

FRANCE, ANDERSON, BASILE and COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT**

September 24, 2021

To the Board of Supervisors  
North Whitehall Township, Pennsylvania

We have audited the North Whitehall Township Tax Collector's cash account and Tax Collector's reports for the period January 1, 2020, through January 31, 2021. We performed the procedures enumerated below in accordance with Attestation Standards established by the American Institute of Certified Public Accountants.

- 1) We audited the cash balance of Tax Collector's bank account for the period January 1, 2020, through January 31, 2021.
- 2) We audited the Tax Collector's Monthly Reports for the year ending December 31, 2020.
- 3) We reconciled the Tax Collector's bank account to the Tax Collector's Monthly Reports.
- 4) We reconciled the Tax Collector's monthly disbursements to North Whitehall Township's financial records for the year ending December 31, 2020.

The North Whitehall Township Tax Collector's cash account balance and uncollected tax and street light assessment balances were \$25.28 and \$16,988.96 respectively, at January 31, 2021. The uncollected tax balances consisted of Township real estate for \$13,071.49, Farmland Preservation taxes for \$2,612.47, and street light assessment for \$1,305.00.

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 North Whitehall Township Tax Collector's cash balance and unpaid balances are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the cash balance and unpaid balances. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the North Whitehall Township Tax Collector's cash balance and uncollected tax and street light assessment balances referred to above, presents fairly, in all material respects, the cash and uncollected tax and street light assessment balances of the Township, as of January 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Findings:

- a) Farmland Preservation May' 2020 "70500" Exception for \$12.53 was erroneously deposited into the Township's General Fund interim real estate tax revenue account. This was the result of a single check written for both the Township interim real estate taxes and Farmland Preservation interim taxes for the month of May' 2020.
- b) Farmland Preservation June' 2020 "70500" Exception for \$59.69 was erroneously deposited into the Township's General Fund interim real estate tax revenue account. This was the result of a single check written for both the Township interim real estate taxes and Farmland Preservation interim taxes for the month of June' 2020.

Beginning with the July' 2020 Tax Collector report, a separate check was issued each month for Farmland Preservation interim taxes and deposited properly and reported in the Farmland Preservation special revenue fund.

This report is intended solely for the information and use of the Board of Supervisors and the management of North Whitehall Township and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

*Francis Anderson, Treasurer and Collector, P.C.*

Emmaus, Pennsylvania  
September 24, 2021

**NORTH WHITEHALL TOWNSHIP**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**NORTH WHITEHALL TOWNSHIP**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Supervisors  
North Whitehall Township  
Coplay, Pennsylvania

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Whitehall 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Township'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 Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Whitehall Township, Pennsylvania, as of December 31, 2020, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Whitehall Township, Pennsylvania's basic financial statements. The general fund budgetary comparison schedule-modified cash basis, and the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1.

The general fund budgetary comparison schedule-modified cash basis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2021, on our consideration of North Whitehall Township, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Whitehall Township, Pennsylvania's internal control over financial reporting and compliance.

*Prance, Anderson, Basile and Company, P.C.*

Emmaus, Pennsylvania  
August 30, 2021

**NORTH WHITEHALL TOWNSHIP**  
**STATEMENT OF NET POSITION – MODIFIED CASH BASIS**  
**DECEMBER 31, 2020**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 6,535,056	\$ 276,195	\$ 6,811,251
Certificates of deposit	3,484,700	40,545	3,525,245
Total Current Assets	<u>10,019,756</u>	<u>316,740</u>	<u>10,336,496</u>
<b>Noncurrent Assets:</b>			
Capital assets:			
Land and land improvements	5,120,370	-	5,120,370
Buildings and building improvements, net	1,352,050	-	1,352,050
Furniture & equipment, net	833,736	-	833,736
Infrastructure, net	2,889,738	-	2,889,738
Sewer system, net	-	70,290	70,290
Total Capital Assets	<u>10,195,894</u>	<u>70,290</u>	<u>10,266,184</u>
Total Assets	<u>\$ 20,215,650</u>	<u>\$ 387,030</u>	<u>\$ 20,602,680</u>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities:</b>			
Current portion of long-term debt	\$ 118,973	\$ -	\$ 118,973
Other current liabilities	9,516	-	9,516
Total Current Liabilities	<u>128,489</u>	<u>-</u>	<u>128,489</u>
<b>Noncurrent Liabilities:</b>			
Escrow deposits	396,161	-	396,161
Long-term debt, net of current portion	19,841	-	19,841
Total Noncurrent Liabilities	<u>416,002</u>	<u>-</u>	<u>416,002</u>
Total Liabilities	<u>544,491</u>	<u>-</u>	<u>544,491</u>
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	10,057,080	70,290	10,127,370
Restricted	4,053,370	-	4,053,370
Unrestricted	5,560,709	316,740	5,877,449
Total Net Position	<u>\$ 19,671,159</u>	<u>\$ 387,030</u>	<u>\$ 20,058,189</u>

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

**NORTH WHITEHALL TOWNSHIP**  
**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**  
**DECEMBER 31, 2020**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b><u>Governmental Activities</u></b>				
General government	\$ 714,544	\$ 1,379,737	\$ 274,571	\$ -
Public safety	748,527	59,480	104,532	-
Health and human services	11,740	22,920	-	-
Public works - sanitation	114,939	4,461	718,503	-
Public works - highways and streets	1,751,668	-	-	-
Culture and recreation	488,855	158	-	-
Interest expense	23,525	-	-	-
Insurance, employee benefits and misc.	919,766	-	78,781	-
Depreciation expense - unallocated	734,970	-	-	-
Total Governmental Activities	<u>5,508,534</u>	<u>1,466,756</u>	<u>1,176,387</u>	<u>-</u>
<b><u>Business-type Activities</u></b>				
Sewer fund	<u>195,782</u>	<u>184,875</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>195,782</u>	<u>184,875</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,704,316</u>	<u>\$ 1,651,631</u>	<u>\$ 1,176,387</u>	<u>\$ -</u>

Property taxes, levied for general purposes  
Property taxes, levied for farmland preservation  
Local services taxes, levied for emergency services  
Other taxes levied for general purposes  
Licenses and permits  
Fines and forfeits  
Investment earnings and rents  
Miscellaneous income  
Gain on disposal of assets  
Transfers between activities

Total general revenues

Change in net position

Net position - Beginning of Year

Net position - End of Year

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

**NORTH WHITEHALL TOWNSHIP**  
**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
\$ 939,764	\$ -	\$ 939,764
(584,515)	-	(584,515)
11,180	-	11,180
608,025	-	608,025
(1,751,668)	-	(1,751,668)
(488,697)	-	(488,697)
(23,525)	-	(23,525)
(840,985)	-	(840,985)
<u>(734,970)</u>	<u>-</u>	<u>(734,970)</u>
<u>(2,865,391)</u>	<u>-</u>	<u>(2,865,391)</u>
<u>-</u>	<u>(10,907)</u>	<u>(10,907)</u>
<u>-</u>	<u>(10,907)</u>	<u>(10,907)</u>
<u>(2,865,391)</u>	<u>(10,907)</u>	<u>(2,876,298)</u>
750,314	-	750,314
145,247	-	145,247
101,280	-	101,280
3,299,188	-	3,299,188
230,612	-	230,612
5,065	-	5,065
83,713	2,293	86,006
193,736	1,387	195,123
62,720	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>4,871,875</u>	<u>3,680</u>	<u>4,875,555</u>
2,006,484	(7,227)	1,999,257
<u>17,664,675</u>	<u>394,257</u>	<u>18,058,932</u>
<u>\$ 19,671,159</u>	<u>\$ 387,030</u>	<u>\$ 20,058,189</u>

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

**NORTH WHITEHALL TOWNSHIP**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

	<u>General</u> Fund	<u>Liquid Fuels</u> Fund	<u>NW Project</u> Fund	<u>Capital Projects</u> Fund	<u>Other Governmental</u> Funds	<u>Total Governmental</u> Funds
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 3,689,734	\$ 21,953	\$ 198	\$ 1,712,706	\$ 1,110,465	\$ 6,535,056
Certificates of deposit	3,280,905	-	-	-	203,795	3,484,700
Due from other funds	<u>24,000</u>	-	-	-	-	<u>24,000</u>
Total Assets	<u>\$ 6,994,639</u>	<u>\$ 21,953</u>	<u>\$ 198</u>	<u>\$ 1,712,706</u>	<u>\$ 1,314,260</u>	<u>\$ 10,043,756</u>
<b><u>LIABILITIES and FUND BALANCES</u></b>						
<b><u>LIABILITIES</u></b>						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 24,000	\$ 24,000
Escrow deposits	396,161	-	-	-	-	396,161
Other liabilities	<u>9,516</u>	-	-	-	-	<u>9,516</u>
Total Liabilities	<u>405,677</u>	-	-	-	<u>24,000</u>	<u>429,677</u>
<b><u>FUND BALANCES</u></b>						
Restricted for:						
Public works	-	21,953	198	-	-	22,151
Street lighting	-	-	-	-	37,186	37,186
Farmland preservation	-	-	-	-	145,411	145,411
Committed:						
Impact study	590,771	-	-	-	-	590,771
Recreation	437,482	-	-	-	-	437,482
Capital acquisition/construction	-	-	-	1,712,706	1,107,663	2,820,369
Unassigned:	<u>5,560,709</u>	-	-	-	-	<u>5,560,709</u>
Total Fund Balances	<u>6,588,962</u>	<u>21,953</u>	<u>198</u>	<u>1,712,706</u>	<u>1,290,260</u>	<u>9,614,079</u>
Total Liabilities and Fund Balances	<u>\$ 6,994,639</u>	<u>\$ 21,953</u>	<u>\$ 198</u>	<u>\$ 1,712,706</u>	<u>\$ 1,314,260</u>	<u>\$ 10,043,756</u>

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

**NORTH WHITEHALL TOWNSHIP**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT**  
**OF ASSETS, LIABILITIES AND FUND BALANCES – MODIFIED CASH BASIS**  
**TO THE STATEMENT OF NET POSITION – MODIFIED CASH BASIS**  
**DECEMBER 31, 2020**

**Total Fund Balances - Governmental Funds** \$ 9,614,079

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

Capital assets and land used in governmental activities  
are not current financial resources and, therefore are  
not reported as assets in governmental funds.  
The cost of the assets is \$ 20,697,061. 20,697,061

Accumulated depreciation from capital assets used in  
governmental activities are not current financial resources  
and therefore is not reported in the governmental funds  
balance sheet. (10,501,167)

Long-term liabilities are not due and payable in the current  
period and, therefore are not reported as liabilities  
in the funds. Long-term liabilities at year end consists  
of installment loans payable of \$ 138,814. (138,814)

**Total Net Position - Governmental Activities** \$ 19,671,159

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

**NORTH WHITEHALL TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>REVENUES</b>	General Fund	Liquid Fuels Fund	NW Project Fund
Taxes	\$ 4,049,502	\$ -	\$ -
Licenses and permits	230,612	-	-
Fines and forfeits	5,065	-	-
Interest and rents	69,979	910	1,385
Intergovernmental revenues	486,565	689,822	-
Charges for services	1,466,756	-	-
Miscellaneous revenues	123,631	-	-
<b>TOTAL REVENUES</b>	<b><u>6,432,110</u></b>	<b><u>690,732</u></b>	<b><u>1,385</u></b>
<b>EXPENDITURES</b>			
Current			
General government	691,785	-	-
Public safety	748,527	-	-
Health and human services	11,740	-	-
Public works - sanitation	114,939	-	-
Public works - highways and streets	978,628	670,362	-
Culture and recreation	304,381	-	-
Debt service - principal	257,409	-	731,884
Debt service - interest and fiscal charges	14,366	-	-
Insurance, employee benefits and misc.	919,766	-	-
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b><u>4,041,541</u></b>	<b><u>670,362</u></b>	<b><u>731,884</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,390,569</b>	<b>20,370</b>	<b>(730,499)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds of general long-term debt	-	-	-
Operating transfers in	-	-	269,222
Operating transfers out	(942,222)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>(942,222)</u></b>	<b><u>-</u></b>	<b><u>269,222</u></b>
Net change in fund balances	1,448,347	20,370	(461,277)
Fund Balances - January 1	<u>5,140,615</u>	<u>1,583</u>	<u>461,475</u>
Fund Balances - December 31	<u>\$ 6,588,962</u>	<u>\$ 21,953</u>	<u>\$ 198</u>

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

**NORTH WHITEHALL TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**MODIFIED CASH BASIS - GOVERNMENTAL FUNDS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 246,527	\$ 4,296,029
-	-	230,612
-	-	5,065
1,704	9,735	83,713
-	-	1,176,387
-	-	1,466,756
<u>12,500</u>	<u>120,325</u>	<u>256,456</u>
<u>14,204</u>	<u>376,587</u>	<u>7,515,018</u>
22,744	15	714,544
-	-	748,527
-	-	11,740
-	-	114,939
48,818	53,860	1,751,668
184,474	-	488,855
-	206,386	1,195,679
-	9,159	23,525
-	-	919,766
<u>41,021</u>	<u>238,669</u>	<u>279,690</u>
<u>297,057</u>	<u>508,089</u>	<u>6,248,933</u>
(282,853)	(131,502)	1,266,085
-	59,744	59,744
460,000	213,000	942,222
<u>-</u>	<u>-</u>	<u>(942,222)</u>
<u>460,000</u>	<u>272,744</u>	<u>59,744</u>
177,147	141,242	1,325,829
<u>1,535,559</u>	<u>1,149,018</u>	<u>8,288,250</u>
<u>\$ 1,712,706</u>	<u>\$ 1,290,260</u>	<u>\$ 9,614,079</u>

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

**NORTH WHITEHALL TOWNSHIP**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – MODIFIED CASH BASIS**  
**TO THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balances - Governmental Funds \$ 1,325,829

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

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those expenditures is not reported, but  
treated as a capital asset on the statement of net position. The capital outlay  
for the current year is \$ 279,690. 279,690

Depreciation expense on capital assets is reported in the government-wide  
statement of activities and changes in net positions, but they do not require  
the use of current financial resources. Therefore, depreciation expense is not  
reported as expenditure in governmental funds. (734,970)

In the statement of activities, the gain/loss on the disposal of assets is reported,  
whereas in the governmental funds, the proceeds from the sale increase  
financial resources. The change in net position differs from the change in  
fund balance by the cost of the disposed assets of \$ (146,062), net of  
related accumulated depreciation of \$146,062 -

The issuance of long-term debt provides current financial resources to governmental  
funds, while the repayment of the principal of long-term debts consumes the  
current financial resources of government funds. However, this transaction has  
no effect on net position. Repayment of note and loan principal is an  
expenditure in the governmental funds, but the repayment reduces  
long-term liabilities in the statement of net position. The effect of this  
transaction in the statement is shown below:

Proceeds from issuance of debt	(59,744)	
Repayment of note and loan principal	<u>1,195,679</u>	<u>1,135,935</u>

Change in Net Position of Governmental Activities \$ 2,006,484

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

**NORTH WHITEHALL TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2020**

	<u>Enterprise Fund</u>
	<u>Sewer</u>
	<u>Fund</u>
<b><u>ASSETS</u></b>	
<u>Current Assets:</u>	
Cash and cash equivalents	\$ 276,195
Certificates of deposit	<u>40,545</u>
Total Current Assets	<u>316,740</u>
<u>Noncurrent Assets:</u>	
Building and building improvements, net of accumulated depreciation	<u>70,290</u>
Total Noncurrent Assets	<u>70,290</u>
Total Assets	<u>387,030</u>
<b><u>LIABILITIES</u></b>	
<u>Current Liabilities:</u>	
None	<u>-</u>
Total Current Liabilities	-
Total Liabilities	<u>-</u>
<b><u>NET POSITION</u></b>	
Invested in capital assets, net of related debt	70,290
Unrestricted	<u>316,740</u>
Total Net Position	<u>\$ 387,030</u>

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

**NORTH WHITEHALL TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION – MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Enterprise Fund</u>
	<u>Sewer</u>
	<u>Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 184,875
Total Operating Revenues	184,875
<b>OPERATING EXPENSES</b>	
Administration	15,047
Engineering and legal services	5,055
Transmission expense	171,660
Supplies	322
Miscellaneous	1,151
Depreciation	2,547
Total Operating Expenses	195,782
<b>OPERATING INCOME (LOSS)</b>	<b>(10,907)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	2,293
Miscellaneous	1,387
Total Nonoperating Revenues (Expenses)	3,680
<b>NET INCOME (LOSS) BEFORE</b>	
<b>OPERATING TRANSFERS</b>	<b>(7,227)</b>
Operating transfers	-
<b>CHANGE IN NET POSITION</b>	
	<b>(7,227)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	
	<b>394,257</b>
<b>NET POSITION - END OF YEAR</b>	
	<b>\$ 387,030</b>

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

**NORTH WHITEHALL TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Enterprise Fund
	Sewer
	Fund
<b><u>Cash Flows from Operating Activities</u></b>	
Operating income (loss)	\$ (10,907)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,547
Total adjustments	2,547
Net Cash Provided by (Used in) Operating Activities	(8,360)
<b><u>Cash Flows from Noncapital Activities</u></b>	
Miscellaneous	1,387
Net Cash Provided by (Used in) Noncapital Activities	1,387
<b><u>Cash Flows from Financing Activities</u></b>	
Purchase of machinery and equipment	-
Net Cash Provided by (Used in) Financing Activities	-
<b><u>Cash Flows from Investing Activities</u></b>	
Interest income	2,293
Net Cash Provided by Investing Activities	2,293
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(4,680)
<b>Cash and Cash Equivalents, January 1</b>	321,420
<b>Cash and Cash Equivalents, December 31</b>	\$ 316,740

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

**NORTH WHITEHALL TOWNSHIP**  
**STATEMENT OF NET POSITION**  
**MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2020**

	<u>Defined Contribution Plan</u>
<b><u>ASSETS</u></b>	
Investments, at fair value:	
Assets with Minnesota Life	\$ 3,942,263
Other assets	<u>-</u>
Total Assets	<u>3,942,263</u>
<b><u>LIABILITIES</u></b>	
Other liabilities	<u>-</u>
Total Liabilities	<u>-</u>
<b><u>NET POSITION:</u></b>	
Restricted for pension benefits	<u>\$ 3,942,263</u>

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

**NORTH WHITEHALL TOWNSHIP**  
**STATEMENT OF CHANGES IN NET POSITION**  
**MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Defined Contribution Plan</u>
<b><u>ADDITIONS TO NET POSITION</u></b>	
Contributions	
State aid	\$ 78,781
Employer	<u>29,767</u>
Total Contributions	108,548
Investment Income	
Net appreciation (depreciation) in fair value of investments	<u>473,565</u>
	473,565
Less: Investment expenses	<u>-</u>
Net Investment Income (Loss)	<u>473,565</u>
<b>TOTAL ADDITIONS TO NET POSITION</b>	<b>582,113</b>
<b><u>DEDUCTIONS FROM NET POSITION</u></b>	
Benefits payments	359,397
Administrative expenses	-
Refund of member contributions	<u>-</u>
<b>TOTAL DEDUCTIONS FROM NET POSITION</b>	<b><u>359,397</u></b>
<b>Change in net position</b>	<b>222,716</b>
<b>Net position restricted for pension benefits</b>	
<b>Beginning of year</b>	<u>3,719,547</u>
<b>End of year</b>	<u><u>\$ 3,942,263</u></u>

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

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 Summary of Significant Accounting Policies**

North Whitehall Township was organized in 1810 and operates as a second-class township in Lehigh County, Pennsylvania. It operates using a Board of Supervisors as its governing body and provides governmental services to its residents, including public safety, highway, road and street maintenance, sanitation, culture and recreation, planning and zoning, and general administrative services.

The accompanying primary government financial statements conform to the modified cash basis of accounting as applicable to governmental units. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Accounting principles generally accepted in the United States of America include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant accounting policies used by the Township.

**Principles Determining Scope of Reporting Entity**

In evaluating how to define the Township, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the financial reporting entity was made by applying the criteria set forth in GASB Statement 14, as amended. The criteria for including a potential component unit within the financial reporting entity is the significance of the potential component unit's operational or financial relationship with the Township. Based upon the application of these criteria, there are no component units to be included in the financial reporting entity of the Township.

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Township as a whole excluding fiduciary activities such as employee pension plans. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 1 Summary of Significant Accounting Policies (Continued)**

**Government-wide and Fund Financial Statements (Continued)**

customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus and the modified cash basis of accounting.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 1 Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting**

In the government-wide financial statements and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions with a provision for depreciation in the government-wide statements and depreciation in the proprietary fund statements. The basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of this modified cash basis of accounting, certain assets, deferred inflows and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities, deferred outflows and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Township utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

**Financial Statement Presentation**

The Township reports the following governmental fund types:

The General Fund is the general operating fund of the Township. Substantially all tax revenues, federal and state aid (except revenues and aid restricted for use in the Special Revenue Fund) and other operating revenues are accounted for in the General Fund. This fund also accounts for expenditures and transfers as appropriated in the budget, which provides for the Township's day-to-day operations.

The State Liquid Fuels Highway Aid Fund (Liquid Fuels Fund), Street Lighting Fund, and Farmland Preservation Fund are the Township's special revenue funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources other than expendable trusts, or major capital projects that are legally restricted to expenditures for specific purposes.

The NW Project Fund, Road Machinery Fund, Emergency Services Capital Machinery Fund, and Capital Projects Fund accounts for resources used to construct or acquire fixed assets and capital improvements. Resources of the Capital Projects Funds are derived principally from operating transfers, long-term debt proceeds and investment earnings.

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 1 Summary of Significant Accounting Policies (Continued)**

Financial Statement Presentation (Continued)

The Township reports the following enterprise fund type:

The Sewer Fund is an Enterprise Fund. Enterprise Funds account for operations of the sewer system that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. All activities necessary to provide such services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billings and collections.

The Township also reports the following fiduciary fund types:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others, and therefore are not available to support Township programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The Defined Contribution Pension Plan is used to account for fiduciary resources legally held in trust for the receipt, investment, and distribution of retirement benefits.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors, or laws or other regulations of other governments.

Fund Balance Reporting

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 1 Summary of Significant Accounting Policies (Continued)**

Fund Balance Reporting (Continued)

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the Township to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Legal enforceability means that the Township can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Supervisors. Those committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classifications may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Supervisors separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Supervisors.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned)

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 1 Summary of Significant Accounting Policies (Continued)**

Fund Balance Reporting (Continued)

amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**OTHER SIGNIFICANT ACCOUNTING POLICIES**

Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the Township Code and Township procedures, at least thirty days prior to adoption, the Township Manager submits to the Board of Supervisors, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year. Departments for budgetary purposes are general government, public safety, public works, culture and recreation, insurance, employee benefits, and miscellaneous.
2. Public hearings are conducted to obtain taxpayer comment.
3. By December 31, the budget is legally enacted through passage of a resolution. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves. This is done as a level of budgetary control.
4. All modifications, transfers and amendments must be approved by the Board of Supervisors.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Liquid Fuels Fund and Sewer Fund.
6. The legally adopted budgets of the Township are for the General Fund, Liquid Fuels Fund, and Sewer Fund.
7. Budgets for the General Fund, Liquid Fuels Fund and Sewer Fund are adopted on the modified cash basis of accounting discussed above. (The basis of accounting for budget purposes is the same as for financial statement reporting purposes).
8. The Board of Supervisors may authorize supplemental appropriations during the year. No supplemental appropriations were made during fiscal 2020. The Board of Supervisors must approve all over expenditures of appropriations or transfers of appropriated amounts.

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 1 Summary of Significant Accounting Policies (Continued)**

**OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

Statutes allow the Township to invest in obligations of the U.S. Treasury, U.S. Agencies, obligations of the Commonwealth of Pennsylvania, savings accounts or time deposits of institutions insured by the Federal Deposit Insurance Corporation (FDIC) and deposits in excess of FDIC amounts if collateralized by the depository. For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and short-term investments with an original maturity of three months or less.

Investments are stated at market. See Note 2 for additional disclosures about investments.

Capital Assets

The Township's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund. Fixed assets and related depreciation are reported on in the government-wide financial statements.

Property Taxes

The property tax calendar for the fiscal year is as follows:

April 1	- Levy Date
April 1 to May 31	- 2% Discount Period
June 1 to July 31	- Face Payment Period
August 1 to December 31	- 10% Penalty Period
January 1 (following year)	- Lien Date

Sewer Systems in Service

The sewer system is stated substantially at cost, net of accumulated depreciation. The policy is to capitalize all acquisitions of property, plant and equipment in excess of \$ 2,500 and their useful lives are greater than one year. Depreciation is provided using the straight-line method over the estimated useful life of the system components ranging, from five to forty years.

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 1 Summary of Significant Accounting Policies (Continued)**

OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transfers and Interfund Balances

Legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers.

Other outstanding balances between funds are reported as "due to / from other funds."

Statement of Cash Flows

For purposes of the statement of cash flows, the Township considers time deposits and all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There were no encumbrances as of December 31, 2020.

Total Columns on Combined Statements

Total columns on the combined statements are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Nor is such data comparable to a consolidation.

Public Employee Retirement System

The Township participates in a public employee retirement system. The system is a single employer defined contribution pension plan which covers all personnel employed on a full-time basis.

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 1 Summary of Significant Accounting Policies (Continued)**

OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Township requires management to make estimates and assumptions that affect certain reported amount and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts and balances presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**NOTE 2 Deposits and Investments**

The Township's investment policy is to place as much of the available funds into interest bearing accounts as feasible. Current cash requirements are kept in bank demand deposits.

Deposits

As of December 31, 2020, the carrying amount of the Township's deposits is \$10,336,496 and the bank balance is \$ 10,615,214. Of the bank balance, \$ 500,000 is covered by federal depository insurance (FDIC).

The Township requires all deposits and investments to be covered by federal depository insurance or to be fully collateralized by the financial institution issuing the investment or acquiring the deposit. Deposits that are not fully insured by the Federal Deposit Insurance Corporation, \$ 10,115,214 at December 31, 2020, are collateralized using the pooled asset method to 100% of value as required by Pennsylvania Law. The securities pledged as collateral are held by the trust department of a financial institution or by its agents in the financial institution's name, not in the Township's name, and are considered uncollateralized for credit risk purposes.

Investments

Authorized types of investments for Township funds are as follows:

- a) United States Treasury Bills and Notes.
- b) Short-term obligations of the United States, its agencies or instrumentalities.

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 2 Deposits and Investments (Continued)**

Investments (Continued)

- c) Deposits in savings accounts or time deposits insured by the Federal Deposit Insurance Corporation or similar insurance and provided that approved collateral for public deposits is pledged by the depository for excess amounts over the insured maximum.
- d) Obligations of the United States and the Commonwealth of Pennsylvania or any of their agencies or instrumentalities backed by the full faith and credit of the United States, Commonwealth of Pennsylvania, or political subdivisions.
- e) Shares of an investment company provided that the only investments of the company are in the investments listed in a) through d) above.

Investments made by the Township as of December 31, 2020, are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 - Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Township's name.

Investments, categorized by level of risk, are:

	Category			Fair Value /	Market
	1	2	3	<u>Carrying Amount</u>	<u>Value</u>
Mutual Funds	\$ -	\$ -	\$3,942,263	<u>\$ 3,942,263</u>	<u>\$ 3,942,263</u>
		Total		<u>\$ 3,942,263</u>	<u>\$ 3,942,263</u>

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 3 Capital Assets**

The following is a summary of the changes in the capital asset activity for the year ended December 31, 2020:

<u>Cost Basis</u>	<u>Life</u>	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2020</u>
Land and land improvements		\$ 5,120,370	\$ -	\$ -	\$ 5,120,370
Buildings and improvements	30 yrs.	5,061,099	-	-	5,061,099
Furniture and equipment	5 - 15 yrs.	4,937,942	279,690	(146,062)	5,071,570
Infrastructure	20 yrs.	5,444,022	-	-	5,444,022
		<u>\$ 20,563,433</u>	<u>\$ 279,690</u>	<u>\$ (146,062)</u>	<u>\$ 20,697,061</u>
<u>Accumulated Depreciation</u>	<u>Life</u>	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2020</u>
Land		\$ -	\$ -	\$ -	\$ -
Buildings and improvements	30 yrs.	3,543,637	165,412	-	3,709,049
Furniture and equipment	5 - 15 yrs.	4,086,539	297,357	(146,062)	4,237,834
Infrastructure	20 yrs.	2,282,083	272,201	-	2,554,284
		<u>\$ 9,912,259</u>	<u>\$ 734,970</u>	<u>\$ (146,062)</u>	<u>\$ 10,501,167</u>
<b>Net Capital Assets</b>		<b><u>\$ 10,651,174</u></b>			<b><u>\$ 10,195,894</u></b>

Depreciation expense of \$ 734,970 in the governmental activities was recorded as an unallocated expense because the Township does not breakdown the expenses into functional areas.

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 3 Capital Assets (Continued)**

The following is a summary of proprietary fund type property, plant and equipment for the primary government at December 31, 2020:

Sewer Fund:

<u>Cost Basis</u>	<u>Life</u>	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2020</u>
Buildings, plant and improvements	40 yrs.	\$ 101,871	\$ -	\$ -	\$ 101,871
<u>Accumulated Depreciation</u>	<u>Life</u>	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2020</u>
Buildings, plant and improvements	40 yrs.	\$ 29,034	\$ 2,547	\$ -	\$ 31,581
<b>Net Capital Assets</b>		<b><u>\$ 72,837</u></b>			<b><u>\$ 70,290</u></b>

Depreciation charged to operations for the Sewer Fund was \$ 2,547 for the year ended December 31, 2020.

**NOTE 4 Long-Term Debt**

The following is a summary of the details of outstanding long-term debt as of December 31, 2020:

\$2,500,000 Pennsylvania Infrastructure Bank (PIB) loan was issued April 9, 2013. Proceeds of the loan were used for improvements to the Route 309 Corridor. The interest indebtedness is payable at 1.625%. Maturity date is September 5, 2023. The loan was paid off during the year ended December 31, 2020.

The Township entered into a lease-purchase agreement for the purchase of a 2018 Freightliner truck. The capital lease requires an annual payment of \$ 39,587, including principal and interest of 3.93% over 3 years. The lease-purchase was paid off during the year ended December 31, 2020.

The Township entered into a lease-purchase agreement for the purchase of a 2018 Case Wheel Loader. The capital lease requires an annual payment of \$ 50,205, including principal and interest of 3.50% over 3 years. The lease-purchase was paid off during the year ended December 31, 2020.

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 4 Long-Term Debt (Continued)**

The Township entered into a lease-purchase agreement for the purchase of a 2019 Freightliner truck. The capital lease requires an annual payment of \$ 61,214, including principal and interest of 4.594% over 3 years.

The Township entered into a lease-purchase agreement for the purchase of a 2019 Case Loader Backhoe. The capital lease requires an annual payment of \$ 43,355, including principal and interest of 4.52% over 3 years.

The Township entered into a lease-purchase agreement for the purchase of a 2020 Bobcat Compact Track Loaders. The capital lease requires an annual payment of \$ 20,752, including principal and interest of 4.5924% over 3 years.

The following is a summary of long-term debt transactions for the year ended December 31, 2020:

	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2020</u>
<b><u>Governmental-type</u></b>				
PA Infrastructure Bank Loan	\$ 989,293	\$ -	\$ 989,293	\$ -
Capital Lease	38,089	-	38,089	-
Capital Lease	49,930	-	49,930	-
Capital Lease	114,481	-	55,955	58,526
Capital Lease	82,956	-	41,478	41,478
Capital Lease	-	59,744	20,934	38,810
Total Governmental-type	1,274,749	59,744	1,195,679	138,814
<b><u>Business-type</u></b>				
None	-	-	-	-
Total Business-type	-	-	-	-
Total Long-Term Debt	\$ 1,274,749	\$ 59,744	\$ 1,195,679	\$ 138,814

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 4 Long-Term Debt (Continued)**

Debt Service Requirements

The annual debt service requirements to maturity for governmental-type capital leases are as follows, as of December 31, 2020:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 118,973	\$ 6,349	\$ 125,322
2022	<u>19,841</u>	<u>911</u>	<u>20,752</u>
Total	<u>\$ 138,814</u>	<u>\$ 7,260</u>	<u>\$ 146,074</u>

**NOTE 5 Defined Contribution Pension Plan**

Plan Description

The North Whitehall Township Non-Uniformed Pension Plan is a single employer defined contribution pension plan controlled by the provisions of Resolution adopted August 20, 1986. The Plan is governed by the Board of Township Supervisors, which is responsible for the management of plan assets. The Board of Township Supervisors has delegated the authority to manage certain plan assets to Securian (Minnesota Mutual Life Insurance Company).

The plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System Aid Program which must be used for pension funding. Any funding requirements established by the MMO in excess of aid must be paid by the municipality in accordance with Act 205.

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

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 5 Defined Contribution Pension Plan (Continued)**

Plan Membership Information

Membership in the pension plan as of December 31, 2020, is as follows:

Active plan members	17
Retirees and beneficiaries currently receiving benefits	-
Terminated plan members entitled to benefits but not yet receiving them	<u>5</u>
Total	<u>22</u>

Summary of Significant Accounting Policies

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due, in accordance with Act 205, as amended. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The Plan's unallocated insurance contract held at December 31, 2020, is valued at current value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities. Funds under the contract that have been allocated and applied to purchase annuities are excluded from the Plan's assets.

Contribution

The Plan is open to all Township employees upon completion of one year of service and a minimum of 1000 hours or more. Under the Plan, the Township is required to make an annual contribution of 12% of compensation for each eligible employee. The contribution is paid by state aid and Township funds. Active employees may not make voluntary contributions to the Plan.

Concentration

Investments that represent 5% or more of net assets available for benefits.

All of the Plan's investments are held by Securian (Minnesota Mutual Life Insurance Company).

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 5 Defined Contribution Pension Plan (Continued)**

**Deposits and Investments**

The Governmental Accounting Standards Board, Statement No. 3 (GASB 3), requires certain note disclosures about a governmental entity's deposits with financial institutions investments (including repurchase agreements) and reverse repurchase agreements. The disclosures required by GASB 3 provide readers with information concerning the credit and market risks associated with the Plan's deposits and investments.

At December 31, 2020, the Plan held no deposits.

The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act.

**NOTE 6 Escrow Accounts**

Escrow funds are collected for construction projects to provide security that the projects will be adequately and properly completed. A balance of \$396,161 was maintained as of December 31, 2020, of escrow funds in several bank accounts.

**NOTE 7 Litigation**

Various claims and lawsuits are pending against the Township. Defenses are being conducted by counsel for the Township or the insurance carrier, and losses, if any, are not anticipated to have a significant effect on the Township's financial position.

**NOTE 8 Contingencies**

The Township participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs including the year ended December 31, 2020, have not yet been conducted. Accordingly, the Township's compliance with the applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

**NORTH WHITEHALL TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**DECEMBER 31, 2020**

**NOTE 9 Deficit Fund Balances**

No funds of the Township had a deficit fund balance at December 31, 2020.

The General Fund's: Public Safety, Health and Human Services, Public Works – Sanitation, and Culture and Recreation budget categories had expenditures in excess of appropriations for the year ended December 31, 2020.

**NOTE 10 Risk Management**

Significant losses are covered by commercial insurance for all major programs. There has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 11 Subsequent Events**

Subsequent events have been evaluated through August 30, 2021, which was the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**NORTH WHITEHALL TOWNSHIP**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE – BUDGET AND ACTUAL**  
**GENERAL FUND – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 3,850,868	\$ 3,850,868	\$ 4,049,502	\$ 198,634
Licenses and permits	265,000	265,000	230,612	(34,388)
Fines and forfeits	6,775	6,775	5,065	(1,710)
Interest and rents	68,702	68,702	69,979	1,277
Intergovernmental revenues	221,600	221,600	486,565	264,965
Charges for services	192,450	192,450	1,466,756	1,274,306
Miscellaneous revenues	82,345	82,345	123,631	41,286
<b>TOTAL REVENUES</b>	<u>4,687,740</u>	<u>4,687,740</u>	<u>6,432,110</u>	<u>1,744,370</u>
<b>EXPENDITURES</b>				
Current				
General government	810,166	810,166	691,785	118,381
Public safety	626,088	626,088	748,527	(122,439)
Health and human services	7,500	7,500	11,740	(4,240)
Public works - sanitation	86,700	86,700	114,939	(28,239)
Public works - highways and streets	1,318,736	1,318,736	978,628	340,108
Culture and recreation	106,750	106,750	304,381	(197,631)
Debt service - principal	258,000	258,000	257,409	591
Debt service - interest and fiscal charges	16,000	16,000	14,366	1,634
Insurance, employee benefits and misc.	1,062,800	1,062,800	919,766	143,034
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>4,292,740</u>	<u>4,292,740</u>	<u>4,041,541</u>	<u>251,199</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	395,000	395,000	2,390,569	1,995,569
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(395,000)	(395,000)	(942,222)	(547,222)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(395,000)</u>	<u>(395,000)</u>	<u>(942,222)</u>	<u>(547,222)</u>
Net change in fund balances	-	-	1,448,347	1,448,347
Fund Balances - January 1	-	-	5,140,615	5,140,615
Fund Balances - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,588,962</u>	<u>\$ 6,588,962</u>

**NORTH WHITEHALL TOWNSHIP**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES**  
**MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Street Lighting</u>	<u>Farmland Preservation</u>	<u>Road Machinery</u>	<u>Emergency Services</u>	<u>Total</u>
	Fund	Fund	Fund	Fund	Fund
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 61,186	\$ 145,411	\$ 573,340	\$ 330,528	\$ 1,110,465
Certificates of deposit	-	-	-	203,795	203,795
Due from other funds	-	-	-	-	-
Total Assets	<u>\$ 61,186</u>	<u>\$ 145,411</u>	<u>\$ 573,340</u>	<u>\$ 534,323</u>	<u>\$ 1,314,260</u>

**LIABILITIES AND FUND BALANCES**

<b><u>LIABILITIES</u></b>	
Due to other funds	\$ 24,000
Total Liabilities	<u>24,000</u>

**FUND BALANCES**

Restricted for:	
Street lighting	\$ 37,186
Farmland preservation	-
Committed:	
Capital acquisitions/construction	145,411
Total Fund Balances	<u>37,186</u>

Total Liabilities and Fund Balances	\$ 61,186	\$ 145,411	\$ 573,340	\$ 534,323	\$ 1,314,260
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**NORTH WHITEHALL TOWNSHIP**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
	Street Lighting	Farmland Preservation	Road Machinery	Emergency Services		
<b>REVENUES</b>						
Taxes	\$ -	\$ 145,247	\$ -	\$ 101,280		\$ 246,527
Interest	130	159	3,726	5,720		9,735
Miscellaneous	71,305	20	49,000	-		120,325
<b>TOTAL REVENUES</b>	<b>71,435</b>	<b>145,426</b>	<b>52,726</b>	<b>107,000</b>		<b>376,587</b>
<b>EXPENDITURES</b>						
Current						
General government	-	15	-	-		15
Public works	53,860	-	-	-		53,860
Debt service - principal	-	-	206,386	-		206,386
Debt service - interest	-	-	9,159	-		9,159
Capital outlay	-	-	238,669	-		238,669
<b>TOTAL EXPENDITURES</b>	<b>53,860</b>	<b>15</b>	<b>454,214</b>	<b>-</b>		<b>508,089</b>
Excess (deficiency) of revenues over (under) expenditures	17,575	145,411	(401,488)	107,000		(131,502)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of long-term debt	-	-	59,744	-		59,744
Operating transfers in	-	-	213,000	-		213,000
Operating transfers out	-	-	-	-		-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>272,744</b>	<b>-</b>		<b>272,744</b>
Net change in fund balances	17,575	145,411	(128,744)	107,000		141,242
Fund Balances - January 1	19,611	-	702,084	427,323		1,149,018
Fund Balances - December 31	\$ 37,186	\$ 145,411	\$ 573,340	\$ 534,323		\$ 1,290,260

FRANCE, ANDERSON, BASILE and COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' 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  
North Whitehall Township, 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 modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Whitehall Township, Pennsylvania as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise North Whitehall Township, Pennsylvania's basic financial statements, and have issued our report thereon dated August 30, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered North Whitehall Township, 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 North Whitehall Township, Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of North Whitehall Township, 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 Township'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. Given these limitations, during our audit we did

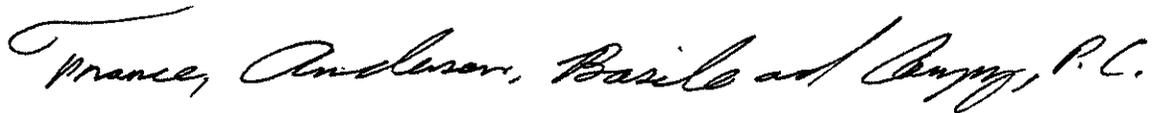
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether North Whitehall Township, 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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Emmaus, Pennsylvania  
August 30, 2021