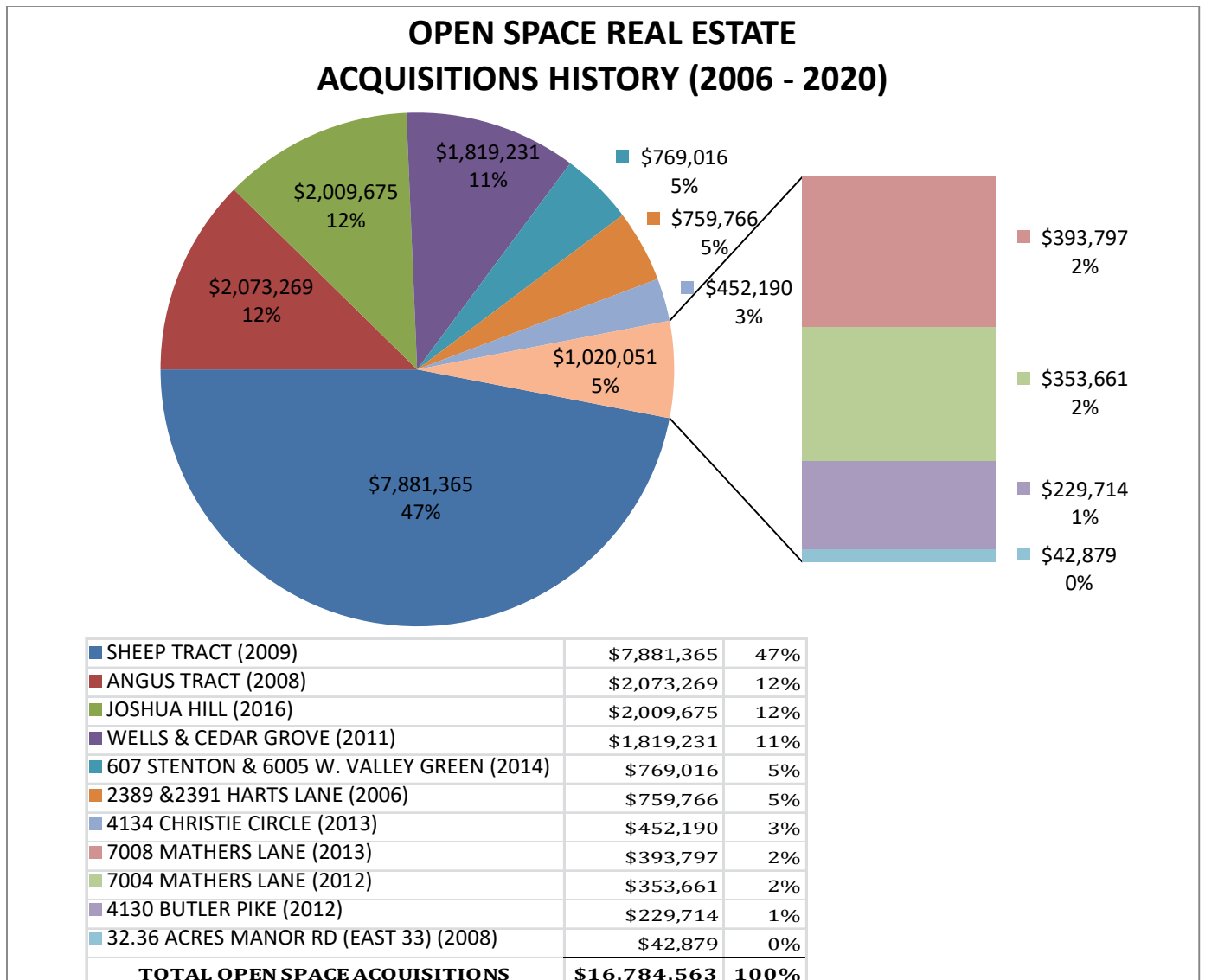
Revenues from the .25% increase generated \$2,379,000 for the preservation of Open Space in 2020. The debt service for the acquisition of both the Angus Tract and the Sheep Tract will be funded through the use of funds dedicated for this purpose in accordance with the Open Space Lands Act (Act 153) and raised in connection with an increase in the Township's Earned Income Tax, pursuant to a referendum approved

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by the Township's electors on November 7, 2006. An additional source of funding for the Angus Tract acquisition is the commitment of 100% of the positive real property tax increments collected on behalf of the Township from the Hill at Whitemarsh and Adjacent Open Space Tax Increment Financing District in accordance with a payment in Lieu of Taxes Agreement entered into by the Township, the Tax-Increment Financing District and Whitemarsh Continuing Care Retirement Community, a Pennsylvania not-for-profit corporation.

**Acquisition and Maintenance of Properties from the Open Space 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, 2020, is \$1,798,696. Since the inception of the Open Space Fund, the Township has acquired properties totaling \$16,784,563.



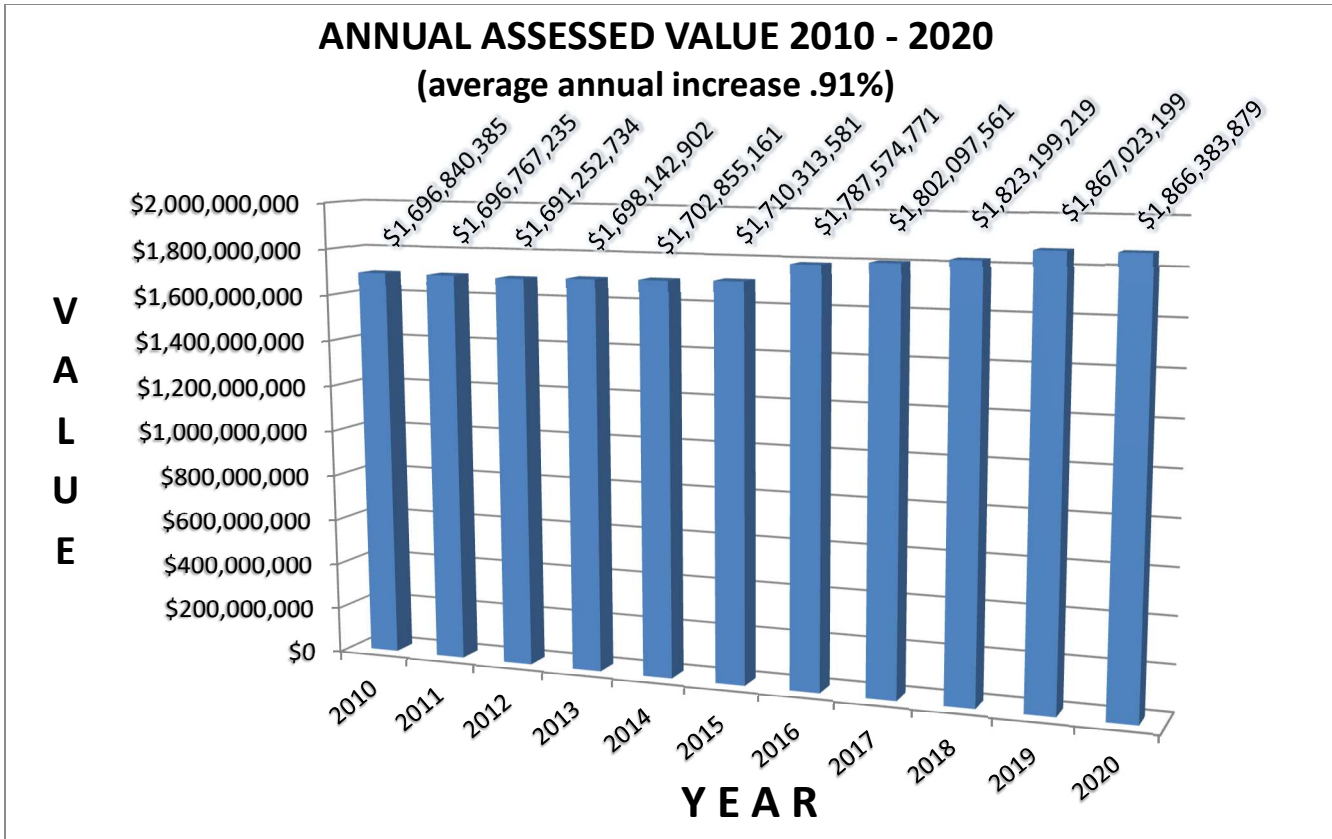
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- The Board of Supervisors executed a contract in 2017 for \$29,920.00 with *Bergmann* (Architects, Engineers and Planners with home offices in Rochester, NY) for a Selective Update of the 2003 Comprehensive Plan. A comprehensive plan is a policy document intended to guide growth and development of the Township for approximately the next decade; its content is guided by the state Planning Code, known as the PA Municipalities Planning Code. The Update was intended to cover the Land Use and Housing elements of the 2003 Plan. However, goals, policies, and proposed implementation actions were actually developed in four areas of concern: Land Use; Housing; Circulation; and Quality of Life (the latter two as they affected and were affected by, the Land Use and Housing elements). During the course of the Update process, the contract with *Bergmann* was amended in July 2018 and July 2019 for preparation for, and attendance at additional meetings found necessary to obtain all required input and review. The final approved cost of the Selective Update was \$42,500.00.

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

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

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The Township conducts single-stream curbside recycling collection for approximately 5,514 residences on a weekly basis. The Township has entered into a Commodity Value Reimbursement Agreement for single-stream residential recycle marketing services. The contract calls for a reimbursement rate equal to the excess of average commodity revenue less a \$70 threshold. The monthly tonnage is multiplied by the excess average commodity revenue value subject to a \$15 minimum floor. In 2020, 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 2020 was \$464,908. 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

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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.

	<u>2020</u>	<u>2019</u>
Fire Companies and Ambulance	\$ 1,142,553	\$ 1,025,179
The William Jeanes Memorial Library	\$773,852	\$ 751,176

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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 fifth installment payment of \$144,791 was transmitted by the Township to Wells Fargo National Bank in January 2020. 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 Principal outstanding of \$0 as of December 31, 2020.

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, 2020, the outstanding balance on the 0 % Promissory Note Series of 2016 with the County is \$0.

**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 2020 energy cost savings fell within the expected \$36,707 cost savings benefit projections. Total project expenditures for the conversion costs of \$283,175 are comprised of payments to Johnson Controls of \$262,039, accrued retainage of \$13,792, along with consulting fees of \$7,344. The projected savings include the effect of contracts with Constellation to lock in lower utility rates for transmission and generation costs through December 2022. The Township entered into a five-year sub-agreement with the Reserve (a Homeowners Association) to recoup \$14,503 of street lighting improvement costs at 2% over a five year (60-month term) commencing September 1, 2017 and ending on August 1, 2022. The Township received \$3,050 from this agreement in 2020.

**WHITEMARSH TOWNSHIP**  
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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.whitemarshtwp.org](http://www.whitemarshtwp.org)."

**Whitemarsh Township**  
**Statement of Net Position**  
**December 31, 2020**

	Primary Government Governmental Activities	Component Units	
		Whitemarsh Township Authority	William Jeanes Memorial Library
<u>Assets and Deferred Outflows of Resources</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 27,672,926	\$ 4,595,095	\$ 586,923
Investments	249,000	-	152,810
Accounts Receivable	-	970,067	-
Taxes Receivable	3,420,802	-	-
Due from Primary Government	-	-	204,231
Other Receivables	166,606	70,261	-
<u>Total Current Assets</u>	<u>31,509,334</u>	<u>5,635,423</u>	<u>943,964</u>
<u>Restricted Assets</u>			
Cash, Escrow Funds - Developers	-	202,622	-
<u>Capital Assets</u>			
Land and Conservation Easements	21,649,486	862,410	62,979
Construction in Progress	-	2,182,654	-
Infrastructure - Sewer System (Net)	-	14,295,835	-
Infrastructure - Other (Net)	13,338,821	-	-
Building and Improvements (Net)	2,588,590	-	3,290,286
Equipment (Net)	521,591	1,413,344	134,907
Vehicles (Net)	697,351	5,066	-
<u>Total Capital Assets</u>	<u>38,795,839</u>	<u>18,759,309</u>	<u>3,488,172</u>
<u>Other Assets</u>			
Installment Payment Plans, Net of Current Portion	-	14,567	-
Net Pension Asset	821,117	-	-
Other	-	2,700	-
<u>Total Other Assets</u>	<u>821,117</u>	<u>17,267</u>	<u>-</u>
<u>Deferred Outflows of Resources</u>			
Pension	532,152	-	-
Other Post-Employment Benefits	1,525,843	-	-
<u>Total Deferred Outflows of Resources</u>	<u>2,057,995</u>	<u>-</u>	<u>-</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 73,184,285</u>	<u>\$ 24,614,621</u>	<u>\$ 4,432,136</u>

(Continued)

See accompanying notes to the financial statements.

**Whitemarsh Township**  
**Statement of Net Position**  
**December 31, 2020**

	Primary Government Governmental Activities	Component Units	
		Whitemarsh Township Authority	William Jeanes Memorial Library
<b><u>Liabilities, Deferred Inflows of Resources, and Net Position</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts Payable and Accrued Expenses	\$ 1,976,707	\$ 626,683	\$ 17,110
Due to Trust Funds	7,086	-	-
Due to Primary Government	-	13,151	-
Due to Component Units	204,231	-	-
Unearned Revenue	17,761	871,873	24,413
Other Liabilities	69,373	-	115,900
Current Portion of Bonds and Notes Payable	735,000	516,370	-
<b><u>Total Current Liabilities</u></b>	3,010,158	2,028,077	157,423
<b><u>Non-Current Liabilities</u></b>			
Escrow Deposits - Developers	-	202,622	-
Bonds and Notes Payable, Net of Current Portion and Unamortized Bond Premium	13,455,082	9,613,339	-
Compensated Absences	1,037,210	-	-
Net Other Post-Employment Benefits Liability	10,548,861	-	-
<b><u>Total Non-Current Liabilities</u></b>	25,041,153	9,815,961	-
<b><u>Total Liabilities</u></b>	28,051,311	11,844,038	157,423
<b><u>Deferred Inflows of Resources</u></b>			
Pension	2,337,637	-	-
Other Post-Employment Benefits	1,305,587	-	-
<b><u>Total Deferred Inflows of Resources</u></b>	3,643,224	-	-
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	24,605,757	8,629,600	672,576
Restricted	-	-	2,815,596
Unrestricted	16,883,993	4,140,983	786,541
<b><u>Total Net Position</u></b>	41,489,750	12,770,583	4,274,713
<b><u>Total Liabilities, Deferred Inflows of Resources, and Net Position</u></b>	\$ 73,184,285	\$ 24,614,621	\$ 4,432,136

See accompanying notes to the financial statements.

**Whitemarsh Township**  
**Statement of Activities**  
**For the Year Ended December 31, 2020**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government - Governmental Activities</u>	<u>Component Units</u>	
					<u>Whitemarsh Township Authority</u>	<u>William Jeanes Memorial Library</u>	
<b><u>Primary Government</u></b>							
<b><u>Governmental Activities</u></b>							
General Government	\$ 2,754,766	\$ 634,069	\$ 106,294	\$ -	\$ (2,014,403)		
Public Safety - Police	7,704,631	78,102	553,314	-	(7,073,215)		
Public Safety - Other	2,367,635	670,614	179,169	-	(1,517,852)		
Public Works - Sanitation	2,383,412		-	-	(2,383,412)		
Public Works - Highway	3,209,340	-	1,237,734	-	(1,971,606)		
Culture and Recreation	2,240,059	317,142	52,037	-	(1,870,880)		
Conservation of Natural Resources	64,062	-	-	-	(64,062)		
Community Development	85,944	-	-	-	(85,944)		
Interest on Long Term Debt	509,261	-	-	-	(509,261)		
<b><u>Total Governmental Activities</u></b>	<b><u>\$21,319,110</u></b>	<b><u>\$ 1,699,927</u></b>	<b><u>\$ 2,128,548</u></b>	<b><u>\$ -</u></b>	<b><u>(17,490,635)</u></b>		
<b><u>Component Units</u></b>							
Whitemarsh Township Authority	\$ 4,264,784	\$ 3,761,010	\$ -	\$ 289,593	\$ (214,181)		
William Jeanes Memorial Library	962,484	6,112	924,069	-		\$ (32,303)	
<b><u>Total Component Units</u></b>	<b><u>\$ 5,227,268</u></b>	<b><u>\$ 3,767,122</u></b>	<b><u>\$ 924,069</u></b>	<b><u>\$ 289,593</u></b>	<b><u>(214,181)</u></b>	<b><u>(32,303)</u></b>	
<b><u>General Revenues:</u></b>							
Real Estate Taxes				6,413,462	-	-	
Real Estate Transfer Taxes				1,007,538	-	-	
Earned Income Taxes				9,250,064	-	-	
Business Gross Receipts Taxes				2,704,097	-	-	
Other Act 511 Taxes				706,260	-	-	
Investment Income				122,384	18,530	16,300	
Sale of Fixed Assets				17,681	-	-	
Fines and Forfeits				43,479	-	-	
Special Assessments				-	3,500	-	
Miscellaneous Revenue				110,145	-	-	
<b><u>Total General Revenues</u></b>				<b><u>20,375,110</u></b>	<b><u>22,030</u></b>	<b><u>16,300</u></b>	
<b><u>Change in Net Position</u></b>				<b><u>2,884,475</u></b>	<b><u>(192,151)</u></b>	<b><u>(16,003)</u></b>	
<b><u>Net Position - Beginning of Year</u></b>				<b><u>38,605,275</u></b>	<b><u>12,962,734</u></b>	<b><u>4,290,716</u></b>	
<b><u>Net Position - End of Year</u></b>				<b><u>\$41,489,750</u></b>	<b><u>\$12,770,583</u></b>	<b><u>\$ 4,274,713</u></b>	

See accompanying notes to the financial statements.

**Whitemarsh Township**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2020**

	General	Capital Reserve	Open Space Reserve	Non-Major Funds	Total Governmental Funds
<u>Assets</u>					
Cash and Cash Equivalents	\$ 8,327,376	\$ 4,844,562	\$ 10,954,570	\$ 3,509,717	\$ 27,636,225
Investments	249,000	-	-	-	249,000
Interfund Receivables	400,000	-	-	-	400,000
Taxes Receivable	3,417,520	-	-	3,282	3,420,802
Other Receivables	118,918	-	-	47,688	166,606
<b>Total Assets</b>	<b>\$ 12,512,814</b>	<b>\$ 4,844,562</b>	<b>\$ 10,954,570</b>	<b>\$ 3,560,687</b>	<b>\$ 31,872,633</b>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 547,177	\$ 1,063,830	\$ 1,120	\$ 28,551	\$ 1,640,678
Accrued Wages Payable	229,574	-	-	16,649	246,223
Other Accrued Expenses	28,040	-	-	-	28,040
Interfund Payables	7,086	-	-	400,000	407,086
Due to Component Units	204,231	-	-	-	204,231
Unearned Revenue	-	-	-	17,761	17,761
Other Liabilities	69,373	-	-	-	69,373
<b>Total Liabilities</b>	<b>1,085,481</b>	<b>1,063,830</b>	<b>1,120</b>	<b>462,961</b>	<b>2,613,392</b>
<u>Deferred Inflows of Resources</u>					
Deferred Real Estate Taxes	48,399	-	-	30,495	78,894
Deferred Earned Income Taxes	923,757	-	-	-	923,757
Deferred Local Services Taxes	23,559	-	-	-	23,559
<b>Total Deferred Inflows of Resources</b>	<b>995,715</b>	<b>-</b>	<b>-</b>	<b>30,495</b>	<b>1,026,210</b>
<u>Fund Balances</u>					
Restricted for:					
Building and Improving Local Roads and Bridges	-	-	-	703,763	703,763
Assigned for:					
Budget for 2021	2,040,416	-	-	519,042	2,559,458
Business Tax Refunds	1,715,288	-	-	-	1,715,288
Insurance Premiums	512,425	-	-	-	512,425
Capital Projects and Improvements	-	3,780,732	-	-	3,780,732
Acquisition of Other Equipment	-	-	-	344,912	344,912
Acquisition of Open Space	-	-	10,953,450	-	10,953,450
Local Roads and Bridges	-	-	-	1,305,200	1,305,200
Sanitation - Waste Collection	135,000	-	-	194,314	329,314
Unassigned Fund Balance	6,028,489	-	-	-	6,028,489
<b>Total Fund Balances</b>	<b>10,431,618</b>	<b>3,780,732</b>	<b>10,953,450</b>	<b>3,067,231</b>	<b>28,233,031</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 12,512,814</b>	<b>\$ 4,844,562</b>	<b>\$ 10,954,570</b>	<b>\$ 3,560,687</b>	<b>\$ 31,872,633</b>

See accompanying notes to the financial statements.

**Whitemarsh Township**  
**Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position**  
**December 31, 2020**

Total Governmental Fund Balances \$ 28,233,031

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	\$ 50,503,705	
Accumulated depreciation	<u>(11,707,866)</u>	38,795,839

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

Notes Payable	14,190,082	
Accrued Interest Expense	57,764	
Compensated Absences	1,037,210	
Net Pension Liability, Net of Related Deferred Outflows and Deferred Inflows of Resources	984,368	
Net Other Post-Employment Benefits, Net of Related Deferred Outflows of Resources	<u>10,328,605</u>	(26,598,029)

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 1,026,210

Internal Service Fund Consolidation 32,699

Net Position of Governmental Activities \$ 41,489,750

See accompanying notes to the financial statements.

**Whitemarsh Township**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2020**

	General	Capital Reserve	Open Space Reserve	Non- Major Funds	Total Governmental Funds
<b>Revenues</b>					
Real Estate Taxes	\$ 3,888,687	\$ -	\$ -	\$ 2,490,527	\$ 6,379,214
Real Estate Transfer Taxes	1,007,538	-	-	-	1,007,538
Earned Income Taxes	9,236,983	-	-	-	9,236,983
Business Gross Receipts Taxes	2,704,097	-	-	-	2,704,097
Other Act 511 Taxes	683,607	-	-	-	683,607
Licenses and Permits	670,614	-	-	-	670,614
Fines and Forfeits	43,479	-	-	-	43,479
Interest Earnings	62,083	34,166	38,579	11,040	145,868
Rents and Cable Fees	541,289	-	-	6,053	547,342
Intergovernmental Revenues	1,544,359	44,202	-	539,987	2,128,548
Charges for Services	164,829	-	-	317,142	481,971
Special Assessments	-	-	-	3,049	3,049
Miscellaneous Revenues	105,966	-	-	5,254	111,220
<b>Total Revenues</b>	<b>20,653,531</b>	<b>78,368</b>	<b>38,579</b>	<b>3,373,052</b>	<b>24,143,530</b>
<b>Expenditures</b>					
General Government	2,592,007	41,633	28,618	-	2,662,258
Public Safety - Police	8,375,079	15,469	-	-	8,390,548
Public Safety - Other	2,252,594	-	-	-	2,252,594
Public Works - Sanitation	2,346,865	-	-	6,720	2,353,585
Public Works - Highway and Streets	2,364,098	3,098,499	-	180,160	5,642,757
Culture and Recreation	1,014,604	110,883	-	970,495	2,095,982
Conservation of Natural Resources	-	-	64,062	-	64,062
Community Development	84,686	-	-	-	84,686
Debt Service - Principal	565,678	144,792	124,322	-	834,792
Debt Service - Interest	390,264	-	85,771	-	476,035
<b>Total Expenditures</b>	<b>19,985,875</b>	<b>3,411,276</b>	<b>302,773</b>	<b>1,157,375</b>	<b>24,857,299</b>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<b>667,656</b>	<b>(3,332,908)</b>	<b>(264,194)</b>	<b>2,215,677</b>	<b>(713,769)</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Fixed Assets	17,681	-	-	-	17,681
Refund of Prior-Year Expenditures	100,577	277,727	-	-	378,304
Transfers In	2,752,000	606,150	2,327,726	190,305	5,876,181
Transfers Out	(3,124,181)	(90,000)	-	(2,662,000)	(5,876,181)
<b>Total Other Financing Sources and Uses</b>	<b>(253,923)</b>	<b>793,877</b>	<b>2,327,726</b>	<b>(2,471,695)</b>	<b>395,985</b>
<b>Net Change in Fund Balances</b>	<b>413,733</b>	<b>(2,539,031)</b>	<b>2,063,532</b>	<b>(256,018)</b>	<b>(317,784)</b>
<b>Fund Balances - Beginning of Year</b>	<b>10,017,885</b>	<b>6,319,763</b>	<b>8,889,918</b>	<b>3,323,249</b>	<b>28,550,815</b>
<b>Fund Balances - End of Year</b>	<b>\$ 10,431,618</b>	<b>\$ 3,780,732</b>	<b>\$ 10,953,450</b>	<b>\$ 3,067,231</b>	<b>\$ 28,233,031</b>

See accompanying notes to the financial statements.

**Whitemarsh Township**  
**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to Statement of Activities**  
**For the Year Ended December 31, 2020**

Net Change in Fund Balances - Governmental Funds \$ (317,784)

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	\$ (1,222,244)	
Capital Outlays	<u>3,144,212</u>	1,921,968

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	834,792	
Amortization of bond premium	<u>24,538</u>	859,330

Internal Service Funds are reported as proprietary funds in the fund statements but are consolidated in the entity wide statements. 2,993

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. (88,382)

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. 1,014,099

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. (492,157)

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. 42,172

The net change in accrued interest expense is reported in the statement of activities, but is not reported in the fund financial statements. (57,764)

Change in Net Position of Governmental Activities \$ 2,884,475

**Whitemarsh Township**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2020**

	<u>Internal Service Funds</u>
<u>Assets</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 36,701
<u>Total Current Assets</u>	<u>36,701</u>
<u>Noncurrent Assets:</u>	
<u>Capital Assets</u>	
Fleet Garage (Net)	60,871
Equipment (Net)	<u>32,896</u>
<u>Total Capital Assets (Net)</u>	<u>93,767</u>
<u>Total Assets</u>	<u>\$ 130,468</u>
<u>Liabilities and Net Position</u>	
<u>Current Liabilities</u>	
Accounts Payable	\$ 295
Accrued Wages Payable	<u>3,707</u>
<u>Total Liabilities</u>	<u>4,002</u>
<u>Net Position</u>	
Invested in Capital Assets, Net of Related Debt	93,767
Unrestricted	<u>32,699</u>
<u>Total Net Position</u>	<u>126,466</u>
<u>Total Liabilities and Net Position</u>	<u>\$ 130,468</u>

See accompanying notes to the financial statements.

**Whitemarsh Township**  
**Combined Statement of Revenues, Expenses, and**  
**Changes in Net Position - Proprietary Funds**  
**For the Year Ended December 31, 2020**

	<u>Internal Service Funds</u>
<u>Operating Revenues</u>	
Charges for Services	\$ 302,413
<u>Total Operating Revenues</u>	<u>302,413</u>
<u>Operating Expenses</u>	
Business Expense	4,575
Contracted Services	49,430
Depreciation	4,931
Gas and Oil	4,403
Parts and Accessories	71,645
Repairs and Maintenance - Building	11,405
Salaries	137,146
Tires and Tubes	11,237
Tools	6,393
Utilities	3,388
<u>Total Operating Expenses</u>	<u>304,553</u>
<u>Operating Income</u>	(2,140)
<u>Non Operating Revenues</u>	
Interest Earnings	202
<u>Change in Net Position</u>	(1,938)
<u>Net Position - Beginning of Year</u>	<u>128,404</u>
<u>Net Position - End of Year</u>	<u>\$ 126,466</u>

See accompanying notes to the financial statements.

**Whitemarsh Township**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended December 31, 2020**

	<u>Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Interfund Services Provided	\$ 302,413
Payments to Suppliers	(162,181)
Payments to Employees	<u>(136,934)</u>
<u>Net Cash and Cash Equivalents Provided by Operating Activities</u>	3,298
<u>Cash Flows from Capital and Related Financing Activities</u>	-
<u>Cash Flows from Noncapital Financing Activities</u>	-
<u>Cash Flows from Investing Activities</u>	
Interest Received	<u>202</u>
<u>Net Increase in Cash and Cash Equivalents</u>	3,500
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>33,201</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u><u>\$ 36,701</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Income from Operations	\$ (2,140)
Adjustments to Reconcile Income From Operations to Net Cash and Cash Equivalents Provided by Operating Activities:	
Depreciation	4,931
Change in Assets and Liabilities:	
Accounts Payable	295
Accrued Wages Payable	<u>212</u>
<u>Net Cash and Cash Equivalents Provided by Operating Activities</u>	<u><u>\$ 3,298</u></u>

See accompanying notes to the financial statements.

**Whitemarsh Township**  
**Statement of Fiduciary Net Position - Fiduciary Funds**  
**December 31, 2020**

	<u>Trust Funds</u>	<u>Agency Funds</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 464,730	\$ 1,445,817
Investments	44,578,651	-
Interfund Receivable	7,086	-
Accrued Interest	364,958	-
	<u>\$ 45,415,425</u>	<u>\$ 1,445,817</u>
<u>Liabilities and Net Position</u>		
<u>Liabilities</u>		
Escrowed Subdivision Fees	\$ -	\$ 1,360,998
Due to Taxpayers/Governments	-	84,819
	<u>-</u>	<u>\$ 1,445,817</u>
<u>Net Position</u>		
Restricted for Pension Benefits	37,382,718	
Restricted for Deferred Compensation Benefits	8,169,992	
	<u>45,552,710</u>	
<u>Total Net Position</u>	<u>45,552,710</u>	
<u>Total Liabilities and Net Position</u>	<u>\$ 45,552,710</u>	

See accompanying notes to the financial statements.

**Whitemarsh Township**  
**Statement of Changes in Fiduciary Net Position - Fiduciary Funds**  
**For the Year Ended December 31, 2020**

	<u>Trust Funds</u>
<u>Additions</u>	
<u>Contributions</u>	
Municipal Contribution	\$ 1,265,969
Employee Contribution	829,601
Other Contributions	<u>1,350</u>
<u>Total Contributions</u>	<u>2,096,920</u>
<u>Investment Earnings</u>	
Net Increase in Fair Value of Investments	3,411,488
Interest and Dividends	2,428,851
Other Investment Earnings	<u>19,265</u>
<u>Total Investment Earnings</u>	<u>5,859,604</u>
<u>Total Additions</u>	<u>7,956,524</u>
<u>Deductions</u>	
Benefits Paid	2,505,923
Administrative Expenses	<u>72,225</u>
<u>Total Deductions</u>	<u>2,578,148</u>
<u>Change in Net Position</u>	5,378,376
<u>Net Position - Beginning of Year</u>	<u>40,174,334</u>
<u>Net Position - End of Year</u>	<u>\$ 45,552,710</u>

See accompanying notes to the financial statements.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 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.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 1 Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

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

Whitemarsh Township Authority (the "Authority") qualifies as a component unit of the Township. The Township appoints the members of the Authority's board. The financial statements of the Authority for the year ended December 31, 2020 have been summarized and discretely presented on the government-wide financial statements of the Township. Complete financial statements of the Authority can be obtained from their administrative offices.

The William Jeanes Memorial Library (the "Library") is a separate nonprofit entity, which operates independently of the Township but services the same geographic area. The Township makes significant contributions to the Library to finance its operations and has set aside a portion of its annual real estate tax collections for this purpose. The Township's Board of Supervisors appoints four members of the Library Board; the remaining three members are elected by its members. The financial statements of the Library for the year ended December 31, 2020 have been summarized and discretely presented on the government-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.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 1 Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 1 Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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 Whitemarsh Township Board of Supervisors. Formal action includes the adoption of ordinances or resolutions. Committed fund balance may also include resources that have been specifically committed for use in satisfying contractual requirements.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 1 Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

- 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.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 1 Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

*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.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 1 Summary of Significant Accounting Policies (Continued)

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 2020 was 2.3633 mills (\$2.3633 per \$1,000 of assessed valuation) as levied by the Board of Supervisors. Assessed valuations of property are determined by Montgomery County. For 2020, taxes are billed March 1 and were payable under the following terms: a 2% discount March 1 through May 31; full amount June 1 through August 31; and a 10% penalty after August 31. Unpaid real estate property taxes are returned to the County in January of the following year for the purpose of filing a lien and collecting the delinquent taxes.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 1 Summary of Significant Accounting Policies (Continued)

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.

Note 2 Legal Compliance – Budgets

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

Note 3 Deposits and Investments

A. Deposits

*Custodial Credit Risk*

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

As of December 31, 2020, the bank balances and the carrying amounts of deposits of the primary government in these financial statements are as follows:

	Carrying <u>Amount</u>	Bank Balance		
		<u>Total</u>	Covered <u>by FDIC</u>	<u>Secured</u>
Checking and Savings Accounts Pennsylvania Local Government	\$ 13,324,955	\$ 14,208,786	\$ 355,552	\$ 13,853,234
Investment Trust (PLGIT)	15,488,885	15,488,885	-	15,488,885
Pennsylvania Treasurer's Invest Program	304,903	304,764	-	304,764
Trust Funds	464,730	464,730	-	464,730
Total	<u>\$ 29,583,473</u>	<u>\$ 30,467,165</u>	<u>\$ 355,552</u>	<u>\$ 30,111,613</u>

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 3 Deposits and Investments (Continued)

A. Deposits (Continued)

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

*Credit Risk*

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

B. Investments

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

*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.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 3 Deposits and Investments (Continued)

B. Investments (Continued)

*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 \$9,712,876 as of December 31, 2020, had the following credit quality ratings:

	Market Value <u>12/31/20</u>	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>
		PFM Multi-Manager Fixed Income Fund	<u>\$ 9,712,876</u>	42.5%	5.6%	16.6%

*Concentration of Credit Risk*

The following investments comprised at least 5% of Police Pension Plan assets as of December 31, 2020.

	Market Value <u>12/31/20</u>
PFM MM Domestic Equity Fund	\$ 10,967,593
PFM Multi-Manager Fixed Income Fund	9,712,876
PFM MM International Equity Fund	6,379,125

The following cash equivalents and investments comprised at least 5% of Municipal Pension Plan assets as of December 31, 2020.

	Market Value <u>12/31/20</u>
Vanguard Total Bond Market Index Fund Admiral Shares	\$ 2,691,648
Nationwide Fixed Select Option	1,495,123
Vanguard 500 Index Fund Admiral Shares	1,340,291
Vanguard Total International Stock Index Fund Admiral Shares	921,882
Vanguard Extended Market Index Fund Admiral Shares	909,893

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 3 Deposits and Investments (Continued)

B. Investments (Continued)

The following investments comprised at least 5% of Deferred Compensation Plan assets as of December 31, 2020.

	Market Value <u>12/31/20</u>
Vanguard Total Bond Market Index Fund Admiral Shares	\$ 1,450,988
Vanguard 500 Index Fund Admiral Shares	1,070,585
T. Rowe Price Growth Stock Fund	1,065,575
Vanguard Extended Market Index Fund Admiral Shares	753,527
Vanguard Total International Stock Index Fund Admiral Shares	424,696
Nationwide Fixed Select Option	422,544

*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.

Note 4 Taxes Receivable

Taxes receivable on the Statement of Net Position and the Balance Sheet – Governmental Funds at December 31, 2020, consist of the following:

Earned Income Taxes	\$ 3,000,000
Local Services Tax	160,000
Real Estate Transfer Tax	148,298
Real Estate Taxes	80,575
Business Taxes	<u>31,929</u>
Total	<u><u>\$ 3,420,802</u></u>

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 5     Unearned Revenue

*Primary Government*

Unearned revenue on the Statement of Net Position and the Balance Sheet – Governmental Funds, totaling \$17,761 as of December 31, 2020, represents revenues collected in advance.

*Component Unit – Whitemarsh Township Authority*

Unearned revenue totaling \$871,873 as of December 31, 2020 represents charges for services to be provided in the subsequent fiscal year.

*Component Unit – William Jeanes Memorial Library*

Unearned revenue totaling \$24,413 as of December 31, 2020 represents state grant revenue for calendar year 2021, received in advance.

Note 6     Deferred Inflows and Outflows of Resources

A. Government-Wide Financial Statements

*Police Pension Plan*

As described in Note 12, as of December 31, 2020, the Township reported deferred outflows of resources totaling \$532,152 related to differences between expected and actual experience and changes of assumptions, and deferred inflows of resources totaling \$2,337,637 related to differences between expected and actual experience and differences between projected and actual investment earnings.

*Other Post-Retirement Benefits Plan*

As described in Note 14, as of December 31, 2020, the Township reported deferred outflows of resources totaling \$1,525,843 related to changes of assumptions and for benefit payments made subsequent to the measurement date, and deferred inflows of resources totaling \$1,305,587 related to changes of assumptions.

B. Fund Financial Statements

Deferred inflows of resources on the Balance Sheet – Governmental Funds represent revenue earned but not subject to recognition in the fund financial statements because the revenues are not currently available. These resources, totaling \$995,715, include earned income taxes totaling \$923,757, delinquent real estate taxes liened by the Township totaling \$48,399, and local services taxes totaling \$23,559. These resources have been recognized as revenue in the government-wide financial statements.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 7 Capital Assets

B. Township

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance - 1/1/2020	Additions	Disposals	Balance - 12/31/2020
<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	21,649,486	-	-	21,649,486
Capital Assets Being Depreciated:				
Buildings and Improvements	4,720,690	-	-	4,720,690
Furniture and Equipment	3,066,931	47,052	-	3,113,983
Vehicles	3,896,720	116,574	-	4,013,294
Infrastructure	14,025,666	2,980,586	-	17,006,252
Totals at Estimated Historical Cost	25,710,007	3,144,212	-	28,854,219
Less: Accumulated Depreciation:				
Buildings and Improvements	(2,019,532)	(112,568)	-	(2,132,100)
Furniture and Equipment	(2,317,892)	(274,500)	-	(2,592,392)
Vehicles	(2,997,966)	(317,977)	-	(3,315,943)
Infrastructure	(3,150,232)	(517,199)	-	(3,667,431)
Total Accumulated Depreciation	(10,485,622)	(1,222,244)	-	(11,707,866)
Capital Assets Being Depreciated, Net	15,224,385	1,921,968	-	17,146,353
Governmental Activities Capital Assets, Net	\$ 36,873,871	\$ 1,921,968	\$ -	\$ 38,795,839

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

<u>Governmental Activities:</u>	
General Government	\$ 97,404
Public Safety - Police	210,878
Public Safety - Other	114,972
Public Works - Sanitation	29,827
Public Works - Highway	623,828
Culture and Recreation	144,077
Community Development	1,258
Total	<u>\$ 1,222,244</u>

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 7 Capital Assets (Continued)

B. Component Units

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

*Whitemarsh Township Authority*

	Balance - 1/1/2020	Additions	Reductions	Transfers	Balance - 12/31/2020
Capital Assets Not Being Depreciated:					
Land	\$ 862,410	\$ -	\$ -	\$ -	\$ 862,410
Construction in Progress	789,475	2,666,017	-	(1,272,838)	2,182,654
Total Capital Assets Not Being Depreciated	<u>1,651,885</u>	<u>2,666,017</u>	<u>-</u>	<u>(1,272,838)</u>	<u>3,045,064</u>
Capital Assets Being Depreciated:					
Sewer System	24,320,669	84,271	-	654,127	25,059,067
Machinery and Equipment	2,015,560	24,262	-	618,711	2,658,533
Vehicles	263,359	-	-	-	263,359
Totals at Estimated Historical Cost	<u>26,599,588</u>	<u>108,533</u>	<u>-</u>	<u>1,272,838</u>	<u>27,980,959</u>
Less: Accumulated Depreciation:					
Sewer System	(10,366,784)	(396,448)	-	-	(10,763,232)
Machinery and Equipment	(1,096,620)	(148,569)	-	-	(1,245,189)
Vehicles	(232,692)	(25,601)	-	-	(258,293)
Total Accumulated Depreciation	<u>(11,696,096)</u>	<u>(570,618)</u>	<u>-</u>	<u>-</u>	<u>(12,266,714)</u>
Capital Assets Being Depreciated, Net	<u>14,903,492</u>	<u>(462,085)</u>	<u>-</u>	<u>1,272,838</u>	<u>15,714,245</u>
Total Capital Assets, Net	<u>\$ 16,555,377</u>	<u>\$ 2,203,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,759,309</u>

*William Jeanes Memorial Library*

	Balance - 1/1/2020	Additions	Disposals	Balance - 12/31/2020
Capital Assets Not Being Depreciated:				
Land Improvements	\$ 62,979	\$ -	\$ -	\$ 62,979
Capital Assets Being Depreciated:				
Buildings and Improvements	5,157,302	-	-	5,157,302
Equipment	551,184	-	-	551,184
Totals at Estimated Historical Cost	<u>5,708,486</u>	<u>-</u>	<u>-</u>	<u>5,708,486</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(1,706,628)	(160,388)	-	(1,867,016)
Equipment	(392,269)	(24,008)	-	(416,277)
Total Accumulated Depreciation	<u>(2,098,897)</u>	<u>(184,396)</u>	<u>-</u>	<u>(2,283,293)</u>
Capital Assets Being Depreciated, Net	<u>3,609,589</u>	<u>(184,396)</u>	<u>-</u>	<u>3,425,193</u>
Totals	<u>\$ 3,672,568</u>	<u>\$ (184,396)</u>	<u>\$ -</u>	<u>\$ 3,488,172</u>

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 8     Long-Term Debt

A. Primary Government

*Bonds Payable*

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

The bonds are stated to mature on November 15<sup>th</sup> of each year from 2021 through 2032, with remaining principal payments due in 2035 and 2039, with interest payable semiannually on May 15<sup>th</sup> and November 15<sup>th</sup> 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 2020, debt service payments totaled \$144,792 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 15<sup>th</sup> and November 15<sup>th</sup>, principal is payable annually on November 15<sup>th</sup>, and the final maturity is on November 15, 2039. Debt service payments for this series are made from the General Fund and the Open Space Fund.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 8 Long-Term Debt (Continued)

A. Primary Government (Continued)

The following is a summary of notes payable of the primary government as of December 31, 2020.

General Obligation Bonds, Series of 2018	\$ 8,950,000
Note Payable, Series of 2014	<u>4,780,000</u>
Total Bonds and Notes Payable	<u><u>\$ 13,730,000</u></u>

Maturities of debt on the above loans are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	758,000	469,400	1,227,400
2026 - 2030	4,246,000	1,894,940	6,140,940
2031 - 2035	3,488,000	1,062,560	4,550,560
2036 - 2039	<u>2,378,000</u>	<u>313,300</u>	<u>2,691,300</u>
Total Due in Future Years	<u><u>\$ 13,730,000</u></u>	<u><u>\$ 5,756,618</u></u>	<u><u>\$ 19,486,618</u></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.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 8 Long-Term Debt (Continued)

A. Primary Government (Continued)

*Compensated Absences (Continued)*

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, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Bonds and Notes Payable	\$ 14,564,792	\$ -	\$ 834,792	\$ 13,730,000	\$ 735,000
Bond Premium	484,620		24,538	460,082	-
Bonds and Notes Payable, Net	15,049,412	-	859,330	14,190,082	735,000
Compensated Absences	948,828	88,382	-	1,037,210	-
Net Pension Liability	1,503,500	-	1,503,500	-	-
Net Other Post-Employment Benefits Liability	10,597,539	-	48,678	10,548,861	-
Totals	<u>\$ 28,099,279</u>	<u>\$ 88,382</u>	<u>\$ 2,411,508</u>	<u>\$ 25,776,153</u>	<u>\$ 735,000</u>

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 8 Long-Term Debt (Continued)

B. Whitemarsh Township Authority

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

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

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

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

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 8 Long-Term Debt (Continued)

B. Whitemarsh Township Authority (Continued)

*Debt Maturities*

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

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 516,370	\$ 259,448	\$ 775,818
2022	527,810	248,006	775,816
2023	539,500	236,312	775,812
2024	551,460	224,356	775,816
2025	563,690	212,127	775,817
2026 - 2030	2,956,680	922,403	3,879,083
2031 - 2035	2,954,740	924,352	3,879,092
2036 - 2038	2,851,990	261,003	3,112,993
Total Debt Service	11,462,240	<u>\$3,288,007</u>	<u>\$ 14,750,247</u>
Less: Amounts Available to be Withdrawn	<u>(1,332,531)</u>		
Total Long-Term Debt	10,129,709		
Less: Current Maturities	<u>(516,370)</u>		
Net Long-term Debt	<u>\$ 9,613,339</u>		

Changes in Sewer Revenue Notes for the year ended December 31, 2020 were as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amount</u> <u>Due</u> <u>Within</u> <u>One Year</u>
Series A of 2020	\$ -	\$ 8,362,000	\$ 424,260	\$ 7,937,740	\$ 394,010
Series AA of 2020	-	2,191,969	-	2,191,969	122,360
Series of 2014	8,238,746	-	8,238,746	-	-
Totals	<u>\$ 8,238,746</u>	<u>\$ 10,553,969</u>	<u>\$ 8,663,006</u>	<u>\$ 10,129,709</u>	<u>\$ 516,370</u>

Note 9 Commitments

*Capital Project Commitments*

As of December 31, 2020, the Township had outstanding capital project and other commitments totaling \$2,790,054.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 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.

Note 11 Interfund Transfers and Balances

During 2020, 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 companies	\$ 606,150
General Fund	Open Space Reserve Fund	Open space earned income tax collected	2,327,726
General Fund	Light and Hydrant Fund	Operational costs	16,500
General Fund	Park Fund	Operational costs	123,805
General Fund	Capital Equipment Reserve Fund	Equipment	50,000
Capital Reserve Fund	General Fund	Equipment	
Capital Reserve Fund	General Fund	Contributions to fire companies	90,000
Liquid Fuels Fund	General Fund	Road maintenance and repairs	400,000
Refuse Fee Fund	General Fund	Collection and disposal	2,262,000

As of December 31, 2020, \$400,000 was due from the Liquid Fuels Fund to the General Fund for the interfund transfer noted above. In addition, \$7,086 was due from the General Fund to the Municipal Pension Fund (a Trust Fund) for Municipal Pension fund cash maintained in the General Fund.

Note 12 Police Pension Plan

A. Plan Description and Provisions

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

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 12 Police Pension Plan (Continued)

A. Plan Description and Provisions (Continued)

As of December 31, 2020, pension plan membership consisted of the following participants:

Active Employees	36
Retirees and Beneficiaries Currently Receiving Benefits	25
Vested Former Members	<u>2</u>
Total	<u><u>63</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.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 12 Police Pension Plan (Continued)

A. Plan Description and Provisions (Continued)

*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.

B. Summary of Significant Accounting Policies

*Fiduciary Fund*

The pension plan utilizes the accrual basis of accounting. The pension plan is reflected as a fiduciary fund 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.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 12 Police Pension Plan (Continued)

C. Plan Investments

*Summary by Type*

Investments held as of December 31, 2020 are summarized as follows:

Mutual Funds - Fixed Income:	
PFM Multi Manager Fixed Income Fund	\$ 9,712,876
Mutual Funds - Equity:	
PFM Multi Manager Domestic Equity Fund	10,967,593
PFM Multi Manager International Equity Fund	6,379,125
Other Investments	<u>1,059,522</u>
 Total	 <u><u>\$ 28,119,116</u></u>

*Rate of Return*

For the year ended December 31, 2020, the annual money-weighted rate of return on plan investments was 14.13%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

D. Contributions and Funding Policy

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

Contributions to the Police Pension Plan for 2020 totaled \$1,008,631 from the Township, \$221,409 from employees, and \$1,350 from other sources. The components of the MMO for 2020, which totaled \$1,020,946, are as follows:

Normal Cost	\$ 631,602
Amortization Requirement	590,408
Less: Estimated Employee Contributions	<u>(213,379)</u>
 2020 Minimum Municipal Obligation	 <u><u>\$ 1,008,631</u></u>

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 12 Police Pension Plan (Continued)

E. 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, 2020, 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, 2020 are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Service Cost	\$ 587,377	\$ -	\$ 587,377
Interest on Total Pension Liability	1,998,618	-	1,998,618
Employer Contributions	-	1,008,631	(1,008,631)
Employee Contributions	-	221,409	(221,409)
Other Contributions	-	1,350	(1,350)
Net Investment (Loss)	-	3,747,784	(3,747,784)
Benefit Payments	(1,109,179)	(1,109,179)	-
Administrative Expenses	-	(68,562)	68,562
	<hr/>	<hr/>	<hr/>
Net Changes	1,476,816	3,801,433	(2,324,617)
Balances as of December 31, 2019	<hr/> 26,615,450	<hr/> 25,111,950	<hr/> 1,503,500
Balances as of December 31, 2020	<hr/> <u>\$ 28,092,266</u>	<hr/> <u>\$ 28,913,383</u>	<hr/> <u>\$ (821,117)</u>

In the government-wide financial statements for the year ended December 31, 2020, the Township recognized pension expense totaling \$(5,468) for the Police Pension Plan. As of December 31, 2020, the Township reported deferred outflows of resources totaling \$532,152 related to differences between expected and actual experience and changes of assumptions, and deferred inflows of resources totaling \$2,337,637 related to differences between expected and actual experience and differences between projected and actual investment earnings. The amounts reported as deferred outflows and inflows of resources related to the Police Pension Plan will be recognized in pension expense as follows:

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 12 Police Pension Plan (Continued)

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

<u>Year</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2021	\$ 130,943	\$ 656,737
2022	130,943	387,248
2023	130,943	935,438
2024	69,660	358,214
2025	69,663	-
	\$ 532,152	\$ 2,337,637

*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:

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 12 Police Pension Plan (Continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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	100%	

*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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability	\$ 2,686,847	\$ (821,117)	\$ (3,746,359)

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 13 Non-Uniform Pension Plan

A. Plan Description and Provisions

The Whitemarsh 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 Whitemarsh 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.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 13 Non-Uniform Pension Plan (Continued)

B. Summary of Significant Accounting Policies

*Fiduciary Fund*

The pension plan utilizes the accrual basis of accounting. The pension plan is reflected as a fiduciary fund 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, 2020, the Township has no net pension liability with respect to the Non-Uniformed Pension Plan.

C. Plan Investments

*Summary by Type*

Investments held as of December 31, 2020 are summarized as follows:

Vanguard Total Bond Market Index Fund	\$ 2,691,648
Nationwide Fixed Select Option	1,495,123
Vanguard 500 Index Fund	1,340,291
Vanguard Total International Stock Index Fund	921,882
Vanguard Extended Market Index Fund	909,893
Dodge & Cox International Stock Fund	228,251
T Rowe Price Growth Stock Fund	202,384
PIMCO StocksPLUS Small Fund	193,820
Harding Loevner International Equity Portfolio	158,803
PGIM Total Return Bond Fund	130,765
PGIM High Yield Fund	<u>16,683</u>
Total	<u>\$ 8,289,543</u>

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 13 Non-Uniform Pension Plan (Continued)

C. Plan Investments (Continued)

The Nationwide Fixed Select Option is a guaranteed return fixed annuity contract with an interest rate that is reset quarterly. The assets invested in this contract are part of the general assets of Nationwide Life Insurance Company.

D. Contributions

Contributions to the Non-Uniformed Pension Plan for 2020 included \$257,338 from the Township and \$179,484 from employees.

Note 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.

A. Plan Description

The Whitemarsh 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.

B. 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.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 14 Other Post-Retirement Benefits Plan (Continued)

B. Plan Benefits (Continued)

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, 2020, the following police employees were covered by the benefit terms:

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

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 14 Other Post-Retirement Benefits Plan (Continued)

B. Plan Benefits (Continued)

*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, 2020, the following employees were covered by the benefit terms:

Active Participants	36
Vested Former Participants	-
Retired Participants	-
	-
Total	36

C. Total OPEB Liability

The Township's total OPEB liability of \$10,548,861 was measured as of January 1, 2020, based on an actuarial valuation as of the same date.

D. Actuarial Assumptions and Other Inputs

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

*Healthcare Cost Trend Rates*

2019 through 2023	5.5%
2024 through 2075	Gradually decrease from 5.4% to 4.0% based on the Society of Actuaries Long-Run Medical Cost Trend Model.

*Discount Rate*

The discount rate of 3.26% was based on the Standard & Poors Municipal Bond 20-Year High Grade Rate Index at January 1, 2020. The previous actuarial valuation assumed a discount rate of 3.64%.

*Salary Increases*

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

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 14 Other Post-Retirement Benefits Plan (Continued)

D. Actuarial Assumptions and Other Inputs (Continued)

*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, 2020.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 14 Other Post-Retirement Benefits Plan (Continued)

E. Changes in the Total OPEB Liability

OPEB liability as of January 1, 2020	\$ 10,597,539
Changes for the year:	
Service cost	424,856
Interest	394,578
Differences between expected and actual experience	(976,487)
Assumption changes	445,012
Benefit payments	<u>(336,637)</u>
 OPEB liability as of December 31, 2020	 <u>\$ 10,548,861</u>

Assumption changes included the following:

- The discount rate changed from 3.64% to 3.26%.

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

The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current discount rate:

	1% Decrease <u>(2.26%)</u>	Discount Rate <u>(3.26%)</u>	1% Increase <u>(4.26%)</u>
Total OPEB liability	\$ 11,666,271	\$ 10,548,861	\$ 9,561,205

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

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

	1% Decrease <u>1% Decrease</u>	Current Trend Rate <u>Trend Rate</u>	1% Increase <u>1% Increase</u>
Total OPEB liability	\$ 9,312,118	\$ 10,548,861	\$ 12,003,768

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 14 Other Post-Retirement Benefits Plan (Continued)

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

For the year ended December 31, 2020, the Township recognized an OPEB expense of \$818,717. As of December 31, 2020, 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	\$ 1,199,283	\$ 1,305,587
Benefit payments subsequent to the measurement date	<u>326,560</u>	<u>-</u>
Totals	<u>\$ 1,525,843</u>	<u>\$ 1,305,587</u>

An amount of \$326,560 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, 2021. 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>
2021	\$ (717)
2022	(717)
2023	(717)
2024	(717)
2025	(717)
Thereafter	<u>(102,719)</u>
Total	<u>\$ (106,304)</u>

Note 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, 2020 through August 31, 2022; the base rent for this period is \$6,493.75 per month. The lease contains one remaining renewal option that commences on September 1, 2022 and expires on February 28, 2025. Total rent received under this lease for the fiscal year ended December 31, 2020 was \$76,381.

**Whitemarsh Township**  
**Notes to Financial Statements**  
**December 31, 2020**

Note 16 Subsequent Events

An ongoing worldwide pandemic of coronavirus disease 2019 (“COVID-19”) has continued to have an effect on the United States since March 2020. As of the report date, the Township continues to evaluate the ongoing effects of this pandemic on its current and future operations.

The Township’s management has evaluated subsequent events to determine if events or transactions occurring through August 19, 2021, the date which the financial statements were available for issuance, require potential adjustment to, or disclosures in, the accompanying financial statements. Based upon the evaluation, the Township’s management did not identify any subsequent events other than the event noted above that require adjustment or disclosure in the financial statements.

**Whitemarsh Township**  
**Budgetary Comparison Statement - General Fund**  
**For the Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual Amounts	Favorable (Unfavorable) Variance
<b><u>Revenues</u></b>				
Real Estate Taxes	\$ 3,792,456	\$ 3,792,456	\$ 3,888,687	\$ 96,231
Real Estate Transfer Taxes	850,000	850,000	1,007,538	157,538
Earned Income Taxes	8,475,000	8,475,000	9,236,983	761,983
Business Gross Receipts Taxes	2,850,000	2,850,000	2,704,097	(145,903)
Other Act 511 Taxes	748,000	748,000	683,607	(64,393)
Licenses and Permits	397,200	397,200	670,614	273,414
Fines and Forfeits	67,500	67,500	43,479	(24,021)
Interest Earnings	100,000	100,000	62,083	(37,917)
Rents and Cable Fees	580,000	580,000	541,289	(38,711)
Intergovernmental Revenues	737,500	737,500	1,544,359	806,859
Charges for Services	153,100	153,100	164,829	11,729
Miscellaneous Revenues	8,500	8,500	105,966	97,466
<b><u>Total Revenues</u></b>	<b><u>18,759,256</u></b>	<b><u>18,759,256</u></b>	<b><u>20,653,531</u></b>	<b><u>1,894,275</u></b>
<b><u>Expenditures</u></b>				
General Government	2,599,389	2,599,389	2,469,600	129,789
Public Safety - Police	8,748,017	8,748,017	8,375,079	372,938
Public Safety - Other	2,208,372	2,102,222	2,252,594	(150,372)
Public Works - Sanitation	1,404,550	1,404,550	2,346,865	(942,315)
Public Works - Highway and Streets	2,371,885	2,321,885	2,364,098	(42,213)
Culture and Recreation	1,023,249	1,023,249	1,014,604	8,645
Community Development	170,690	170,690	84,686	86,004
Miscellaneous Expenditures	318,557	318,557	122,407	196,150
Debt Service - Principal	565,680	565,680	565,678	2
Debt Service - Interest	390,264	390,264	390,264	-
<b><u>Total Expenditures</u></b>	<b><u>19,800,653</u></b>	<b><u>19,644,503</u></b>	<b><u>19,985,875</u></b>	<b><u>(341,372)</u></b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b><u>(1,041,397)</u></b>	<b><u>(885,247)</u></b>	<b><u>667,656</u></b>	<b><u>1,552,903</u></b>
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from Sale of Fixed Assets	20,000	20,000	17,681	(2,319)
Refunds of Prior-Year Expenditures	-	-	100,577	100,577
Transfers In	1,934,550	2,752,000	2,752,000	-
Transfers Out	(2,817,932)	(2,996,455)	(3,124,181)	(127,726)
<b><u>Total Other Financing (Uses)</u></b>	<b><u>(863,382)</u></b>	<b><u>(224,455)</u></b>	<b><u>(253,923)</u></b>	<b><u>(29,468)</u></b>
<b><u>Net Change in Fund Balance</u></b>	<b><u>(1,904,779)</u></b>	<b><u>(1,109,702)</u></b>	<b><u>413,733</u></b>	<b><u>1,523,435</u></b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b><u>2,340,474</u></b>	<b><u>2,340,474</u></b>	<b><u>10,017,885</u></b>	<b><u>7,677,411</u></b>
<b><u>Fund Balance - End of Year</u></b>	<b><u>\$ 435,695</u></b>	<b><u>\$ 1,230,772</u></b>	<b><u>\$ 10,431,618</u></b>	<b><u>\$ 9,200,846</u></b>

**Whitemarsh Township**  
**Budgetary Comparison Statement - Capital Reserve Fund**  
**For the Year Ended December 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>
<b><u>Revenues</u></b>				
Interest Earnings	\$ -	\$ -	\$ 34,166	\$ 34,166
Intergovernmental Revenues	-	-	44,202	44,202
<b><u>Total Revenues</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>78,368</u></b>	<b><u>78,368</u></b>
<b><u>Expenditures</u></b>				
General Government	80,000	80,000	41,633	38,367
Public Safety - Police	180,300	180,300	15,469	164,831
Public Works - Highway and Streets	7,435,599	7,435,599	3,098,499	4,337,100
Culture and Recreation	165,500	165,500	110,883	54,617
Debt Service - Principal	-	-	144,792	(144,792)
<b><u>Total Expenditures</u></b>	<b><u>7,861,399</u></b>	<b><u>7,861,399</u></b>	<b><u>3,411,276</u></b>	<b><u>4,450,123</u></b>
<b><u>Excess of Revenues (Under) Expenditures</u></b>	<b><u>(7,861,399)</u></b>	<b><u>(7,861,399)</u></b>	<b><u>(3,332,908)</u></b>	<b><u>4,528,491</u></b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In	106,150	606,150	606,150	-
Transfers Out	-	(90,000)	(90,000)	-
Refund of Prior-Year Expenditures	44,467	44,467	277,727	233,260
<b><u>Total Other Financing Sources</u></b>	<b><u>150,617</u></b>	<b><u>560,617</u></b>	<b><u>793,877</u></b>	<b><u>233,260</u></b>
<b><u>Net Change in Fund Balance</u></b>	<b><u>(7,710,782)</u></b>	<b><u>(7,300,782)</u></b>	<b><u>(2,539,031)</u></b>	<b><u>4,761,751</u></b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b><u>7,710,782</u></b>	<b><u>7,710,782</u></b>	<b><u>6,319,763</u></b>	<b><u>(1,391,019)</u></b>
<b><u>Fund Balance - End of Year</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 410,000</u></b>	<b><u>\$ 3,780,732</u></b>	<b><u>\$ 3,370,732</u></b>

**Whitemarsh Township**  
**Budgetary Comparison Statement - Open Space Reserve Fund**  
**For the Year Ended December 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Favorable (Unfavorable) Variance</u>
<u>Revenues</u>				
Interest Earnings	\$ 70,000	\$ 70,000	\$ 38,579	\$ (31,421)
<u>Total Revenues</u>	<u>70,000</u>	<u>70,000</u>	<u>38,579</u>	<u>(31,421)</u>
<u>Expenditures</u>				
General Government	27,500		28,618	(28,618)
Conservation of Natural Resources	8,707,729	8,707,729	64,062	8,643,667
Debt Service - Principal	124,322	124,322	124,322	-
Debt Service - Interest	86,328	86,328	85,771	557
<u>Total Expenditures</u>	<u>8,945,879</u>	<u>8,918,379</u>	<u>302,773</u>	<u>8,615,606</u>
<u>Excess of Revenues (Under) Expenditures</u>	<u>(8,875,879)</u>	<u>(8,848,379)</u>	<u>(264,194)</u>	<u>8,584,185</u>
<u>Other Financing Sources</u>				
Transfers In	2,175,000	2,175,000	2,327,726	152,726
<u>Total Other Financing Sources</u>	<u>2,175,000</u>	<u>2,175,000</u>	<u>2,327,726</u>	<u>152,726</u>
<u>Net Change in Fund Balance</u>	<u>(6,700,879)</u>	<u>(6,673,379)</u>	<u>2,063,532</u>	<u>8,736,911</u>
<u>Fund Balance - Beginning of Year</u>	<u>6,700,879</u>	<u>6,700,879</u>	<u>8,889,918</u>	<u>2,189,039</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ 27,500</u>	<u>\$ 10,953,450</u>	<u>\$ 10,925,950</u>

**Whitemarsh Township**  
**Notes to Budgetary Comparison Schedules**  
**December 31, 2020**

Note 1     Included Funds

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

Note 2     Budgetary Basis of Accounting

The Township prepares its budgets on a GAAP basis.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Total Pension Liability</u></b>							
Service Cost	\$ 587,377	\$ 559,407	\$ 550,305	\$ 524,100	\$ 514,831	\$ 490,315	\$ 477,607
Interest on Total Pension Liability	1,998,618	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	(1,109,179)	(1,086,276)	(1,132,681)	(994,194)	(985,332)	(829,591)	(849,618)
<b>Net Change in Total Pension Liability</b>	<b>1,476,816</b>	<b>1,855,539</b>	<b>1,183,321</b>	<b>1,406,943</b>	<b>1,112,877</b>	<b>1,158,740</b>	<b>664,710</b>
<b>Total Pension Liability - Beginning of Year</b>	<b>26,615,450</b>	<b>24,759,911</b>	<b>23,576,590</b>	<b>22,169,647</b>	<b>21,056,770</b>	<b>19,898,030</b>	<b>19,233,320</b>
<b>Total Pension Liability - End of Year (A)</b>	<b>\$ 28,092,266</b>	<b>\$ 26,615,450</b>	<b>\$ 24,759,911</b>	<b>\$ 23,576,590</b>	<b>\$ 22,169,647</b>	<b>\$ 21,056,770</b>	<b>\$ 19,898,030</b>
<b><u>Plan Fiduciary Net Position</u></b>							
Contributions - Employer	\$ 1,008,631	\$ 1,020,946	\$ 868,885	\$ 859,263	\$ 844,904	\$ 1,040,977	\$ 759,358
Contributions - Member	221,409	207,561	204,552	192,533	190,784	186,137	176,578
Contributions - Other	1,350	650	-	1,100	-	1,600	-
Net Investment Income	3,747,784	4,346,386	(1,032,796)	2,876,786	1,187,895	111,471	999,788
Benefit Payments	(1,109,179)	(1,086,276)	(1,132,681)	(994,194)	(985,332)	(829,591)	(849,618)
Administrative Expense	(68,562)	(83,577)	(86,223)	(97,322)	(80,039)	(77,951)	(83,756)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>3,801,433</b>	<b>4,405,690</b>	<b>(1,178,263)</b>	<b>2,838,166</b>	<b>1,158,212</b>	<b>432,643</b>	<b>1,002,350</b>
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<b>25,111,950</b>	<b>20,706,260</b>	<b>21,884,523</b>	<b>19,046,357</b>	<b>17,888,145</b>	<b>17,455,502</b>	<b>16,453,152</b>
<b>Plan Fiduciary Net Position - End of Year (B)</b>	<b>\$ 28,913,383</b>	<b>\$ 25,111,950</b>	<b>\$ 20,706,260</b>	<b>\$ 21,884,523</b>	<b>\$ 19,046,357</b>	<b>\$ 17,888,145</b>	<b>\$ 17,455,502</b>
<b>Net Pension Liability - End of Year (A) - (B)</b>	<b>\$ (821,117)</b>	<b>\$ 1,503,500</b>	<b>\$ 4,053,651</b>	<b>\$ 1,692,067</b>	<b>\$ 3,123,290</b>	<b>\$ 3,168,625</b>	<b>\$ 2,442,528</b>
<b><u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u></b>							
	102.9%	94.4%	83.6%	92.8%	85.9%	85.0%	87.7%
<b>Covered-employee Payroll</b>	<b>\$ 4,473,614</b>	<b>\$ 4,307,088</b>	<b>\$ 4,115,524</b>	<b>\$ 3,919,925</b>	<b>\$ 3,742,264</b>	<b>\$ 3,912,280</b>	<b>\$ 3,576,287</b>
<b><u>Net Pension Liability as a Percentage of Covered-Employee Payroll</u></b>							
	-18.4%	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>2020</u>	<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>
Actuarially Determined Contribution	\$ 1,008,631	\$ 1,020,946	\$ 868,885	\$ 859,263	\$ 844,904	\$ 1,040,977	\$ 759,358	\$ 751,213	\$ 705,932	\$ 738,404
Contributions in Relation to the Actuarial Determined Contribution	<u>1,008,631</u>	<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>
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	\$ 4,473,614	\$ 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
Contributions as a Percentage of Covered-employee Payroll	22.5%	23.7%	21.1%	21.9%	22.6%	26.6%	21.2%	20.2%	19.1%	22.1%

**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	1/1/2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Remaining Amortization Period as of December 31, 2020	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>2020</u>	<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>
Annual Money-weighted Rate of Return, Net of Investment Expense	14.1%	19.8%	-4.2%	15.2%	6.7%	0.6%	6.2%	15.3%	13.5%	-0.1%

**Whitemarsh Township**  
**Schedule of Changes in the Township's Net OPEB Liability and Related Ratios (1)**  
**For the Last Three Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Total OPEB Liability</u>			
Service Cost	\$ 424,856	\$ 439,084	\$ 361,870
Interest on Total OPEB Liability	394,578	345,545	351,043
Differences between Expected and Actual Experience	(976,487)	-	-
Changes in Assumptions	445,012	(521,581)	1,098,313
Benefit Payments	<u>(336,637)</u>	<u>(352,150)</u>	<u>(490,505)</u>
 <u>Net Change in Total OPEB Liability</u>	 (48,678)	 (89,102)	 1,320,721
 <u>Total OPEB Liability - Beginning of Year</u>	 <u>10,597,539</u>	 <u>10,686,641</u>	 <u>9,365,920</u>
 <u>Total OPEB Liability - End of Year (A)</u>	 <u>\$ 10,548,861</u>	 <u>\$ 10,597,539</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>\$ 10,548,861</u>	 <u>\$ 10,597,539</u>	 <u>\$ 10,686,641</u>
 <u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>	 0.0%	 0.0%	 0.0%
 <u>Covered-Employee Payroll</u>	 \$ 6,985,859	 \$ 6,610,644	 \$ 6,610,644
 <u>Net OPEB Liability as a Percentage of Covered-Employee Payroll</u>	 151.0%	 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, 2020**

	Liquid Fuels Fund	Light and Hydrant Fund	Refuse Fee Fund	Park Fund	Impact Fee Fund	Capital Equip. Reserve	Traffic Improve. Fund	Total
<u>Assets</u>								
Cash and Cash Equivalents	\$ 1,103,763	\$ 272,433	\$ 178,912	\$ 304,497	\$ 1,004,765	\$ 344,912	\$ 300,435	\$ 3,509,717
Taxes Receivable	-	-	-	3,282	-	-	-	3,282
Other Receivables	-	5,358	42,330	-	-	-	-	47,688
<u>Total Assets</u>	<u>\$ 1,103,763</u>	<u>\$ 277,791</u>	<u>\$ 221,242</u>	<u>\$ 307,779</u>	<u>\$ 1,004,765</u>	<u>\$ 344,912</u>	<u>\$ 300,435</u>	<u>\$ 3,560,687</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Equity</u>								
<u>Liabilities</u>								
Accounts Payable	\$ -	\$ 27,074	\$ -	\$ 1,477	\$ -	\$ -	\$ -	\$ 28,551
Accrued Wages Payable	-	-	-	16,649	-	-	-	16,649
Interfund Payables	400,000	-	-	-	-	-	-	400,000
Unearned Revenue	-	-	-	17,761	-	-	-	17,761
<u>Total Liabilities</u>	<u>400,000</u>	<u>27,074</u>	<u>-</u>	<u>35,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>462,961</u>
<u>Deferred Inflows of Resources</u>								
Deferred Real Estate Taxes	-	3,567	26,928	-	-	-	-	30,495
<u>Total Deferred Inflows of Resources</u>	<u>-</u>	<u>3,567</u>	<u>26,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,495</u>
<u>Fund Balance</u>								
Restricted for:								
Building and Improving Local Roads and Bridges	703,763	-	-	-	-	-	-	703,763
Assigned for:								
Budget for 2021	-	247,150	-	271,892	-	-	-	519,042
Acquisition of Equipment	-	-	-	-	-	344,912	-	344,912
Local Roads and Bridges	-	-	-	-	1,004,765	-	300,435	1,305,200
Sanitation - Waste Collection	-	-	194,314	-	-	-	-	194,314
<u>Total Fund Balance</u>	<u>703,763</u>	<u>247,150</u>	<u>194,314</u>	<u>271,892</u>	<u>1,004,765</u>	<u>344,912</u>	<u>300,435</u>	<u>3,067,231</u>
<u>Total Liabilities, Deferred Inflows of Resources, and Fund Equity</u>	<u>\$ 1,103,763</u>	<u>\$ 277,791</u>	<u>\$ 221,242</u>	<u>\$ 307,779</u>	<u>\$ 1,004,765</u>	<u>\$ 344,912</u>	<u>\$ 300,435</u>	<u>\$ 3,560,687</u>

**Whitemarsh Township**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Non-Major Governmental Funds**  
**For the Year Ended December 31, 2020**

	Liquid Fuels Fund	Light and Hydrant Fund	Refuse Fee Fund	Park Fund	Impact Fee Fund	Capital Equip. Reserve	Traffic Improve. Fund	Total
<b>Revenues</b>								
Real Estate Taxes	\$ -	\$ 179,191	\$ 1,833,886	\$ 477,450	\$ -	\$ -	\$ -	\$ 2,490,527
Interest Earnings	4,213	-	-	30	4,714	1,336	747	11,040
Rental Income	-	-	-	6,053	-	-	-	6,053
Intergovernmental Revenue	532,152	-	-	7,835	-	-	-	539,987
Charges for Services	-	-	-	317,142	-	-	-	317,142
Special Assessments	-	3,049	-	-	-	-	-	3,049
Miscellaneous Revenue	-	820	-	4,434	-	-	-	5,254
<b>Total Revenues</b>	<b>536,365</b>	<b>183,060</b>	<b>1,833,886</b>	<b>812,944</b>	<b>4,714</b>	<b>1,336</b>	<b>747</b>	<b>3,373,052</b>
<b>Expenditures</b>								
Public Works - Sanitation	-	-	6,720	-	-	-	-	6,720
Public Works - Highway and Streets	-	180,160	-	-	-	-	-	180,160
Culture and Recreation	-	-	-	970,495	-	-	-	970,495
<b>Total Expenditures</b>	<b>-</b>	<b>180,160</b>	<b>6,720</b>	<b>970,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,157,375</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>536,365</b>	<b>2,900</b>	<b>1,827,166</b>	<b>(157,551)</b>	<b>4,714</b>	<b>1,336</b>	<b>747</b>	<b>2,215,677</b>
<b>Other Financing Sources (Uses)</b>								
Transfers In	-	16,500	-	123,805	-	50,000	-	190,305
Transfers Out	(400,000)	-	(2,262,000)	-	-	-	-	(2,662,000)
<b>Total Other Financing Sources and (Uses)</b>	<b>(400,000)</b>	<b>16,500</b>	<b>(2,262,000)</b>	<b>123,805</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>(2,471,695)</b>
<b>Net Change in Fund Balances</b>	<b>136,365</b>	<b>19,400</b>	<b>(434,834)</b>	<b>(33,746)</b>	<b>4,714</b>	<b>51,336</b>	<b>747</b>	<b>(256,018)</b>
<b>Fund Balances - Beginning of Year</b>	<b>567,398</b>	<b>227,750</b>	<b>629,148</b>	<b>305,638</b>	<b>1,000,051</b>	<b>293,576</b>	<b>299,688</b>	<b>3,323,249</b>
<b>Fund Balances - End of Year</b>	<b>\$ 703,763</b>	<b>\$ 247,150</b>	<b>\$ 194,314</b>	<b>\$ 271,892</b>	<b>\$ 1,004,765</b>	<b>\$ 344,912</b>	<b>\$ 300,435</b>	<b>\$ 3,067,231</b>

**Whitemarsh Township**  
**Combining Statement of Fiduciary Net Position - Fiduciary Funds**  
**December 31, 2020**

	<u>Trust Funds</u>				<u>Agency Funds</u>		
	<u>Municipal Pension Fund</u>	<u>Police Pension Fund</u>	<u>Deferred Compensation Fund</u>	<u>Total</u>	<u>Escrow Fund</u>	<u>Real Estate Tax Collector Fund</u>	<u>Total</u>
	<u>Assets</u>						
Cash and Cash Equivalents	\$ 35,421	\$ 429,309	\$ -	\$ 464,730	\$ 1,360,998	\$ 84,819	\$ 1,445,817
Investments	8,289,543	28,119,116	8,169,992	44,578,651	-	-	-
Interfund Receivable	7,086	-	-	7,086	-	-	-
Accrued Interest	-	364,958	-	364,958	-	-	-
Loans Receivable	137,285	-	-	137,285	-	-	-
<b><u>Total Assets</u></b>	<b><u>\$ 8,469,335</u></b>	<b><u>\$ 28,913,383</u></b>	<b><u>\$ 8,169,992</u></b>	<b><u>\$ 45,552,710</u></b>	<b><u>\$ 1,360,998</u></b>	<b><u>\$ 84,819</u></b>	<b><u>\$ 1,445,817</u></b>
	<u>Liabilities and Net Position</u>						
<b><u>Liabilities</u></b>							
Escrowed Subdivision Fees	\$ -	\$ -	\$ -	\$ -	\$ 1,360,998	\$ -	\$ 1,360,998
Due to Taxpayers/Governments	-	-	-	-	-	84,819	84,819
<b><u>Total Liabilities</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>\$ 1,360,998</u></b>	<b><u>\$ 84,819</u></b>	<b><u>\$ 1,445,817</u></b>
<b><u>Net Position</u></b>							
Restricted for Pension Benefits	8,469,335	28,913,383	-	37,382,718			
Restricted for Deferred Compensation Benefits	-	-	8,169,992	8,169,992			
<b><u>Total Net Position</u></b>	<b><u>8,469,335</u></b>	<b><u>28,913,383</u></b>	<b><u>8,169,992</u></b>	<b><u>45,552,710</u></b>			
<b><u>Total Liabilities and Net Position</u></b>	<b><u>\$ 8,469,335</u></b>	<b><u>\$ 28,913,383</u></b>	<b><u>\$ 8,169,992</u></b>	<b><u>\$ 45,552,710</u></b>			

**Whitemarsh Township**  
**Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds**  
**For the Year Ended December 31, 2020**

	Trust Funds			Total
	Municipal Pension Fund	Police Pension Fund	Deferred Compensation Fund	
<u>Additions</u>				
<u>Contributions</u>				
Municipal Contribution	\$ 257,338	\$ 1,008,631	\$ -	\$ 1,265,969
Employee Contribution	179,484	221,409	428,708	829,601
Other Contributions	-	1,350	-	1,350
<u>Total Contributions</u>	<u>436,822</u>	<u>1,231,390</u>	<u>428,708</u>	<u>2,096,920</u>
<u>Investment Earnings</u>				
Net Increase in Fair Value of Investments	867,000	1,299,707	1,244,781	3,411,488
Interest and Dividends	39	2,428,812	-	2,428,851
Other	-	19,265	-	19,265
<u>Total Investment Earnings</u>	<u>867,039</u>	<u>3,747,784</u>	<u>1,244,781</u>	<u>5,859,604</u>
<u>Total Additions</u>	<u>1,303,861</u>	<u>4,979,174</u>	<u>1,673,489</u>	<u>7,956,524</u>
<u>Deductions</u>				
Benefits Paid	552,074	1,109,179	844,670	2,505,923
Administrative Expenses	1,792	68,562	1,871	72,225
<u>Total Deductions</u>	<u>553,866</u>	<u>1,177,741</u>	<u>846,541</u>	<u>2,578,148</u>
<u>Change in Net Position</u>	<u>749,995</u>	<u>3,801,433</u>	<u>826,948</u>	<u>5,378,376</u>
<u>Net Positions - Beginning of Year</u>	<u>7,719,340</u>	<u>25,111,950</u>	<u>7,343,044</u>	<u>40,174,334</u>
<u>Net Positions - End of Year</u>	<u>\$ 8,469,335</u>	<u>\$ 28,913,383</u>	<u>\$ 8,169,992</u>	<u>\$ 45,552,710</u>



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Supervisors  
Whitemarsh Township  
Lafayette Hill, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Whitemarsh Township, Montgomery County, Pennsylvania, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Whitemarsh Township, Montgomery County, Pennsylvania's basic financial statements and have issued our report thereon dated August 19, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002, that we consider to be significant deficiencies.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Barz Gowie Amon & Fultz, LLC*

August 19, 2021  
Media, Pennsylvania

**Whitemarsh Township**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2020**

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	None reported
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Findings – Financial Statement Audit

Status of Prior-Year Findings

None noted.

Current-Year Findings

*2020-001 Escrow Fund – Maintenance of Subsidiary Ledger*

*Condition:* The Township maintains developers' escrow deposits in a pooled cash account, as well as in a separate cash account earmarked for escrow deposits. A separate set of self-balancing accounts that constitute the assets and related liabilities of the Escrow Fund is maintained within the Township's fund accounting system. In addition, the Township utilizes a separate accounting program to facilitate the preparation of bills for Township services related to the projects conducted by the developers.

*Criteria:* Since the escrowed funds are held by the Township in a fiduciary capacity, a separate fiduciary fund should be maintained by the Township. The cash held by the fiduciary fund should periodically be reconciled to the total of the underlying liabilities. Escrow balances for completed projects should be returned to the appropriate developers.

*Cause:* The liability balances reflected within the fund accounting system are not reconciled to the separate accounting program records that are maintained for billing purposes. In addition, some escrow liabilities have been collapsed into one general ledger account in the Township's fund accounting program. Management has also noted that escrow balances are being maintained for completed projects and should therefore be returned to the appropriate developers.

*Effect:* Although the cash balances and the underlying liability balances as reflected within the fund accounting system agree, the liability balances for some older accounts have been consolidated into one general ledger account, thereby obscuring the source of those escrows.

**Whitemarsh Township**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2020**

In addition, escrows for completed projects have not been returned to the appropriate developers.

*Recommendation:* The Township should determine the composition of the consolidated escrow account, ensure that all escrow deposits and related costs reflected in the fund accounting system and the separate accounting program used for billings agree, and identify completed projects and return the related escrow balances to the appropriate developer.

*Views of Responsible Officials and Planned Corrective Actions:* Some escrows were set up as revenue accounts which close out at the end of the year. This process makes it hard to balance each escrow. Our top priority is to balance the escrows with the reports that comes out of QuickBooks to the general ledger. I am confident that my staff will have this all straightened out by year end so that we can give the auditor the reports that balance.

*2020-002 Maintenance of Capital Asset Records*

*Condition:* The Township records the transactions of the Township within a set of funds. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. However, the Township does not maintain a separate set of accounts to facilitate the preparation of the government-wide financial statements, which consist of the statement of net assets and the statement of activities. Capital assets are recorded as assets in the statement of net position and the related depreciation of those capital assets is reflected in the statement of activities.

*Criteria:* Detailed capital asset and depreciation schedules should be maintained to facilitate the preparation of the government-wide financial statements. Management should have a process whereby capital asset additions and deletions are captured for inclusion in the capital asset and depreciation schedules.

*Cause:* Although management maintains a list of vehicles and other equipment owned by the Township, that list does not contain cost and depreciation data or year of purchase data. In addition, management does not currently have a process whereby capital asset additions as reflected as expenditures in the funds and deletions as reflected as other financing sources in the funds are identified for inclusion in the government-wide financial statements.

*Effect:* Capital asset additions and deletions may not be identified for inclusion in the government-wide financial statements.

*Recommendation:* Management should maintain detailed capital asset and depreciation schedules to facilitate the preparation of the government-wide financial statements. Management should have a process whereby data regarding capital asset additions and deletions are captured from the fund financial records for inclusion in the capital asset and depreciation schedules.

*Views of Responsible Officials and Planned Corrective Actions:* We agree that the auditor should not be maintaining the capital asset records. Management will begin maintaining all capital asset records.