

WEST NORRITON TOWNSHIP
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2022

KIMMEL, LORAH & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

**WEST NORRITON TOWNSHIP
ANNUAL FINANCIAL REPORT
Year Ended December 31, 2022**

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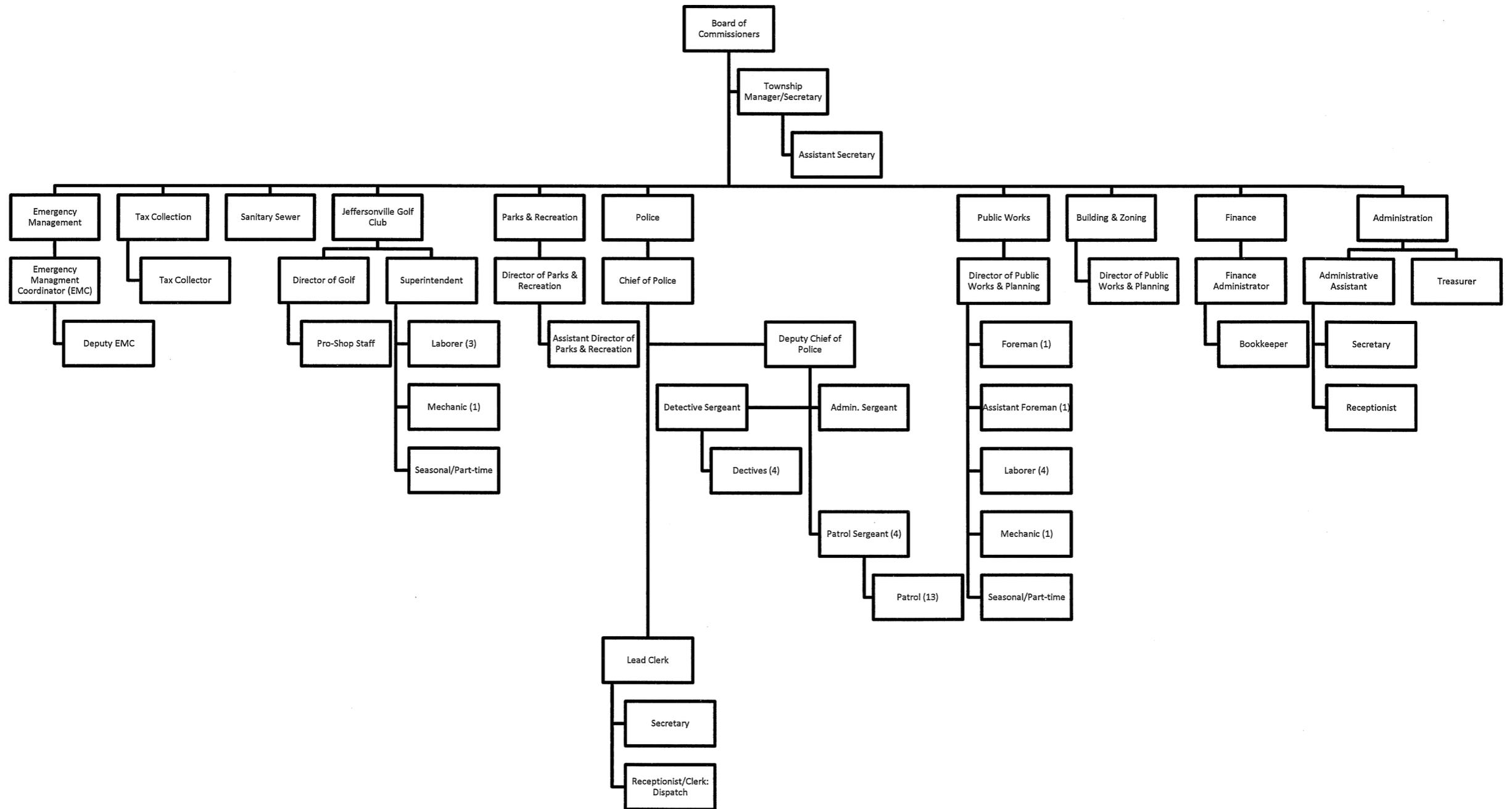
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INTRODUCTORY SECTION

WEST NORRITON TOWNSHIP
 ORGANIZATIONAL CHART



**WEST NORRITON TOWNSHIP
BOARD OF COMMISSIONERS
Year Ended December 31, 2022**

Board Officers:

President - Peter Smock

Vice President - Roseanne Milazzo

Board Members:

Martin Miller

Judith Eckles

Anne Pavone

**WEST NORRITON TOWNSHIP
BOARD APPOINTMENTS AND TOWNSHIP STAFF
Year Ended December 31, 2022**

Board Appointments:

Jason Bobst - Township Manager/Secretary
Kathy Frederick - Township Assistant Secretary
Donna Horn - Township Treasurer
Martin Sheehan - Tax Collector
Kilkenny Law - Township Solicitor
Kimmel, Lorah & Associates, LLP - Township Auditor
Erik Garton/Gilmore & Associates - Township Engineer
Allan Booz - Zoning Officer
Michael Valyo - Assistant Zoning Officer
Chris Fazio - Traffic Engineer
William Dingman/Gilmore & Associates - Sewer Engineer
Michael Valyo - Fire Marshal
Jonathan Kennedy - Deputy Fire Marshal
Naomi Crimm - Land Planner

Township Staff:

Donna Horn - Finance Administrator
Mary Criswell - Bookkeeper
Donna Benz - Receptionist
Diane Kummerer - Secretary
Allan Booz - Code Enforcement
Jon Dzedzy - Parks and Recreation
Stephanie Dinolfi - Assistant Parks and Recreation
Michael Kelly - Police Chief
Michael Valyo - Public Works

FINANCIAL SECTION

KIMMEL, LORAH & ASSOCIATES, LLP

CERTIFIED PUBLIC ACCOUNTANTS

July 12, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
West Norriton Township
Jeffersonville, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of West Norriton Township, Pennsylvania, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise West Norriton Township's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial statements section of our report. We are required to be independent of West Norriton Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Norriton Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of the Financial statements

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

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Norriton Township's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Norriton Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-16, budgetary comparison information on pages 62-67, and pension and other post-retirement employee benefit plans information on pages 68-73 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, which 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.

KimmeL, Lorah & Associates, LLP

Certified Public Accountants

WEST NORRITON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year Ended December 31, 2022

INTRODUCTION

This section of the financial statements for West Norriton Township (the "Township") presents a narrative overview and analysis of the Township's financial performance for the year ended December 31, 2022. We recommend that it be read in conjunction with the accompanying basic financial statements and notes to the financial statements in order to obtain a thorough understanding of the Township's financial condition at December 31, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of three parts:

- Management's discussion and analysis (this section).
- Basic financial statements (including notes).
- Required supplementary information.

Management's discussion and analysis is a guide to reading the financial statements and provides related information to help the reader to better understand the Township government. The basic financial statements include notes that provide additional information essential to a full understanding of the financial data provided in the government-wide and fund financial statements. Required supplementary information is provided in the Township's budget to actual figures for the major Governmental Funds.

The basic financial statements present two different views of the Township:

Government-Wide Financial Statements, the first two statements, provide information about the Township's overall financial status as well as the financial status of the Township's component unit.

Fund Financial Statements, the remaining statements, focus on individual parts of Township government. They provide more detail on operations than the government-wide statements. There are three types of fund financial statements:

- o Governmental Funds statements show how general government services such as public safety were financed in the short term, as well as what remains for future spending.
- o Proprietary Funds statements offer short-term and long-term financial information about the activities the Township operates like a business, such as West Norriton Township Sewer Fund and Golf Fund.
- o Fiduciary Funds statements reflect activities involving resources that are held by the Township as a trustee or agent for the benefit of others. Examples of this are the funds created to account for police and non-uniform employees' pension. Fiduciary Funds are not reflected in the government-wide statements because the resources cannot be used to support the Township's programs.

**WEST NORRITON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
Year Ended December 31, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

Government-Wide Financial Statements

Government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies.

The statement of net position includes all of the Township's assets and liabilities, except Fiduciary Funds, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business.

The statement of activities focuses on how the Township's net position changed during the year. Because it separates program revenue (revenue generated by specific programs through charges for services and grants) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on local taxes for funding.

All changes to net position are reported using the accrual method of accounting, which requires that revenues be reported when they are earned and expenses be reported when the goods and/or services are received, regardless of when cash is received or paid.

Net position is one way to measure the Township's financial position. Whether there are increases or decreases in the Township's net position is one indicator of whether the Township's financial position is improving or deteriorating. However, other nonfinancial factors such as changes in the Township's real property tax base and general economic conditions must be considered to assess the overall position of the Township.

The primary government and its component unit are included in the government-wide financial statements. Component units reflect the activities of legally separate government entities over which the Township can exercise influence and/or be obligated to provide financial support. The Township has one discretely presented component unit, West Norriton Industrial Development Authority. Complete and detailed financial statements for the component unit can be obtained from its administrative office.

There are two categories of activities for the primary government:

Governmental activities include the Township's basic services such as general government, public safety, public works, and culture and recreation. Property taxes, earned income tax, and state and federal grants finance most of these activities.

Business-type activities such as the Township's Sewer Fund and Golf Fund charge a fee to customers to help cover the costs of services.

Net position of the governmental activities differs from the Governmental Funds balances because Governmental Fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt do not affect fund balances.

WEST NORRITON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
Year Ended December 31, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

Government-Wide Financial Statements, Continued

Government-wide statements are reported using an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the statement of net position:

Capitalize current outlays for capital assets.

Report long-term debt as a liability.

Depreciate capital assets and allocate the depreciation to the proper program/activities.

Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting.

Allocate the net position balance as follows:

The portion of net position's net investment in capital assets.

Unrestricted net position is the portion of net position that is contained by external sources (creditors, grantors, and laws or regulations of governments).

Fund Financial Statements

Fund financial statements provide more detailed information on the Township's most significant funds, not the Township as a whole. Funds are accounting devices, i.e., a group of related accounts, the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law. Other funds are established to control and manage resources designated for specific purposes. Fund financial statements are reported using current financial resources and modified accrual accounting established by the Government Accounting Standards Board (GASB) for governments.

The Township has three kinds of funds:

Governmental Funds include most of the Township's basic services and focus on:

- (1) The flow in and out of cash and other financial assets that can readily be converted into cash.
- (2) The balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis, and a current financial resources measurement focus. Consequently, the Governmental Funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the Township's programs.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and Governmental Funds is described in a reconciliation that is included in the financial statements.

**WEST NORRITON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
Year Ended December 31, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

Fund Financial Statements, Continued

The Township adopts an annual budget for the General, Special Revenue, Liquid Fuels, Sewer, Golf, Sinking, and Capital Reserve Funds.

Proprietary Funds report business-type programs and activities that charge fees designed to recover the cost of providing services. They report using full accrual accounting.

Fiduciary Funds are funds for which the Township is the trustee or fiduciary. These include certain Agency Funds, or clearing accounts for assets held by the Township in its role as custodian until the funds are allocated to the pension recipients to which they belong. The Township is responsible for ensuring the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are excluded from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net Position

Total assets were \$62.1 million at December 31, 2022, which represents an increase of \$9.3 million, or 17.6%, compared to 2021. Business-Type Activities increased by \$8.4 million, primarily from an increase in capital assets of \$1.0 million and a increase in other assets of \$7.4 million.

Total liabilities were \$54.8 million, an increase of \$10.8 million, or 24.5%, compared to 2021. This increase was primarily the result of recording Note - Series 2022 proceeds of \$9,625,000, offset by \$1.9 million in principal payments, and an increase of \$2.9 million of net pension liabilities and deferred inflows related to pension plans and Other Post-Employment Benefits ("OPEB").

GASB 34 requires that all capital assets related to governmental activities be reported separately from those related to business-type activities in the government-wide financial statements. The Township believes it has included its entire infrastructure in the 2022 financial statements.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>		<u>Variances</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
ASSETS							
Other assets	\$8,829,829	\$8,211,130	\$19,755,116	\$12,362,732	\$28,584,945	\$20,573,862	\$8,011,083
Capital assets	8,028,831	7,991,809	17,723,232	16,692,179	25,752,063	24,683,988	1,068,075
Deferred outflows	7,769,516	7,501,486	-	-	7,769,516	7,501,486	268,030
TOTAL ASSETS	<u>24,628,176</u>	<u>23,704,425</u>	<u>37,478,348</u>	<u>29,054,911</u>	<u>62,106,524</u>	<u>52,759,336</u>	<u>9,347,188</u>
LIABILITIES							
Other liabilities	434,171	354,691	1,555,490	1,312,523	1,989,661	1,667,214	322,447
Long-term liabilities	26,172,982	23,715,689	20,238,676	12,434,842	46,411,658	36,150,531	10,261,127
Deferred inflows	6,477,804	6,248,436	-	-	6,477,804	6,248,436	229,368
TOTAL LIABILITIES	<u>33,084,957</u>	<u>30,318,816</u>	<u>21,794,166</u>	<u>13,747,365</u>	<u>54,879,123</u>	<u>44,066,181</u>	<u>10,812,942</u>
NET POSITION							
Net investment in capital assets	5,127,901	4,908,396	(3,444,562)	3,387,189	1,683,339	8,295,585	(6,612,246)
Unrestricted (deficit), restated	(13,584,682)	(11,522,787)	19,128,744	11,920,357	5,544,062	397,570	5,146,492
TOTAL NET POSITION	<u>(\$8,456,781)</u>	<u>(\$6,614,391)</u>	<u>\$15,684,182</u>	<u>\$15,307,546</u>	<u>\$7,227,401</u>	<u>\$8,693,155</u>	<u>(\$1,465,754)</u>

**WEST NORRITON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
Year Ended December 31, 2022**

GOVERNMENT-WIDE FINANCIAL STATEMENTS, CONTINUED

Changes in Net Position

The statement of activities represents changes in net position for the year ended December 31, 2022. It shows revenues by source and expenses by function for Governmental Activities, Business-Type Activities and the government as a whole. Reductions in net position can reflect additional annual depreciation and/or the elimination of assets during the particular year. Increases in net position can reflect the completion of previous works-in-progress and/or the purchase of additional assets. The statement of activities can be found in the accompanying Financial Statements.

Condensed Statements of Activities

	Governmental Activities		Business-Type Activities		Totals		Variances
	2022	2021	2022	2021	2022	2021	
REVENUES							
Program revenues							
Charges for services	\$208,272	\$227,649	\$5,530,900	\$5,236,730	\$5,739,172	\$5,464,379	\$274,793
Operating grants	1,030,550	1,215,403	-	206,852	1,030,550	1,422,255	(391,705)
General revenues							
Real estate	4,468,813	4,415,761	-	-	4,468,813	4,415,761	53,052
Per capital	45,802	19,191	-	-	45,802	19,191	26,611
Transfer	677,778	634,317	-	-	677,778	634,317	43,461
Earned income	4,048,257	3,867,606	-	-	4,048,257	3,867,606	180,651
LST	371,949	347,968	-	-	371,949	347,968	23,981
Liquid fuels	402,297	397,215	-	-	402,297	397,215	5,082
Investment earnings	82,964	15,417	79,117	9,454	162,081	24,871	137,210
Licenses, grants and fees	1,225,639	1,378,542	-	-	1,225,639	1,378,542	(152,903)
Miscellaneous	480,748	408,849	31,846	9,805	512,594	418,654	93,940
Gain on sales of capital assets	23,579	128,684	-	93,123	23,579	221,807	(198,228)
Transfers in (out)	(398,526)	1,552,596	398,526	(1,552,596)	-	-	-
TOTAL REVENUES	12,668,122	14,609,198	6,040,389	4,003,368	18,708,511	18,612,566	95,945
EXPENSES							
General government	8,016,578	7,270,136	-	-	8,016,578	7,270,136	746,442
Public safety	4,501,774	4,476,813	-	-	4,501,774	4,476,813	24,961
Public works	1,092,083	1,000,272	-	-	1,092,083	1,000,272	91,811
Culture and recreation	593,753	475,948	-	-	593,753	475,948	117,805
Community development	230,000	90,000	-	-	230,000	90,000	140,000
Debt service - interest	76,324	87,291	360,449	308,564	436,773	395,855	40,918
Sewer	-	-	3,151,922	2,896,547	3,151,922	2,896,547	255,375
Golf	-	-	2,151,382	1,824,254	2,151,382	1,824,254	327,128
TOTAL EXPENSES	14,510,512	13,400,460	5,663,753	5,029,365	20,174,265	18,429,825	1,744,440
CHANGE IN NET POSITION	(1,842,390)	1,208,738	376,636	(1,025,997)	(1,465,754)	182,741	(1,648,495)
NET POSITION AT BEGINNING OF YEAR	(6,614,391)	(7,823,129)	15,307,546	16,333,543	8,693,155	8,510,414	182,741
NET POSITION AT END OF YEAR	(\$8,456,781)	(\$6,614,391)	\$15,684,182	\$15,307,546	\$7,227,401	\$8,693,155	(\$1,465,754)

The Governmental Activities net position was increased to \$8.5 million deficit in 2022 from a \$6.6 million deficit in 2021 by an increase of \$1.8 million excess of expenses over revenues. The Business-Type Activities net position increased by \$.4 million in 2022, resulting in part from transfers from Governmental Activities of \$.4 million in 2022.

**WEST NORRITON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
Year Ended December 31, 2022**

GOVERNMENT-WIDE FINANCIAL STATEMENTS, CONTINUED

Net Program Expenses

Net program expenses indicate the amount of support required from taxes and other general revenues for a program of the government. The net program expenses for the year ended December 31, 2022, can be found in the accompanying statement of activities.

Real estate taxes are a significant source of funds to support net program expenses. In 2022, general real estate taxes brought in \$4.5 million and were \$.1 million higher than 2021. The real estate tax is based on the assessed value of real property; changes in the assessed valuation can affect tax revenues.

The Township's tax rate is still well below the Commonwealth-set cap for operating costs. While maintaining low millage rates has a positive political appearance, without an appropriate and supportive fund balance, the Township could suffer negative long-term ramifications when additional tax revenues are necessary. It appears that the current millage rate has helped the Township significantly in covering its net program expenses.

The following table provides a summary of total cost and net cost of services.

Net Cost of Governmental and Business-Type Activities

<u>Program</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$8,016,578	\$6,980,268
Public safety	4,501,774	4,425,626
Public works	1,092,083	1,092,083
Culture and recreation	593,753	467,389
Community development	230,000	230,000
Sewer and golf course services	5,303,304	227,596
	<u>\$19,737,492</u>	<u>\$13,422,962</u>

DEBT ADMINISTRATION AND CAPITAL ASSETS

Debt Administration

Long-term liabilities at December 31, 2022 were \$46.4 million, an increase of \$10.2 million from the prior year. There were debt borrowings of \$9.6 million during 2022, offset by \$1.8 million in principal payments of long-term debt and unamortized debt issuance costs. Additionally, the Township recorded \$5.9 million increase in net pension liability and \$3.3 million decrease in net Other Post-Employment Benefits (OPEB) liability.

Detailed information about the Township's long-term liabilities can be found in the Notes to the Financial Statements.

**WEST NORRITON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
Year Ended December 31, 2022**

DEBT ADMINISTRATION AND CAPITAL ASSETS, CONTINUED

Capital Assets

The Township's capital assets at December 31, 2022, net of accumulated depreciation, were \$25.8 million. Capital assets consist primarily of land, buildings, infrastructure and equipment. The table below is a summary of capital assets at December 31, 2022, and compares 2022 with 2021.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>		<u>Variances</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
CAPITAL ASSETS							
Land	\$2,798,103	\$2,798,103	\$1,328,729	\$1,328,729	\$4,126,832	\$4,126,832	\$ -
Construction in progress	26,124	-	2,054,887	5,003,404	2,081,011	5,003,404	(2,922,393)
Building and improvements	8,317,121	8,038,213	32,849,493	28,480,976	41,166,614	36,519,189	4,647,425
Machinery and equipment	3,623,056	3,323,293	2,097,222	2,114,360	5,720,278	5,437,653	282,625
Accumulated depreciation	<u>(6,735,573)</u>	<u>(6,167,800)</u>	<u>(20,607,099)</u>	<u>(20,235,290)</u>	<u>(27,342,672)</u>	<u>(26,403,090)</u>	<u>(939,582)</u>
CAPITAL ASSETS, net	<u>\$8,028,831</u>	<u>\$7,991,809</u>	<u>\$17,723,232</u>	<u>\$16,692,179</u>	<u>\$25,752,063</u>	<u>\$24,683,988</u>	<u>\$1,068,075</u>

Detailed information about the Township's capital assets can be found in Notes to the Financial Statements.

The cost of capital assets increased by \$2.0 million, consisting of \$2.5 million in purchases of capital assets offset by \$.5 million removed upon the sale of certain capital assets

Accumulated depreciation increased by \$.9 million, consisting of the current year's depreciation.

GOVERNMENTAL FUNDS

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

The focus of Governmental Funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, an unreserved/undesignated fund balance may serve as a useful measure of the Township's net resources available for spending at the end of the year. Therefore, some figures will be different in the fund statements than the government-wide statements.

The Township's Governmental Funds include the General Fund, Liquid Fuels Fund, Debt Service Fund, Capital Reserve Fund and Emergency Fund. The General Fund is the chief operating fund for the Township. The Capital Reserve Fund accounts for the proceeds of bond issues. The major funds are shown on the statement of revenues, expenditures and changes in fund balances in the Financial Statements.

**WEST NORRITON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
Year Ended December 31, 2022**

GOVERNMENTAL FUNDS, CONTINUED

Governmental Funds Revenues

Governmental Funds revenues by source at December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
REVENUES			
Taxes	\$10,014,896	\$9,682,058	\$332,838
Fees, licenses and permits	938,490	1,168,199	(229,709)
Court costs and fines	52,258	55,038	(2,780)
Grants	1,030,550	1,215,403	(184,853)
Charges for services	5,760	5,650	110
Public safety and highway	311,039	313,720	(2,681)
Recreation and culture	126,364	63,584	62,780
Interest	82,964	15,417	67,547
Miscellaneous	<u>480,748</u>	<u>408,849</u>	<u>71,899</u>
 TOTAL REVENUES	 <u>\$13,043,069</u>	 <u>\$12,927,918</u>	 <u>\$115,151</u>

Governmental Funds revenues totaled \$13.0 million for the year ended December 31, 2022, an increase of \$.1 million compared to 2021. Recognized tax revenues increased by \$.3 million, a decrease of \$.2 million in fees, licenses and permits, a decrease of \$.2 million in grants, and other revenues with a net increase of \$.2 million.

Governmental Funds Expenditures

Governmental Funds expenditures by source at December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
EXPENSES			
Administration	\$5,083,310	\$4,550,879	\$532,431
Public safety	4,701,114	4,871,181	(170,067)
Public works	1,144,630	1,202,902	(58,272)
Culture and recreation	704,041	1,553,366	(849,295)
Community development	230,000	90,000	140,000
Debt service	<u>258,807</u>	<u>276,774</u>	<u>(17,967)</u>
 TOTAL EXPENDITURES	 <u>\$12,121,902</u>	 <u>\$12,545,102</u>	 <u>(\$423,170)</u>

**WEST NORRITON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
Year Ended December 31, 2022**

GOVERNMENTAL FUNDS, CONTINUED

Governmental Fund Balances

The ending balance for Governmental Funds and net position for Proprietary Funds at December 31, 2022, were as follows:

Fund	Governmental Funds	Proprietary Funds
General Fund	\$5,901,154	\$ -
Liquid Fuels Fund	191,733	-
Debt Service Fund	4,188	-
Capital Reserve Fund	2,485,060	-
Emergency Fund	7,523	-
Sewer Fund	-	12,607,569
Golf Fund	-	3,076,613
	<u>\$8,589,658</u>	<u>\$15,684,182</u>

BUDGETARY HIGHLIGHTS

The Township Commissioners revise the budget on an as-needed basis. There are two kinds of revisions:

Allocations are made to specific line items from other line items or from contingency funds established in the budget.

New appropriations are budgeted when received, and the anticipated related expense is budgeted at the same time.

Because the Township is on a different fiscal year than the Commonwealth, it is difficult to know what grants will be forthcoming in the Township's fiscal year. Many revenue variances are due to budgeting for grants not received. Other revenue variances are based on grants received, but not anticipated.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Conditions

The Township's revenues have not kept up with the growing expenditures. This has forced the Township to look for ways to generate revenue from additional sources such as state grants. In addition, the Township is an older, densely populated and developed community with aging infrastructure that requires maintenance, rehabilitation, or reconstruction, further straining municipal resources.

**WEST NORRITON TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED), CONTINUED
Year Ended December 31, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET, CONTINUED

Market Impact on Investment Income

The Commonwealth restricts Township investments to government secured funds and deposits with federally insured institutions. In March 2016, the governor signed legislation (the "Act") which authorized additional financial products to the approved list of approved investments. The Act adds high quality money market instruments including repurchase agreements, commercial paper, negotiable certificates of deposit and bankers' acceptances to the list of approved investments.

Government Funding

The Township relies on state funding for various purposes including the Township's projects and programs, Police Department programs and economic development projects. Funding for these programs varies from year to year, and the Township develops strategies to maximize the impact of these funds.

Personnel Costs

The Township has contracts with two unions: The West Norriton Police Association and the American Federation of State County and Municipal Employees (AFSCME). The West Norriton Police Association contract was renewed effective January 1, 2023 and is due to expire on December 31, 2027; the current AFSCME contract is due to expire on December 31, 2027.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

These financial statements are designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability. Questions concerning this financial information or requests for additional information should be directed to:

West Norriton
Township Manager
1630 West Marshall Street
Jeffersonville, PA 19403
Phone: 610-631-0450
Fax: 610-630-0304

WEST NORRITON TOWNSHIP
STATEMENT OF NET POSITION
December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents	\$8,278,868	\$17,588,008	\$25,866,876	\$4,032
Accounts receivable	39,733	1,268,049	1,307,782	-
Accrued receivables	221,816	866,041	1,087,857	-
Other receivables	-	7,580	7,580	-
Prepaid interest	-	30,618	30,618	-
Due from Agency Fund	289,412	(5,180)	284,232	-
TOTAL CURRENT ASSETS	<u>8,829,829</u>	<u>19,755,116</u>	<u>28,584,945</u>	<u>4,032</u>
CAPITAL ASSETS				
Capital assets not being depreciated	2,824,227	3,383,616	6,207,843	-
Capital assets being depreciated, net	5,204,604	14,339,616	19,544,220	-
TOTAL CAPITAL ASSETS	<u>8,028,831</u>	<u>17,723,232</u>	<u>25,752,063</u>	<u>-</u>
TOTAL ASSETS	<u>\$16,858,660</u>	<u>\$37,478,348</u>	<u>\$54,337,008</u>	<u>\$4,032</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows of resources for pension	\$4,170,862	\$ -	\$4,170,862	\$ -
Deferred outflows of resources for OPEB	3,598,654	-	3,598,654	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$7,769,516</u>	<u>\$ -</u>	<u>\$7,769,516</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	\$89,385	\$543,996	\$633,381	\$ -
Accrued liabilities	150,786	51,691	202,477	-
Sales tax payable	-	67	67	-
Current portion of capital lease obligation	-	32,283	32,283	-
Current portion of long-term debt	194,000	927,453	1,121,453	-
TOTAL CURRENT LIABILITIES	<u>434,171</u>	<u>1,555,490</u>	<u>1,989,661</u>	<u>-</u>
NON-CURRENT LIABILITIES				
Long-term debt, net of current portion and unamortized issuance costs	2,706,930	20,238,676	22,945,606	-
Net pension liability	10,898,514	-	10,898,514	-
Net OPEB liability	12,567,538	-	12,567,538	-
TOTAL NON-CURRENT LIABILITIES	<u>26,172,982</u>	<u>20,238,676</u>	<u>46,411,658</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$26,607,153</u>	<u>\$21,794,166</u>	<u>\$48,401,319</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources for pension	\$665,631	\$ -	\$665,631	\$ -
Deferred inflows of resources for OPEB	5,812,173	-	5,812,173	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$6,477,804</u>	<u>\$ -</u>	<u>\$6,477,804</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$5,127,901	(\$3,444,562)	\$1,683,339	\$ -
Unrestricted (deficit)	(13,584,682)	19,128,744	5,544,062	4,032
TOTAL NET POSITION	<u>(\$8,456,781)</u>	<u>\$15,684,182</u>	<u>\$7,227,401</u>	<u>\$4,032</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$24,628,176</u>	<u>\$37,478,348</u>	<u>\$62,106,524</u>	<u>\$4,032</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022**

Functions/Programs	Program Revenues		Operating Grants	Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Expenses	Charges for Services		Governmental Activities	Business-Type Activities	Totals	
PRIMARY GOVERNMENT							
Governmental activities							
General government	\$8,016,578	\$5,760	\$1,030,550	(\$6,980,268)	\$ -	(\$6,980,268)	
Public safety							
Police	4,098,592	76,148	-	(4,022,444)	-	(4,022,444)	
Fire	403,182	-	-	(403,182)	-	(403,182)	
Public works							
Streets and roads	1,092,083	-	-	(1,092,083)	-	(1,092,083)	
Culture and recreation	593,753	126,364	-	(467,389)	-	(467,389)	
Community development	230,000	-	-	(230,000)	-	(230,000)	
Interest on long-term debt	76,324	-	-	(76,324)	-	(76,324)	
TOTAL GOVERNMENTAL ACTIVITIES	<u>14,510,512</u>	<u>208,272</u>	<u>1,030,550</u>	<u>(13,271,690)</u>	<u>-</u>	<u>(13,271,690)</u>	
Business-type activities							
Sewer	3,151,922	3,477,963	-	-	326,041	326,041	
Golf	2,151,382	2,052,937	-	-	(98,445)	(98,445)	
Interest on long-term debt	360,449	-	-	-	(360,449)	(360,449)	
TOTAL BUSINESS-TYPE ACTIVITIES	<u>5,663,753</u>	<u>5,530,900</u>	<u>-</u>	<u>-</u>	<u>(132,853)</u>	<u>(132,853)</u>	
TOTAL PRIMARY GOVERNMENT	<u>\$20,174,265</u>	<u>\$5,739,172</u>	<u>\$1,030,550</u>	<u>(13,271,690)</u>	<u>(132,853)</u>	<u>(13,404,543)</u>	
COMPONENT UNIT							
West Norriton Township IDA	\$ -	\$ -	\$ -				\$ -
GENERAL REVENUES							
Taxes							
Real estate				4,468,813	-	4,468,813	-
Per capita				45,802	-	45,802	-
Transfer				677,778	-	677,778	-
Earned Income				4,048,257	-	4,048,257	-
LST				371,949	-	371,949	-
Liquid fuels				402,297	-	402,297	-
Investment earnings				82,964	79,117	162,081	1
Licenses, grants and fees				1,225,639	-	1,225,639	-
Miscellaneous				480,748	31,846	512,594	-
Gain on sales of capital assets				23,579	-	23,579	-
TRANSFERS				(398,526)	398,526	-	-
TOTAL GENERAL REVENUES AND TRANSFERS				<u>11,429,300</u>	<u>509,489</u>	<u>11,938,789</u>	<u>1</u>
CHANGES IN NET POSITION				<u>(1,842,390)</u>	<u>376,636</u>	<u>(1,465,754)</u>	<u>1</u>
NET POSITION AT BEGINNING OF YEAR				<u>(6,614,391)</u>	<u>15,307,546</u>	<u>8,693,155</u>	<u>4,031</u>
NET POSITION AT END OF YEAR				<u>(\$8,456,781)</u>	<u>\$15,684,182</u>	<u>\$7,227,401</u>	<u>\$4,032</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022**

	<u>General Fund</u>	<u>Liquid Fuels Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>	<u>Emergency Fund</u>	<u>Total Governmental Funds</u>
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$5,590,077	\$191,733	\$4,188	\$2,485,060	\$7,810	\$8,278,868
Accounts receivable	39,733	-	-	-	-	39,733
Accrued receivables	221,816	-	-	-	-	221,816
Due from Agency Fund	<u>289,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,412</u>
TOTAL CURRENT ASSETS	<u>6,141,038</u>	<u>191,733</u>	<u>4,188</u>	<u>2,485,060</u>	<u>7,810</u>	<u>8,829,829</u>
TOTAL ASSETS	<u>\$6,141,038</u>	<u>\$191,733</u>	<u>\$4,188</u>	<u>\$2,485,060</u>	<u>\$7,810</u>	<u>\$8,829,829</u>
LIABILITIES AND FUND BALANCES						
CURRENT LIABILITIES						
Accounts payable	\$89,302	\$ -	\$ -	\$ -	\$83	\$89,385
Accrued liabilities	<u>150,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204</u>	<u>150,786</u>
TOTAL CURRENT LIABILITIES	<u>239,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287</u>	<u>240,171</u>
TOTAL LIABILITIES	<u>239,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287</u>	<u>240,171</u>
FUND BALANCES						
Unassigned	<u>5,901,154</u>	<u>191,733</u>	<u>4,188</u>	<u>2,485,060</u>	<u>7,523</u>	<u>8,589,658</u>
TOTAL FUND BALANCES	<u>5,901,154</u>	<u>191,733</u>	<u>4,188</u>	<u>2,485,060</u>	<u>7,523</u>	<u>8,589,658</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$6,141,038</u>	<u>\$191,733</u>	<u>\$4,188</u>	<u>\$2,485,060</u>	<u>\$7,810</u>	<u>\$8,829,829</u>

See accompanying notes to the basic financial statements.

WEST NORRITON TOWNSHIP
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2022

TOTAL GOVERNMENTAL FUNDS BALANCES	\$8,589,658
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Cost of capital assets	14,764,404
Accumulated depreciation	(6,735,573)
<p>Net note issuance costs are not current financial resources and therefore are not reported in the funds</p>	
	70,158
<p>Long-term liabilities applicable to the Township's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.</p>	
Series notes	(2,971,088)
Net pension liability	(10,898,514)
Net OPEB liability	(12,567,538)
<p>Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.</p>	
Deferred outflows - pension	4,170,862
Deferred inflows - pension	(665,631)
Deferred outflows - OPEB	3,598,654
Deferred inflows - OPEB	<u>(5,812,173)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>(\$8,456,781)</u>

See accompanying notes to the basic financial statements.

WEST NORRITON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	<u>General Fund</u>	<u>Liquid Fuels Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>	<u>Emergency Fund</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$9,425,606	\$402,297	\$ -	\$ -	\$186,993	\$10,014,896
Fees, licenses and permits	938,490	-	-	-	-	938,490
Court costs and fines	52,258	-	-	-	-	52,258
Grants	911,476	-	-	-	119,074	1,030,550
Charges for services	5,760	-	-	-	-	5,760
Public safety and highway	311,039	-	-	-	-	311,039
Recreation and culture	126,364	-	-	-	-	126,364
Interest	51,689	2,772	1	28,502	-	82,964
Miscellaneous	480,748	-	-	-	-	480,748
TOTAL REVENUES	<u>12,303,430</u>	<u>405,069</u>	<u>1</u>	<u>28,502</u>	<u>306,067</u>	<u>13,043,069</u>
EXPENDITURES						
Administration	1,037,010	-	-	-	-	1,037,010
Public safety						
Building/zoning	218,634	-	-	-	-	218,634
Police department	4,079,298	-	-	-	-	4,079,298
Fire department	2,500	-	-	-	400,682	403,182
Public works - Highways and streets	626,517	518,113	-	-	-	1,144,630
Recreation and culture	704,041	-	-	-	-	704,041
Community development	230,000	-	-	-	-	230,000
Payroll taxes	216,028	-	-	-	-	216,028
Insurance	321,091	-	-	-	-	321,091
Employee benefits	3,509,181	-	-	-	-	3,509,181
Debt service						
Principal	187,000	-	-	-	-	187,000
Interest	71,807	-	-	-	-	71,807
TOTAL EXPENDITURES	<u>11,203,107</u>	<u>518,113</u>	<u>-</u>	<u>-</u>	<u>400,682</u>	<u>12,121,902</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,100,323</u>	<u>(113,044)</u>	<u>1</u>	<u>28,502</u>	<u>(94,615)</u>	<u>921,167</u>

See accompanying notes to the basic financial statements.

WEST NORRITON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	<u>General Fund</u>	<u>Liquid Fuels Fund</u>	<u>Debt Service Fund</u>	<u>Capital Reserve Fund</u>	<u>Emergency Fund</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from dispositions of capital assets	\$23,579	\$ -	\$ -	\$ -	\$ -	\$23,579
Transfers in from General Fund	-	511	306,933	171,931	104,000	583,375
Transfers in from Debt Service Fund	306,933	-	-	-	-	306,933
Transfers in from Capital Reserve	355,218	-	-	-	-	355,218
Transfers in from Sewer Fund	82,683	-	-	35,000	-	117,683
Transfers out	<u>(1,097,563)</u>	<u>-</u>	<u>(306,933)</u>	<u>(357,239)</u>	<u>-</u>	<u>(1,761,735)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(329,150)</u>	<u>511</u>	<u>-</u>	<u>(150,308)</u>	<u>104,000</u>	<u>(374,947)</u>
NET CHANGE IN FUND BALANCES	771,173	(112,533)	1	(121,806)	9,385	546,220
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	<u>5,129,981</u>	<u>304,266</u>	<u>4,187</u>	<u>2,606,866</u>	<u>(1,862)</u>	<u>8,043,438</u>
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$5,901,154</u>	<u>\$191,733</u>	<u>\$4,188</u>	<u>\$2,485,060</u>	<u>\$7,523</u>	<u>\$8,589,658</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$771,173
<p>Capital outlays are reported in Governmental Funds as expenditures. However, on 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 capital outlays totaling \$633,707, consisting of current purchases plus principal payments on an installment contract and a capital lease obligation, exceeds depreciation of \$596,685 in the current period.</p>	
	37,022
<p>The net change in pension expense as it relates to deferred inflows, deferred outflows and net pension liability are reported in Governmental Funds as expenditures. However, on the statement of activities, these costs are not recognized.</p>	
	(2,608,115)
<p>Note proceeds, net of issuance costs, are reported as financing sources on Governmental Funds and thus contribute to the change in fund balance. On the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the statement of net position. In addition, the cost and amortization of issuance costs is not reflected in the Governmental Funds. However, the net issuance costs are recognized in long-term liabilities on the statement of net position and current amortization is recognized as expense on the statement of activities.</p>	
Repayments on general obligation debt/notes	187,000
Amortization of issuance costs	<u>(4,517)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>(\$1,617,437)</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2022**

	<u>Sewer Fund</u>	<u>Golf Fund</u>	<u>Total Proprietary Funds</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$9,730,193	\$7,857,815	\$17,588,008
Accounts receivable	1,113,734	-	1,113,734
Grant receivable	92,652	-	92,652
Accrued receivables	927,704	-	927,704
Other receivables	7,580	-	7,580
Prepaid interest	-	30,618	30,618
Due from Agency Fund	(206)	(4,974)	(5,180)
TOTAL CURRENT ASSETS	<u>11,871,657</u>	<u>7,883,459</u>	<u>19,755,116</u>
CAPITAL ASSETS			
Capital assets not being depreciated	9,673	3,373,943	3,383,616
Capital assets being depreciated, net	11,784,767	2,554,849	14,339,616
TOTAL CAPITAL ASSETS	<u>11,794,440</u>	<u>5,928,792</u>	<u>17,723,232</u>
TOTAL ASSETS	<u>\$23,666,097</u>	<u>\$13,812,251</u>	<u>\$37,478,348</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$257,995	\$286,001	\$543,996
Accrued liabilities	36,605	15,086	51,691
Sales tax payable	-	67	67
Current portion of capital lease obligations	-	32,283	32,283
Current portion of long-term debt	809,453	118,000	927,453
TOTAL CURRENT LIABILITIES	<u>1,104,053</u>	<u>451,437</u>	<u>1,555,490</u>
LONG-TERM LIABILITIES			
Long-term portion of capital lease obligations	-	33,532	33,532
Long-term portion of debt, net of unamortized issuance costs	9,954,475	10,250,669	20,205,144
TOTAL LIABILITIES	<u>11,058,528</u>	<u>10,735,638</u>	<u>21,794,166</u>
NET POSITION			
Net investment in capital assets	1,030,512	(4,475,074)	(3,444,562)
Unrestricted	11,577,057	7,551,687	19,128,744
TOTAL NET POSITION	<u>12,607,569</u>	<u>3,076,613</u>	<u>15,684,182</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$23,666,097</u>	<u>\$13,812,251</u>	<u>\$37,478,348</u>

See accompanying notes to the basic financial statements.

WEST NORRITON TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2022

	<u>Sewer Fund</u>	<u>Golf Fund</u>	<u>Total Proprietary Funds</u>
OPERATING REVENUES			
Charges for services	\$3,477,963	\$1,831,955	\$5,309,918
Food and beverage sales	<u>-</u>	<u>220,982</u>	<u>220,982</u>
TOTAL OPERATING REVENUES	<u>3,477,963</u>	<u>2,052,937</u>	<u>5,530,900</u>
OPERATING EXPENSES			
Sewer treatment expenses	845,483	-	845,483
Professional services	167,506	-	167,506
Employee salaries, payroll taxes and benefits	756,121	1,091,637	1,847,758
Supplies and materials	12,150	569,989	582,139
Insurance	61,695	51,957	113,652
Utilities	96,567	51,593	148,160
Depreciation and amortization	578,886	261,470	840,356
Repairs and maintenance	531,559	12,044	543,603
General expenses	<u>84,700</u>	<u>89,875</u>	<u>174,575</u>
TOTAL OPERATING EXPENSES	<u>3,134,667</u>	<u>2,128,565</u>	<u>5,263,232</u>
OPERATING INCOME	<u>343,296</u>	<u>(75,628)</u>	<u>267,668</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	(265,353)	(58,025)	(323,378)
Investment earnings	20,335	58,782	79,117
Miscellaneous revenue	<u>125</u>	<u>(45,422)</u>	<u>(45,297)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(244,893)</u>	<u>(44,665)</u>	<u>(289,558)</u>
INCOME BEFORE TRANSFERS	<u>98,403</u>	<u>(120,293)</u>	<u>(21,890)</u>
TRANSFERS			
Transfers in from General Fund	26,304	487,884	514,188
Transfers in from Capital Reserve Fund	-	2,021	2,021
Transfers out	<u>(117,683)</u>	<u>-</u>	<u>(117,683)</u>
TOTAL TRANSFERS	<u>(91,379)</u>	<u>489,905</u>	<u>398,526</u>
CHANGE IN NET POSITION	7,024	369,612	376,636
NET POSITION AT BEGINNING OF YEAR	<u>12,600,545</u>	<u>2,707,001</u>	<u>15,307,546</u>
NET POSITION AT END OF YEAR	<u>\$12,607,569</u>	<u>\$3,076,613</u>	<u>\$15,684,182</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2022**

	Sewer Fund	Golf Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from charges for services	\$3,416,192	\$2,052,937	\$5,469,129
Payments to employees	(754,944)	(1,093,370)	(1,848,314)
Payments to suppliers	(1,947,381)	(815,642)	(2,763,023)
NET CASH PROVIDED BY OPERATING ACTIVITIES	713,867	143,925	857,792
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(117,683)	-	(117,683)
Transfers from other funds	26,304	489,905	516,209
Miscellaneous revenue (expense)	125	14,310	14,435
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(91,254)	504,215	412,961
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Net proceeds from note related borrowings	-	9,539,500	9,539,500
Repayments of debt/notes	(658,004)	(1,017,585)	(1,675,589)
Interest payments	(235,410)	(88,643)	(324,053)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(893,414)	8,433,272	7,539,858
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	20,335	58,782	79,117
Proceeds from disposal of fixed assets	-	13,125	13,125
Purchase of capital assets	(183,882)	(1,478,082)	(1,661,964)
NET CASH USED BY INVESTING ACTIVITIES	(163,547)	(1,406,175)	(1,569,722)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(434,348)	7,675,237	7,240,889
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	10,164,541	182,578	10,347,119
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$9,730,193	\$7,857,815	\$17,588,008

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP
STATEMENT OF CASH FLOWS, CONTINUED
PROPRIETARY FUNDS
Year Ended December 31, 2022**

	Sewer Fund	Golf Fund	Total Proprietary Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$343,296	(\$75,628)	\$267,668
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	578,886	261,470	840,356
(Increase) decrease in:			
Receivables, net	(123,377)	-	(123,377)
Due from Agency Fund	-	2,500	2,500
Increase (decrease) in:			
Accounts payable	(86,115)	(39,957)	(126,072)
Accrued liabilities	1,177	(4,233)	(3,056)
Sales tax payable	-	(227)	(227)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$713,867</u>	<u>\$143,925</u>	<u>\$857,792</u>

See accompanying notes to the basic financial statements.

**WEST NORRITON TOWNSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2022**

	Pension Trust Funds		
	Police Pension	Non-Uniform Pension	Agency Fund
ASSETS			
Cash and cash equivalents	\$92,681	\$13,147	\$463,946
Investments	<u>17,573,006</u>	<u>5,320,717</u>	<u>-</u>
TOTAL ASSETS	<u>17,665,687</u>	<u>5,333,864</u>	<u>\$463,946</u>
LIABILITIES			
Escrow deposits	-	-	\$216,997
Due to General Fund	26,098	11,185	251,113
Due to (from) Golf Fund	<u>-</u>	<u>-</u>	<u>(4,164)</u>
TOTAL LIABILITIES	<u>26,098</u>	<u>11,185</u>	<u>\$463,946</u>
NET POSITION			
Held in trust for pension benefits	<u>\$17,639,589</u>	<u>\$5,322,679</u>	

See accompanying notes to the basic financial statements.

WEST NORRITON TOWNSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2022

	Pension Trust Funds	
	Police Pension	Non-Uniform Pension
ADDITIONS		
Contributions		
Township contribution	\$1,129,825	\$421,575
State contribution	269,384	113,970
Member contributions	129,879	9,274
TOTAL CONTRIBUTIONS	1,529,088	544,819
Investment earnings		
Net depreciation in fair value of investments	(4,397,203)	(1,348,519)
Interest and dividend income	735,986	223,004
TOTAL INVESTMENT EARNINGS	(3,661,217)	(1,125,515)
Investment expense	(43,017)	(13,132)
INVESTMENT EARNINGS, net	(3,704,234)	(1,138,647)
TOTAL ADDITIONS	(2,175,146)	(593,828)
DEDUCTIONS		
Benefits	1,148,561	502,015
Actuary fees	14,016	6,167
Insurance	7,777	3,333
TOTAL DEDUCTIONS	1,170,354	511,515
CHANGE IN NET POSITION	(3,345,500)	(1,105,343)
NET POSITION AT BEGINNING OF YEAR	20,985,089	6,428,022
NET POSITION AT END OF YEAR	\$17,639,589	\$5,322,679

See accompanying notes to the basic financial statements.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of West Norriton (the "Township"), located in Montgomery County, Pennsylvania, was organized in 1909. The Township operates under the Township Code, under the laws of the Commonwealth of Pennsylvania, and provides the following services: general administrative services; tax collection; public improvements; public safety; conservation and development; culture and recreation; and maintenance and repairs of streets and roads.

The basic financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Reporting Entity

The Board of Commissioners (the "Board") is the elected governing body of the Township. The Board comprises five members elected at large by the Township voters. As required by GAAP, the Township, for financial reporting purposes, includes all funds relevant to the operations of the Township. Management, in determining what potential component units should be included for financial reporting purposes, considers financial accountability and the nature and significance of the relationship. Fiscal accountability, the most significant of all criteria, refers to conditions of financial interdependency between two units, including budgetary adoption, taxing authority, responsibility for debt and control over or responsibility for financial management.

Based on the aforementioned criteria, the Township's component unit is the West Norriton Industrial Development Authority (the "Authority"). The Authority has been reported as a discretely presented component unit in a separate column in the financial statements to emphasize that it is legally separate from the Township.

West Norriton Township Industrial Development Authority - The Authority is a separate legal entity created for the purpose of acquiring, holding, constructing, improving, maintaining and operating, owning or leasing (either in the capacity of lessor or lessee) projects of all kinds and character.

The Authority is governed by a five-member board appointed by the Board of Commissioners of the Township.

The Authority's governing board is responsible for decisions made in the operation of the Authority. The Township, however, is responsible for funding any deficit which may arise in the operation of the Authority. The Township also is required to review and approve the Authority's annual operating budget and any amendment thereto.

The Authority is presented as a Proprietary Fund Type, and its financial statements have been prepared on the accrual basis of accounting. Separately issued financial statements of the Authority may be obtained at the Township's administrative office.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Accounting

The Township uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Township functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Township are grouped into the categories governmental, proprietary and fiduciary.

The Township reports the following major Governmental Funds:

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Liquid Fuels Fund - The Liquid Fuels Fund is used by the Township to account for state aid revenues for building, improving and maintaining roads and bridges.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for and payment of general long-term debt principal, interest and related costs.

Emergency Fund - The Emergency Fund is used by the Township to account for state aid and property tax revenues used to provide fire fighting and emergency services.

Capital Reserve Fund - The Capital Reserve Fund is used to account for capital project expenditures related to the acquisition, construction and renovation of Township facilities.

The Township reports the following Proprietary Funds:

Sewer Fund - The Sewer Fund is used to account for the operations of the Township's Sewer System, which is financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to have the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges and cost reimbursement plans.

Golf Fund - The Golf Fund is used to account for revenue and expenditures related to the operation of the golf course owned by the Township.

Additionally, the Township reports the following fund types:

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations. The Township's Trust and Agency Funds consist of developer escrow deposits held by the Township and investments held for the Township's Police Pension Plan and Non-Uniform Pension Plan.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation and Accounting

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds and Agency Funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Funds financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other receipts, including earned income taxes, are recorded as revenue when received because they are generally not measurable until actually received. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each discretely presented component unit of the Township and for each function or program of the Township's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Township.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - Fund financial statements report detailed information about the Township. The focus of Governmental Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Township finances and meets the cash flow needs of its proprietary activities.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Funds' ongoing operations. The principal operating revenues of the Township's Proprietary Funds are sewer rents and income from the Jeffersonville Golf Course. Operating expenses of the Township's Proprietary Funds include supplies, administrative costs and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township's Pension Trust Funds, discretely presented component unit and Agency Funds are presented on the accrual basis of accounting, whereby revenues are recognized in the period earned, and expenses are recognized when incurred.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use unrestricted resources first, then restricted resources as they are needed.

Cash and Cash Equivalents

The cash of individual funds and the component unit is combined to form a pool of cash and cash equivalents. Each fund type's portion of the pool is included on the balance sheet or statement of net position as "cash and cash equivalents" under each fund type's caption. The deposits and investments of the Pension Trust Funds are held separately from those of other Township funds.

Cash and cash equivalents include cash on hand and in banks and investments in short-term highly liquid investments with original maturities of less than 90 days.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments

The Township follows the provisions of GASB Statement No. 31; therefore, investments are stated at fair value in all funds. Investments that do not have an established market value are reported at estimated fair value.

The Commonwealth restricts Township investments to government secured funds and deposits with federally insured institutions. In March 2016, the governor signed legislation (the "Act") which authorized additional financial products to the approved list of approved investments. The Act adds high quality money market instruments including repurchase agreements, commercial paper, negotiable certificates of deposit and bankers' acceptances to the list of approved investments.

The Township's Pension Trust Funds, which are mostly invested in mutual funds and exchange traded funds, are not bound by these restrictions.

Receivables

Receivables and Payables - Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Sewer Revenues and Accounts Receivable - Charges for services are recognized when earned. Management considers all sewer receivables to be collectible; accordingly, the allowance for doubtful accounts has been set at \$-0- as of December 31, 2022.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental activities, business-type activities, or discretely presented component unit columns in the government-wide financial statements. The Township defines capital assets as assets with an initial, individual cost equal to or greater than \$5,000. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are reported at estimated fair market value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Property, plant, equipment and infrastructure assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	15
Buildings and building improvements	39 - 40
Machinery and equipment	5 - 7
Infrastructure	10 - 50

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Long-Term Obligations

In the government-wide and business-type activities financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond or note premiums and discounts, where applicable, are deferred and amortized over the life of the bonds using the effective interest method. Bonds and notes payable are reported net of the applicable premium or discount. Costs relative to debt issuance, whether withheld from debt proceeds or paid separately, are reported as assets and amortized to expense using the straight-line method over the life of the related debt.

In the Governmental Fund Type financial statements, bond or note premiums and discounts, as well as debt issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

The government-wide and business-type activities financial statements utilize net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted - This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This category represents net position of the Township not restricted for any project or other purpose.

The Township implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Township's fund balances more transparent.

Unassigned Fund Balance - Amounts available for any purpose. Positive amounts are reported only in the General Fund.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed. Interfund transactions other than quasi-external transactions and reimbursements are reported as transfers.

Component Unit - West Norriton Industrial Development Authority

Basis of Accounting - The Authority's financial statements are presented on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows.

All activities of the Authority are accounted for within one Proprietary (Enterprise) Fund. Proprietary Funds are used to account for operations that are (1) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to have the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net position. Proprietary Fund Type operating statements present increases (revenues) and decreases (expenses) in net position.

Net Position - Net position is categorized as net investment in capital assets, restricted and unrestricted as follows:

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Unrestricted

This category represents net position of the Authority not restricted for any project or any other purpose.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Authority considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Adoption of Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 87 “Leases” is effective for the Township for the year ended December 31, 2022. The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

New Accounting Pronouncements

GASB Statement No. 96, “Subscription-Based Information Technology Arrangements” will be effective for the Township for the year ended December 31, 2023. The objective of GASB Statement No. 96 is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction; (2) establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Pronouncements, Continued

GASB Statement No. 100, "Accounting Changes and Error Corrections (an amendment to GASB Statement No. 62)", will be effective for the Township for the year ended December 31, 2024. The objective of GASB Statement No. 100 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for accounting changes and correction of an error. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 101, "Compensated Absences", will be effective for the Township for the year ended December 31, 2024. The objective of GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Township management is in the process of analyzing these pending changes in accounting principles and the impact, if any, they will have on the Township's financial statements.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

DEPOSITS

The Township is required by statute to deposit funds in depositories that are either banks, banking institutions, or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States of America, the Commonwealth of Pennsylvania, or any political subdivision of the Commonwealth. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit.

CAPITAL ASSETS

Primary Government

A summary of changes to capital assets is as follows:

	<u>Balance</u> <u>January 1,</u> <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2022</u>
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$2,798,103	\$ -	\$ -	\$2,798,103
Construction in progress	<u>-</u>	<u>26,124</u>	<u>\$ -</u>	<u>26,124</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>2,798,103</u>	<u>26,124</u>	<u>-</u>	<u>2,824,227</u>
Capital assets being depreciated				
Buildings and improvements	8,038,213	278,908	-	8,317,121
Machinery and equipment	<u>3,323,293</u>	<u>328,675</u>	<u>(28,912)</u>	<u>3,623,056</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>11,361,506</u>	<u>607,583</u>	<u>(28,912)</u>	<u>11,940,177</u>
Accumulated depreciation				
Buildings and improvements	(3,636,221)	(349,648)	-	(3,985,869)
Machinery and equipment	<u>(2,531,579)</u>	<u>(247,037)</u>	<u>28,912</u>	<u>(2,749,704)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(6,167,800)</u>	<u>(596,685)</u>	<u>28,912</u>	<u>(6,735,573)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>5,193,706</u>	<u>10,898</u>	<u>-</u>	<u>5,204,604</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	<u>\$7,991,809</u>	<u>\$37,022</u>	<u>\$ -</u>	<u>\$8,028,831</u>

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

CAPITAL ASSETS, CONTINUED

Primary Government, Continued

	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2022</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$1,328,729	\$ -	\$ -	\$1,328,729
Construction in progress	<u>5,003,404</u>	<u>1,488,150</u>	<u>(4,436,667)</u>	<u>2,054,887</u>
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>6,332,133</u>	<u>1,488,150</u>	<u>(4,436,667)</u>	<u>3,383,616</u>
Capital assets being depreciated				
Buildings and improvements	28,480,977	4,733,408	(364,891)	32,849,494
Machinery and equipment	<u>2,114,359</u>	<u>129,865</u>	<u>(147,002)</u>	<u>2,097,222</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>30,595,336</u>	<u>4,863,273</u>	<u>(511,893)</u>	<u>34,946,716</u>
Accumulated depreciation				
Buildings and improvements	(18,659,649)	(678,594)	292,033	(19,046,210)
Machinery and equipment	<u>(1,575,641)</u>	<u>(132,251)</u>	<u>147,002</u>	<u>(1,560,890)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(20,235,290)</u>	<u>(810,845)</u>	<u>439,035</u>	<u>(20,607,100)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	<u>10,360,046</u>	<u>4,120,644</u>	<u>(141,074)</u>	<u>14,339,616</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	<u>\$16,692,179</u>	<u>\$5,608,794</u>	<u>(\$4,577,741)</u>	<u>\$17,723,232</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES

General government	\$122,277
Public safety	154,207
Public works	159,761
Culture and recreation	<u>160,440</u>

TOTAL GOVERNMENTAL ACTIVITIES \$596,685

BUSINESS-TYPE ACTIVITIES

Golf course and sewer services	<u>\$810,845</u>
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WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

REAL ESTATE TAXES

Real estate taxes attach as an enforceable lien on property on May 1. Taxes are billed on March 1, payable under the following terms: 2% discount March 1 through May 1; face amount, May 2 through July 1; and 10% penalty after July 1. The County bills these taxes, which are collected by an independent tax collector. Real estate tax revenues are recognized in the period in which they become susceptible to accrual; that is, when they become both measurable and available. Assessed values of real property are generally 100% of the market value as determined by the Montgomery County Board of Assessment.

The rate of real estate taxation in 2022 was 4.475 mills, consisting of 3.882 mills for general purposes, .070 mills for recreation purposes, .325 mills for debt purposes, and .198 mills for fire protection purposes, on a total County assessed valuation of \$985,590,507.

DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN)

Summary of Significant Accounting Policies

The Township's Police Pension Plan (the "Police Plan") investments are carried at fair value as reported by the investment managers. Short-term investments are reported at cost, which approximates fair value. Financial information of the Police Plan is presented on the accrual basis of accounting. Police Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, as required by the Police Plan. For the purpose of measuring the net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions, information about the fiduciary net position has been determined on the same basis as it is reported by the Police Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

Plan Administration - The Township administers the Police Plan, a single-employer defined benefit pension plan that provides pensions for all regular, full-time sworn police officers. The Police Plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. A stand-alone, GASB No. 67 and 68 valuation report for the 2022 calendar year is available via the Township's website.

The Police Plan is locally controlled by the provisions of Ordinance No. 08-629, as amended, adopted pursuant to Act 600. The Police Plan is also affected by the provisions of collective bargaining agreements between the Township and its police officers. The Police Plan was established January 1, 1967. As of December 31, 2022, the Police Plan had 26 active members, 1 terminated member eligible for vested benefits in the future, and 23 retirees receiving benefits from the Plan.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN), CONTINUED

Benefits Provided - The Police Plan provides retirement benefits, as well as death and disability benefits. 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 50% of their final average compensation. Final average compensation is the employee's total compensation over the last 36 months of credited service. The service increment benefit is capped at \$100 per month for those hired after January 1, 2000. Participants are 100% vested after 12 years of service.

In the event of the death of a member after normal retirement date, the surviving spouse (or the surviving minor children in the absence of a surviving spouse) will receive at least 50% of the monthly benefit the deceased member had been receiving or was eligible to receive. If the benefit is higher than 50%, it is reduced to 50% of the monthly benefit as of the first day of the month in which the surviving spouse is remarried.

If a member should die without a spouse, each dependent child of the member under the age of 18 (or 24 if attending college) will receive a proportional share of the 50% monthly benefit. In the event of the death of a member prior to normal retirement date, the surviving spouse (or the surviving minor children in the absence of a surviving spouse) will receive 100% of compensation payable the year of death including base wages, longevity, college incentive and residency bonuses if killed or dying in the line of service.

Disability benefits are based on the compensation earned in the member's pay period immediately preceding the incident that caused the disability, including all earned paid leave which can be cashed in, based on the following schedule:

- 1 day through 24 months - 100% of compensation
- 25th through 48 months - 75% of compensation
- 49th through 60 months - 60% of compensation
- After 60 months - 50% of compensation

Upon the member's death, 100% of the pension he or she had been receiving will be continued to the surviving spouse (or minor children).

Contributions - Pennsylvania Act 205 of 1984 (as amended) requires that annual contributions be based upon the minimum municipal obligation (MMO), which is based on the Plan's biennial actuarial valuation. The MMO includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds, which must be used for pension funding. A financial requirement established by the MMO, which exceeds state and member contributions, must be funded by the employer. In accordance with Act 205, the Township was required to contribute \$1,067,107 to the Plan for the year ended December 31, 2022.

As a condition of participation, participants are required to make contributions to the Plan. The amount of the contribution for 2022 was 3.5% of the participant's pay.

**WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN), CONTINUED

Investments

Investment Policy - The Police Plan's policy in regard to the allocation of invested assets is established and may be amended by the West Norriton Police Pension/Investment Board. It is the policy of the West Norriton Police Pension/Investment Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The Police Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following chart shows the asset class allocation as of December 31, 2022:

<u>Target Asset Class</u>	<u>Allocation</u>
Domestic equity	55%
International equity	22%
Fixed income	22%
Cash	1%
	<u>100%</u>

Concentrations - No individual investment represented 5% of the Police Plan's total investments.

Net Pension Liability of the Township

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

Total pension liability	\$25,563,391
Police Plan fiduciary net position	<u>(17,665,687)</u>
NET PENSION LIABILITY	<u>\$7,897,704</u>
Police Plan fiduciary net position as a percentage of the total pension liability	<u>69.11%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.75%
Projected salary increases	4.50%
Includes inflation at	2.50%

Mortality rates were based on the PUB-2010 General Amount-Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable), projected from 2010 with Mortality Improvement Scale MP-2022.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN), CONTINUED

Net Pension Liability of the Township, Continued

According to the Police Plan's investment consultant, the long-term expected return on assets is to be approximately 6.75%.

Discount Rate - The discount rate is based on the long-term expected rate of return on Police Plan investments that are expected to be used to finance the payments of benefits. The Police Plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the Police Plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania Law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost, and Police Plan expenses, as well as amortization of the unfunded liability, to ultimately achieve fully funded status.

Changes in the Net Pension Liability

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a)-(b)</u>
Balances at 12/31/2021	<u>\$24,269,106</u>	<u>\$21,003,411</u>	<u>\$3,265,695</u>
Changes for the year:			
Service cost	831,531	-	831,531
Interest cost	1,599,790	-	1,599,790
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Contributions:			
Township and state aid	-	1,336,491	(1,336,491)
Employee	-	181,072	(181,072)
Net investment income	-	(3,661,217)	3,661,217
Benefit payments	(1,137,036)	(1,137,036)	-
Administrative expense	-	(57,034)	57,034
Net changes	<u>1,294,285</u>	<u>(3,337,724)</u>	<u>4,632,009</u>
Balances at 12/31/2022	25,563,391	17,665,687	7,897,704
Deferred Retirement Option Program (DROP) balance at 12/31/2022	<u>1,244,307</u>	<u>1,244,307</u>	<u>-</u>
Total at 12/31/2022	<u>\$26,807,698</u>	<u>\$18,909,994</u>	<u>\$7,897,704</u>

The above township and state aid amount includes \$269,383 from funds provided by the Commonwealth of Pennsylvania to the Township, which is included in the Township's miscellaneous revenue.

**WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

DEFINED BENEFIT PENSION PLAN (POLICE PENSION PLAN), CONTINUED

Net Pension Liability of the Township, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 6.75%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Township's net pension liability	<u>\$10,877,281</u>	<u>\$7,897,704</u>	<u>\$5,409,796</u>

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

For the year ended December 31, 2022, the Township incurred pension expense of \$1,336,491. At December 31, 2022, the Township reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$9,354	\$337,268
Changes of assumptions	797,379	-
Net difference between projected and actual earnings on pension plan investments	<u>2,447,466</u>	<u>-</u>
Total pension expense	<u>\$3,254,199</u>	<u>\$337,268</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2023	\$526,653
2024	581,495
2025	792,885
2026	<u>1,015,898</u>
Total	<u>\$2,916,931</u>

Deferred Retirement Option Program (DROP)

An active member who has met the eligibility requirements for normal retirement may elect to participate in the Deferred Retirement Option Program (DROP) for a period of not more than 48 months. The member's monthly pension amount will be calculated as of their date of participation in the program and will be distributed in a lump sum at retirement. As of December 31, 2022, the total DROP account balance for the Police Plan was approximately \$1,244,307.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN)

Summary of Significant Accounting Policies

The Township's Non-Uniform Pension Plan (the "Non-Uniform Plan") investments are carried at fair value as reported by the investment managers. The Non-Uniform Plan is governed by the West Norriton Police Pension/Investment Board, which is responsible for the management of plan assets. Short-term investments are reported at cost, which approximates fair value. Financial information of the Non-Uniform Plan is presented on the accrual basis of accounting. Non-Uniform Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due, as required by the Non-Uniform Plan. For the purpose of measuring the net pension liability, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions, information about the fiduciary net position has been determined on the same basis as it is reported by the Non-Uniform Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Plan Description

Plan Administration - The Township administers the Non-Uniform Plan, a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 1470, adopted pursuant to Act 15 of 1974. Each full-time employee of the Township, who is not a member of the police force, becomes eligible upon the first of the month on or after the completion of six consecutive months of full-time service.

The Non-Uniform Plan is part of the Township's financial reporting entity and is included in the Township's financial statements as a Pension Trust Fund. A stand-alone, GASB No. 67 and 68 valuation report for the 2022 calendar year is available via the Township's website. As of December 31, 2022, the plan had 25 active members, 21 retirees or beneficiaries currently receiving benefits, and 14 inactive employees entitled to but not yet receiving benefits.

Benefit Provisions - The Non-Uniform Pension Plan provides retirement and death benefits to plan members and their beneficiaries. Participants are 100% vested after 5 years of service. Each participant will be eligible for retirement on the first of the month coincident with or next following attainment of age 65 and the completion of 5 years of service. Each participant will be eligible for early retirement on the first of the month coincident with or next following attainment of age 55. The first day of the month following the member's actual retirement date, if after that member's normal retirement date, is the deferred retirement date.

For members who were hired on or after October 1, 2004, the Accrued Benefit is 2% of the Average Monthly Compensation multiplied by completed years and months of service as of the date of determination, to a maximum of 25 years of service.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN), CONTINUED

Benefit Provisions, Continued

Members who first became participants on or after January 1, 2003, but prior to October 1, 2004, the Accrued Benefit is 50% of the Average Monthly Compensation calculated as of the date of determination, multiplied by the ratio of completed years of service (excluding any service with the Township Municipal Authority prior to January 1, 2003) over the greater of 25 years or the completed number of years of service as of the normal retirement date (including service with the Township Municipal Authority prior to January 1, 2003).

For employees who were participants of the Non-Uniform Plan prior to January 1, 2003, the Accrued Benefit is 50% of the Average Monthly Compensation calculated as of the date of determination, multiplied by the ratio of completed years of service over the completed years of service as of the normal retirement date.

Notwithstanding anything above to the contrary, the Accrued Benefit will not be less than 2% of the Average Monthly Compensation times completed years and months of service, to a maximum of 25 years.

Average Monthly Compensation is the average monthly earnings of a member during the last 36 months of employment excluding overtime.

The monthly benefit upon normal retirement shall be the member's Accrued Benefit as of that date, payable for the remainder of the member's life, no less than \$10 per month.

For those choosing early retirement, the benefit is reduced 5/12ths of 1% for each month by which the early retirement date precedes the normal retirement date. For those with at least 25 years of service, the reduction is 5/12% for each month that such actual retirement date precedes the first day of the month coincident with or next following age 62.

If a member continues employment beyond the normal retirement date, no benefit will be paid until actual retirement. The member will be entitled to a benefit equal to the greater of the actuarial equivalent of the monthly retirement benefit the member was entitled to at the close of the prior plan year, or the member's Accrued Benefit determined at the close of the plan year.

For single members, the benefit is paid in the form of a straight life annuity. For those married, the benefit is a joint and 50% survivor annuity, actuarially equivalent to straight life annuity. The member may also opt for other similar annuities.

Contributions - Act 205 requires that annual contributions be based upon the Non-Uniform Plan's minimum municipal obligation (MMO). The MMO is based upon the Non-Uniform Plan's biennial actuarial valuation. In accordance with the Non-Uniform Plan's governing ordinance, members are required to contribute at least 1.00% of total pensionable wages. The Non-Uniform Plan may also be eligible to receive an allocation of state aid from the General Municipal Pension System State Aid Program, which must be used for pension funding. In accordance with Act 205 the Township was required to contribute \$420,554 to the Plan for the year ended December 31, 2022.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN), CONTINUED

Contributions, Continued

Any funding requirements established by the MMO in excess of employee contributions and state 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 Non-Uniform Plan and funded through investment earnings.

Investments

Investment Policy - The Non-Uniform Plan's investment policy is the same as for the Police Plan above (see separate note).

The following chart shows the asset class allocation as of December 31, 2022:

<u>Target Asset Class</u>	<u>Allocation</u>
Domestic equity	55%
International equity	22%
Fixed income	22%
Cash	1%
	<u>100%</u>

Concentrations - One individual investment exceeded 5% of the Non-Uniform Plan's total investments.

Net Pension Liability of the Township

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

Total pension liability	\$8,272,113
Non-Uniform Plan fiduciary net position	<u>(5,271,303)</u>
NET PENSION LIABILITY	<u>\$3,000,810</u>
Non-Uniform Plan fiduciary net position as a percentage of the total pension liability	<u>63.72%</u>

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.75%
Projected salary increases	4.50%
Includes inflation at	2.50%

**WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN), CONTINUED

Net Pension Liability of the Township, Continued

Actuarial Assumptions, Continued

Mortality rates were based on the PUB-2010 General Amount-Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable), projected from 2010 with Mortality Improvement Scale MP-2022.

According to the Non-Uniform Plan's investment consultant, the long-term expected return on assets is to be approximately 6.75%.

Discount Rate - The discount rate is based on the long-term expected rate of return on Plan investments that are expected to be used to finance the payments of benefits. The Plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the Plan assets are expected to be invested using a strategy to achieve that return. The employer has always met the funding requirements of Pennsylvania Law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost, and plan expenses, as well as amortization of the unfunded liability, to ultimately achieve fully funded status.

Changes in the Net Pension Liability

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances at 12/31/2021	<u>\$8,000,679</u>	<u>\$6,310,934</u>	<u>\$1,689,745</u>
Changes for the year:			
Service cost	183,638	-	183,638
Interest cost	525,281	-	525,281
Changes in assumptions	-	-	-
Differences between expected and actual experience	-	-	-
Contributions:			
Township and state aid	-	534,524	(534,524)
Employee	-	9,274	(9,274)
Net investment income	-	(1,126,645)	1,126,645
Benefit payments	(437,485)	(437,485)	-
Administrative expense	-	(19,299)	19,299
Net changes	<u>271,434</u>	<u>(1,039,631)</u>	<u>1,311,065</u>
Balances at 12/31/2022	8,272,113	5,271,303	3,000,810
Deferred Retirement Option Program (DROP) balance at 12/31/2022	<u>62,561</u>	<u>62,561</u>	<u>-</u>
Total at 12/31/2022	<u>\$8,334,674</u>	<u>\$5,333,864</u>	<u>\$3,000,810</u>

**WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN), CONTINUED

Net Pension Liability of the Township, Continued

The above township and state aid amount includes \$113,970 from funds provided by the Commonwealth of Pennsylvania to the Township, which is included in the Township's miscellaneous revenue.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 6.75%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Township's net pension liability	<u>\$3,990,065</u>	<u>\$3,000,810</u>	<u>\$2,166,407</u>

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

For the year ended December 31, 2022, the Township incurred pension expense of \$534,524. At December 31, 2022, the Township has not reported deferred outflows and deferred inflows of resources related to pensions (see Basis for Qualified Opinion) from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$1,826	\$328,363
Changes of assumptions	162,404	-
Net difference between projected and actual earnings on pension plan investments	<u>752,433</u>	<u>-</u>
Total pension expense	<u>\$916,663</u>	<u>\$328,363</u>

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2023	(\$7,240)
2024	72,904
2025	212,309
2026	<u>310,327</u>
Total	<u>\$588,300</u>

**WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

DEFINED BENEFIT PENSION PLAN (NON-UNIFORM PENSION PLAN), CONTINUED

Deferred Retirement Option Program (DROP)

An active member who has met the eligibility requirements for normal retirement may elect to participate in the Deferred Retirement Option Program (DROP) for a period of not more than 48 months. The member's monthly pension amount will be calculated as of their date of participation in the program and will be distributed in a lump sum at retirement. As of December 31, 2022, the total DROP account balance for the Non-Uniform Pension Plan is approximately \$62,561.

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

Plan Administration - West Norriton Township sponsors a single-employer defined benefit post employment plan to provide post-employment benefits for employees of the Township. The Plan was established and is governed by the provision of the collective bargaining agreement between the Township and the police officers and their spouses, to provide continuation of medical, dental, prescription, and vision insurance for officers who retire from the Township. The Plan also provides continuation of these benefits for eligible retired non-uniformed employees and their spouses. The Township funds the plan on a pay-as-you-go basis and there is no irrevocable trust established for the Plan. The plan does not issue a stand-alone financial report.

At December 31, 2022, the plan consisted of the following:

	<u>Uniformed</u>	<u>Non-Uniformed</u>	<u>Total</u>
Active Employees	27	25	52
Retirees and Covered Spouses	<u>20</u>	<u>-</u>	<u>20</u>
Total	<u>47</u>	<u>25</u>	<u>72</u>

Eligibility - A police officer will be eligible for coverage upon retirement after attainment of age 50 with 25 years of continuous service or upon receiving an honorable discharge as a result of a work-related injury or illness. A non-uniformed employee will be eligible for coverage upon retirement after attainment of age 62 and 20 years of continuous service.

Benefits Provided - Healthcare benefits which include medical, prescription drug, dental and vision benefits are provided to eligible retired police officers and their spouses for a period of five years from date of retirement. Spouses of retirees continue the healthcare benefits for one year after the date of the officer's death. Benefits are provided for life for officers who retire due to permanent disability. At retirement a police officer may elect to receive compensation in an amount of 50% of the annual benefit for five years, in lieu of the healthcare benefits. This election is not available to non-uniformed employees.

Healthcare benefits are also provided to eligible retired non-uniformed employees and their spouses for a period of three years from date of retirement, but not later than age 65.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Benefits Provided (continued) - Life insurance benefits of \$15,000 are provided to both officers who retire due to permanent disability and normal retirement. No contributions are required. Fully insured \$15,000 accidental death benefit for normal retirees prior to age 70 is also provided. There is no life insurance provided to non-uniformed employees upon retirement.

Sick Leave - Each officer shall have thirty days of paid sick leave per calendar year. Each officer may accumulate up to ninety days of unused sick leave and may carry that amount over from year to year, in addition to the current year accrual. An officer shall be permitted to sell back to the Township up to seventy-five days of accumulated and unused sick days at the time of normal retirement, calculated at the officer's then rate of pay. At the time of retirement, non-uniformed employees will be paid out a maximum of seventy-five accumulated sick days (or 600 hours) at a rate of \$16.00 per hour.

Contributions - The contribution requirements of the Township are established and may be amended by the collective bargaining agreement between the Township and the West Norriton Township Police Association. The plan requires police officers and non-uniformed employees to reimburse the Township 50% of the costs of benefits. If the retiree or spouse fails or neglects to reimburse the Township within 30 days, the Township is relieved of further obligation to pay this benefit. The medical premiums for retired members are paid from the Township's General Fund monthly as they come due.

Net OPEB Liability

The Township's net OPEB liability was measured as of the Plan Measurement Date of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022, and by rolling forward the liabilities from the January 1, 2022 actuarial valuation through the measurement date.

Mortality rates were based on the PUB-2010 Safety Headcount-Weighted Mortality Tables (Employee, Retiree, and Disabled Retiree tables as applicable), projected from 2010 with Mortality Improvement Scale MP-2021.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study from the period January 1, 2017 to January 1, 2022.

Actuarial Assumptions - The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Annual Wage Increases	3.5%
Healthcare Cost Trend Rates	6.25% for 2022; Rates gradually decrease from 6.00% in 2023 to 5.181% in 2030 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model

**WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED**

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions (continued) - The net OPEB liability was measured as of the Plan Measurement Date of January 1, 2021. The discount rate increased from 1.93% to 2.25% and the mortality and trend assumptions were updated during 2022.

Discount Rate - The discount rate used to measure the net OPEB liability was 2.25% based upon 20-year AA/Aa municipal bond rates for the plan. No assets have been accumulated in an irrevocable trust, so the municipal rate has been applied to all periods.

Change in Net OPEB Liability

	2022	2021
Balance at January 1,	\$15,903,928	\$15,338,698
Changes for the year:		
Service cost	1,066,687	1,010,459
Interest cost	352,462	301,646
Net benefits paid by employer	(294,619)	(429,267)
Ad hoc postemployment benefit changes	-	-
Differences between expected and actual experience	(624,973)	-
Changes in assumptions	<u>(3,835,947)</u>	<u>(317,608)</u>
Net changes	<u>(3,336,390)</u>	<u>565,230</u>
Balance at December 31,	<u>\$12,567,538</u>	<u>\$15,903,928</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability, calculated using the discount rate of 2.25%, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.25%) or one percentage point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Township's net OPEB liability	<u>\$18,528,830</u>	<u>\$12,567,538</u>	<u>\$13,205,164</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates- The following presents the net OPEB liability of the Township, as well as what the Township's net pension liability would be if it were calculated using a healthcare cost trend rates (6.25% for 2022; Rates gradually decrease from 6.00% in 2023 to 5.181% in 2030 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model), that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease Valuation Rates	Healthcare Cost Trend Valuation Rates	1% Increase Valuation Rates
Township's net OPEB liability	<u>\$10,899,848</u>	<u>\$12,567,538</u>	<u>\$14,645,362</u>

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB Expense, and Deferred Outflows and Inflows of Resources

For the Measurement Date of January 1, 2022, as rolled forward to December 31, 2022, the actuarial determined contribution expense for the OPEB was \$343,065. For the Measurement Date of January 1, 2022, as rolled forward to December 31, 2022, the Township reported the following deferred outflows and inflows of resources related to OPEB:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$2,196,516
Changes of assumptions	3,598,654	3,615,657
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>-</u>
Total pension expense	<u>\$3,598,654</u>	<u>\$5,812,173</u>

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2023	(\$80,921)
2024	(69,031)
2025	(191,422)
2026	(726,558)
2027	(673,569)
Thereafter	<u>(472,018)</u>
Total	<u>(\$2,213,519)</u>

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

LONG-TERM DEBT

Primary Government

A summary of changes in long-term debt is as follows:

	Balance Outstanding January 1, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding December 31, <u>2022</u>	Due Within <u>One Year</u>
GOVERNMENTAL ACTIVITIES:					
General Obligation Note, Series A of 2014	\$705,088	\$ -	(\$77,000)	\$628,088	\$81,000
General Obligation Note, Series of 2020	2,453,000	-	(110,000)	2,343,000	113,000
Capital lease obligations	-	-	-	-	-
	<u>3,158,088</u>	-	(187,000)	2,971,088	194,000
Less: unamortized issuance costs	<u>(74,674)</u>	-	4,517	<u>(70,157)</u>	-
TOTAL GOVERNMENTAL ACTIVITIES DEBT	<u>\$3,083,414</u>	<u>\$ -</u>	<u>(\$182,483)</u>	<u>\$2,900,931</u>	<u>\$194,000</u>
BUSINESS-TYPE ACTIVITIES:					
General Obligation Note, Series A of 2016	\$975,011	\$ -	\$ -	\$975,011	\$ -
Federally Taxable General Obligation Note, Series AA of 2016	860,011	-	(860,011)	-	-
General Obligation Note, Series B of 2016	2,500,000	-	(456,000)	2,044,000	467,000
General Obligation Note, Series of 2021	4,398,000	-	(5,000)	4,393,000	5,000
General Obligation Note, Series of 2022	-	9,625,000	(126,000)	9,499,000	118,000
Loan payable, Norristown Municipal Auth.	4,594,377	-	(197,004)	4,397,373	337,453
Capital lease obligations	<u>97,389</u>	-	<u>(31,574)</u>	<u>65,815</u>	<u>32,283</u>
	<u>13,424,788</u>	<u>9,625,000</u>	<u>(1,675,589)</u>	<u>21,374,199</u>	<u>959,736</u>
Less: unamortized issuance costs	<u>(119,798)</u>	<u>(85,500)</u>	<u>29,511</u>	<u>(175,787)</u>	-
TOTAL BUSINESS-TYPE ACTIVITIES DEBT	<u>\$13,304,990</u>	<u>\$9,539,500</u>	<u>(\$1,646,078)</u>	<u>\$21,198,412</u>	<u>\$959,736</u>

General Obligation Note, Series A of 2014

In September 2014, the Township entered into a General Obligation Note, Series A, with Continental Bank, which subsequently merged with Bryn Mawr Trust Company, which has subsequently merged with WSFS Bank. This Note was issued for the purpose of financing a streetlight improvement project and to pay the costs of issuing the Note. This issuance provided a total drawable balance of \$1,210,000, of which \$1,198,088 has been drawn to date as of December 31, 2022. Interest was computed on unpaid principal at 2.33% per annum until December 1, 2021, after which this Note will bear interest at a variable rate, reset monthly on the first calendar day of each month, equal to the 30-day LIBOR (London Inter Bank Offering Rate) plus 25 basis points, with a maximum interest rate not to exceed 4% per annum. As of December 31, 2022, the interest rate was 4%. Per the Note agreement, for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are irrevocably pledged. Payments for interest on the Note commenced in December 2014 and payments including principal commenced in December 2016, and will continue through December 2029. The outstanding balance as of December 31, 2022 on the Series A Note was \$628,088.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

LONG-TERM DEBT, CONTINUED

General Obligation Note, Series A of 2014, Continued

The outstanding Series A of 2014 Note summary, using the full drawable balance, is as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$81,000	\$24,800	\$105,800
2024	84,000	21,520	105,520
2025	87,000	18,140	105,140
2026	91,000	14,620	105,620
2027	95,000	10,940	105,940
2028 to 2029	<u>202,000</u>	<u>10,200</u>	<u>212,200</u>
	<u>\$640,000</u>	<u>\$100,220</u>	<u>\$740,220</u>

General Obligation Note, Series of 2020

In April 2020, the Township entered into a General Obligation Note, Series of 2020, with Webster Public Finance Corporation. This Note was issued for the purpose of financing paving projects in the Township. This note is in the amount of \$2,560,000, fully funded at closing. Interest is computed on unpaid principal at 2.479% per annum. Per the Note agreement, for the prompt and full payment of all obligations of this Note, the Township pledges the full faith, credit and taxing power of the Township. Payments for interest on the Note commenced in November, 2020 and payments including principal commenced in November 2021, and will continue through November 2039. The outstanding balance as of December 31, 2022 on the Series of 2020 Note was \$2,343,000.

The outstanding Series of 2020 Note summary is as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$113,000	\$58,083	\$171,083
2024	115,000	55,282	170,282
2025	118,000	52,431	170,431
2026	121,000	49,506	170,506
2027	124,000	46,506	170,506
2028 to 2032	668,000	184,859	852,859
2033 to 2037	756,000	97,822	853,822
2038 to 2039	<u>328,000</u>	<u>12,246</u>	<u>340,246</u>
	<u>\$2,343,000</u>	<u>\$556,735</u>	<u>\$2,899,735</u>

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

LONG-TERM DEBT, CONTINUED

General Obligation Note, Series A of 2016

In September 2016, the Township entered into a General Obligation Note, Series A, with The Bryn Mawr Trust Company. This Note was issued to finance capital improvements at the Jeffersonville Golf Course and to pay the costs of issuing the Note. This issuance provided a total drawable balance of \$1,030,000, of which \$975,011 has been drawn to date as of December 31, 2022. Interest is computed on unpaid principal at 2.46% per annum until November 15, 2026, after which this Note will bear interest at a variable rate, reset monthly on the first calendar day of each month, equal to 67% of the sum of the 30-day LIBOR plus 150 basis points, with a maximum interest rate not to exceed 4.50% per annum. Per the Note agreement, for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are irrevocably pledged. Payments for interest on the Note commenced in May 2017 and payments including principal commence in November 2028, and will continue through November 2036. The outstanding balance as of December 31, 2022 on the Series A Note was \$975,011.

The outstanding Series A of 2016 Note summary, using the full drawable balance, is as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ -	\$25,338	\$25,338
2024	-	25,338	25,338
2025	-	25,338	25,338
2026	-	25,338	25,338
2027	-	46,350	46,350
2028 to 2032	521,000	187,020	708,020
2033 to 2036	<u>509,000</u>	<u>58,545</u>	<u>567,545</u>
	<u>\$1,030,000</u>	<u>\$393,267</u>	<u>\$1,423,267</u>

Federally Taxable General Obligation Note, Series AA of 2016

In September 2016, the Township entered into a Federally Taxable General Obligation Note, Series AA, also with The Bryn Mawr Trust Company. This Note was issued to finance capital improvements at the Jeffersonville Golf Course and to pay the costs of issuing the Note. This issuance provided a total drawable balance of \$1,030,000, of which \$971,011 had been drawn to date. Interest was computed on unpaid principal at 3.59% per annum through November 15, 2026, after which this Note would bear interest at a variable rate, reset monthly on the first calendar day of each month, equal to the sum of the 30-day LIBOR plus 150 basis points, with a maximum interest rate not to exceed 6.50% per annum. Per the Note agreement, for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are irrevocably pledged. Payments for interest on the Note commenced in May 2017 and payments including principal commenced in November 2018, and were to continue through November 2036. This note was paid in full in October, 2022, using proceeds from the issuance of General Obligation Note, Series of 2022 (see separate note).

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

LONG-TERM DEBT, CONTINUED

General Obligation Note, Series B of 2016

In September 2016, the Township entered into a General Obligation Note, Series B, also with The Bryn Mawr Trust Company. This Note was issued to finance, together with available Township funds, the current refunding of the Township's General Obligation Bond, Series of 2010 and to pay the costs of issuing the Note. This issuance provided a total drawable balance of \$4,665,000, all of which has been drawn to date as of December 31, 2022. Interest is computed on unpaid principal at 2.16% per annum until November 15, 2023, after which this Note will bear interest at a variable rate, reset monthly on the first calendar day of each month, equal to 67% of the sum of the 30-day LIBOR plus 150 basis points, with a maximum interest rate not to exceed 3.50% per annum. Per the Note agreement, for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are irrevocably pledged. Payments for interest on the Note commenced in May 2017 and payments including principal commenced in November 2017, and will continue through November 2027. The outstanding balance as of December 31, 2022 on the Series B Note was \$2,044,000.

The outstanding Series B of 2016 Note summary is as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$467,000	\$44,150	\$511,150
2024	456,000	55,195	511,195
2025	360,000	39,235	399,235
2026	374,000	26,635	400,635
2027	<u>387,000</u>	<u>13,545</u>	<u>400,545</u>
	<u>\$2,044,000</u>	<u>\$178,760</u>	<u>\$2,222,760</u>

General Obligation Note, Series of 2021

In February, 2021, the Township entered into a General Obligation Note for \$4,420,000 with Phoenixville Federal Bank & Trust, for the purpose of paying off the outstanding principal and accrued interest on General Obligation Note, Series B of 2014. Issuance costs, and a portion of the first interest payment due were included in the financing, which was fully drawn at closing. Interest is computed at 2.00% per annum until December 1, 2035; thereafter, through maturity on December 1, 2039 or earlier payment, interest is computed at a variable rate, continually reset, equal to 80% of The Wall Street Journal Prime Rate, with a maximum interest rate of 4.50% per annum. Per the Note agreement, for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are hereby irrevocably pledged. Payments on interest commenced June 1, 2021 and payments including principal commenced December 1, 2021. The outstanding balance as of December 31, 2022, was \$4,393,000.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

LONG-TERM DEBT, CONTINUED

General Obligation Note, Series of 2021, Continued

The outstanding Series of 2021 Note summary is as follows:

Year Ending December 31,	Principal	Interest	Totals
2023	\$5,000	\$87,860	\$92,860
2024	5,000	87,760	92,760
2025	57,000	87,660	144,660
2026	58,000	86,520	144,520
2027	59,000	85,360	144,360
2028 to 2032	1,669,000	355,440	2,024,440
2033 to 2037	1,777,000	246,745	2,023,745
2038 to 2039	763,000	51,885	814,885
	<u>\$4,393,000</u>	<u>\$1,089,230</u>	<u>\$5,482,230</u>

General Obligation Note, Series of 2022

In October, 2022, the Township entered into a General Obligation Note for \$9,625,000 with S&T Bank, for the purpose of paying off the outstanding principal and accrued interest on General Obligation Note, Series AA of 2016 (see separate note) and funding the costs of the design, acquisition, construction, installation and equipping of a new banquet facility and pro shop at the Jeffersonville Golf Club. Issuance costs were included in the financing, which was fully drawn at closing. Interest is computed at 3.23% per annum until November 15, 2032; thereafter, through maturity on November 15, 2046 or earlier payment, interest is computed at a variable rate, continually reset, equal to 79% of The Wall Street Journal Prime Rate, with a maximum interest rate of 4.50% per annum. Per the Note agreement, for the prompt and full payment of all obligations of this Note, the full faith, credit and taxing power of the Township are hereby irrevocably pledged. Payments of principal and interest commenced November 15, 2022. The outstanding balance as of December 31, 2022, was \$9,499,000.

The outstanding Series of 2022 Note summary is as follows:

Year Ending December 31,	Principal	Interest	Totals
2023	\$118,000	\$306,818	\$424,818
2024	272,000	303,006	575,006
2025	362,000	294,221	656,221
2026	374,000	282,528	656,528
2027	366,000	270,448	636,448
2028 to 2032	1,508,000	1,198,782	2,706,782
2033 to 2037	1,555,000	1,342,935	2,897,935
2038 to 2042	2,504,000	896,940	3,400,940
2043 to 2046	2,440,000	280,575	2,720,575
	<u>\$9,499,000</u>	<u>\$5,176,253</u>	<u>\$14,675,253</u>

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

LONG-TERM DEBT, CONTINUED

Loan Payable, Norristown Municipal Authority

The Township shares certain sewer costs with the Norristown Municipal Authority (the "Authority"), with generally a one-third allocation of actual costs to the Township, including a current sewer upgrade project that benefits the Township. The Authority received a bank loan and is also using its own moneys to fund the project. The Township has agreed to pay the Authority for the Township's share, which totaled \$4,744,833 per the Authority's cost estimates, and has been recorded as a loan payable, with the cost recorded to fixed assets. Interest is accrued at 2.70% per annum. Interest only payments were paid for the period from January 1 through May 31, 2021, for the Township's one-third portion of the actual bank loan interest paid. Effective June 1, 2021, monthly installments of principal and interest in the amount of \$32,171 began and will continue through May 2036. Payments during 2022 were made periodically throughout the year when the Authority invoiced the Township, rather than being paid monthly, resulting in nine months of payments for 2022, with three months invoiced and paid in January, 2023. Unpaid interest of \$29,943 has been accrued through December 31, 2022. The Township owed \$4,397,373 principal on this loan as of December 31, 2022.

The following is a schedule by years of future loan maturities as of December 31, 2022.

<u>December 31,</u>	
2023	\$337,452
2024	278,390
2025	286,108
2026	294,039
2027	302,190
Thereafter	<u>2,899,194</u>
	4,397,373
Less current portion	<u>(337,452)</u>
Total long-term portion	<u>\$4,059,921</u>

Capital Leases

In March 2017, the Township entered into a 60-month capital lease with TCF Equipment Finance, in the amount of \$13,574, for the use of an aerator. Interest was computed at 4.42% per annum. Payments in the amount of \$501 were due monthly each year during the months May through October, beginning in June 2017, and continuing until one final payment of \$501 in May 2022. The lease was secured by the aerator. The agreement included a \$1 purchase option at the end of the lease, which was waived by the vendor. After the final payment made in May 2022, the Township took full ownership of the aerator.

In March 2021, the Township entered into a 43-month capital lease with Yamaha Motor Finance Corporation, U.S.A., in the amount of \$129,062, for the conditional purchase of 25 golf carts. Interest is computed at 3.80% per annum. Payments in the amount of \$5,759 are due monthly each year during the months May through October, beginning in May 2021, and continuing through October 2024, with a \$-0- buyout. The lease is secured by the golf carts.

WEST NORRITON TOWNSHIP
NOTES TO BASIC FINANCIAL STATEMENTS, CONTINUED

LONG-TERM DEBT, CONTINUED

Capital Leases, Continued

The cost of the above items is included in capital assets being depreciated, and amortization is included in depreciation and amortization expense.

The following is a schedule by years of future minimum lease payments due under the above capital leases as of December 31, 2022.

<u>December 31,</u>	<u>Golf Fund</u>
2023	\$34,554
2024	<u>34,554</u>
Total minimum lease payments	69,108
Less amount representing interest	<u>(3,293)</u>
Present value of minimum lease payments	65,815
Less current portion	<u>(32,283)</u>
Long-term capital lease obligation	<u>\$33,532</u>

RISK MANAGEMENT

The Township maintains an insurance policy for workers' compensation insurance. Insurance premiums are developed based on employee job descriptions, rate factors and payroll costs for the year. The policy has an audit performed each year, and the Township may be required to pay an additional premium as a result of the audit, or the Township may be entitled to a refund as a result of the audit. Such year-end adjustments due to the payroll audit have historically not been significant. In addition, the Township is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; health care costs; and natural disasters for which the Township carries commercial insurance. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded insurance coverage for each of the past three years.

EVALUATION OF SUBSEQUENT EVENTS

In preparing the financial statements, the Township has evaluated events and transactions for potential recognition or disclosure through July 12, 2023, the date that the financial statements were available to be issued. Except as noted below, no material subsequent events have occurred since December 31, 2022 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**WEST NORRITON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2022**

	Budgeted Amounts	Actual Amounts	Variance with Budget
REVENUES			
Real estate taxes	\$4,181,910	\$4,281,820	\$99,910
Act 511 enabling taxes	4,186,000	5,143,786	957,786
Business/non-business licenses, permits and fees	959,250	938,490	(20,760)
Fines	42,100	52,258	10,158
Federal and state grants and shared revenue	88,000	89,209	1,209
Charges for services	5,000	5,760	760
Public safety and highway	346,495	311,039	(35,456)
Recreation and culture	153,850	126,364	(27,486)
Miscellaneous	417,363	1,303,015	885,652
Interest	<u>30,000</u>	<u>51,689</u>	<u>21,689</u>
TOTAL REVENUES	<u>10,409,968</u>	<u>12,303,430</u>	<u>1,893,462</u>
EXPENDITURES			
Administration	756,428	1,037,010	(280,582)
Police	4,088,045	4,077,451	10,594
Building/zoning	154,484	218,634	(64,150)
Public works - sanitation	7,700	4,347	3,353
Public works - other	475,304	626,517	(151,213)
Recreation and culture	574,322	704,041	(129,719)
Community development	-	230,000	(230,000)
Insurance	311,500	321,091	(9,591)
Debt service - principal	187,000	187,000	-
Debt service - interest	88,730	71,807	16,923
Payroll taxes	178,000	216,028	(38,028)
Employee benefits	<u>3,391,065</u>	<u>3,509,181</u>	<u>(118,116)</u>
TOTAL EXPENDITURES	<u>10,212,578</u>	<u>11,203,107</u>	<u>(990,529)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>197,390</u>	<u>1,100,323</u>	<u>902,933</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	-	23,579	23,579
Transfers in	-	744,834	744,834
Transfers out	<u>(195,000)</u>	<u>(1,097,563)</u>	<u>(902,563)</u>
TOTAL OTHER FINANCING USES	<u>(195,000)</u>	<u>(329,150)</u>	<u>(134,150)</u>
NET CHANGE IN FUND BALANCE	2,390	771,173	768,783
FUND BALANCE AT BEGINNING OF YEAR	<u>5,129,981</u>	<u>5,129,981</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$5,132,371</u>	<u>\$5,901,154</u>	<u>\$768,783</u>

See accompanying notes to the budgetary comparison schedules.

**WEST NORRITON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - LIQUID FUELS FUND
Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget</u>
REVENUES			
Liquid fuel taxes	\$391,240	\$402,297	\$11,057
Interest	<u>1,000</u>	<u>2,772</u>	<u>1,772</u>
TOTAL REVENUES	<u>392,240</u>	<u>405,069</u>	<u>12,829</u>
EXPENDITURES			
Streets and roads - materials and repairs	<u>392,240</u>	<u>518,113</u>	<u>(125,873)</u>
TOTAL EXPENDITURES	<u>392,240</u>	<u>518,113</u>	<u>(125,873)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(113,044)</u>	<u>(113,044)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	511	511
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>-</u>	<u>511</u>	<u>511</u>
NET CHANGE IN FUND BALANCE	-	(112,533)	(112,533)
FUND BALANCE AT BEGINNING OF YEAR	<u>304,266</u>	<u>304,266</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$304,266</u>	<u>\$191,733</u>	<u>(\$112,533)</u>

See accompanying notes to the budgetary comparison schedules.

**WEST NORRITON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - EMERGENCY FUND
Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget</u>
REVENUES			
Intergovernmental	\$94,707	\$ -	(\$94,707)
Fire millage/tax	189,293	186,993	(2,300)
Grant for fire company	<u>95,876</u>	<u>119,074</u>	<u>23,198</u>
TOTAL REVENUES	<u>379,876</u>	<u>306,067</u>	<u>(73,809)</u>
EXPENDITURES			
Fire company contributions and expenses	<u>379,876</u>	<u>400,682</u>	<u>20,806</u>
TOTAL EXPENDITURES	<u>379,876</u>	<u>400,682</u>	<u>20,806</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>-</u>	<u>(94,615)</u>	<u>(94,615)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>104,000</u>	<u>104,000</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>104,000</u>	<u>104,000</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>9,385</u>	<u>9,385</u>
FUND DEFICIT AT BEGINNING OF YEAR	<u>(1,862)</u>	<u>(1,862)</u>	<u>-</u>
FUND DEFICIT AT END OF YEAR	<u>(\$1,862)</u>	<u>\$7,523</u>	<u>\$9,385</u>

See accompanying notes to the budgetary comparison schedules.

**WEST NORRITON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SEWER FUND
Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget</u>
REVENUES			
Intergovernmental	\$450,000	\$26,304	(\$423,696)
Sewer fees	3,563,000	3,477,963	(85,037)
Miscellaneous	-	125	125
Interest	<u>7,500</u>	<u>20,335</u>	<u>12,835</u>
TOTAL REVENUES	<u>4,020,500</u>	<u>3,524,727</u>	<u>(495,773)</u>
EXPENDITURES			
Intergovernmental	496,000	117,683	378,317
Professional fees	320,000	167,506	152,494
Wages and salaries	515,013	481,290	33,723
Employee benefits	277,761	274,831	2,930
Insurance	36,677	61,695	(25,018)
Repairs and maintenance	734,800	531,559	203,241
Utilities	127,000	96,567	30,433
Treatment	950,000	845,483	104,517
Interest	141,960	265,353	(123,393)
Depreciation and amortization	-	578,886	(578,886)
Other costs	<u>126,966</u>	<u>96,850</u>	<u>30,116</u>
TOTAL EXPENDITURES	<u>3,726,177</u>	<u>3,517,703</u>	<u>208,474</u>
EXCESS OF REVENUES OVER EXPENDITURES	294,323	7,024	(287,299)
FUND BALANCE AT BEGINNING OF YEAR	<u>12,600,546</u>	<u>12,600,546</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$12,894,869</u></u>	<u><u>\$12,607,570</u></u>	<u><u>(\$287,299)</u></u>

See accompanying notes to the budgetary comparison schedules.

**WEST NORRITON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GOLF FUND
Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Budget</u>
REVENUES			
Intergovernmental	\$308,163	\$489,905	\$181,742
Green fees	1,383,000	1,688,211	305,211
Membership fees	24,300	20,700	(3,600)
Power carts	95,000	123,044	28,044
Food and beverage sales	-	220,982	220,982
Miscellaneous	13,388	(45,422)	(58,810)
Interest	<u>9,858</u>	<u>58,782</u>	<u>48,924</u>
TOTAL REVENUES	<u>1,833,709</u>	<u>2,556,202</u>	<u>722,493</u>
EXPENDITURES			
Intergovernmental	114,000	-	114,000
Salaries	784,624	870,426	(85,802)
Supplies and materials	321,200	569,989	(248,789)
Insurance	38,500	51,957	(13,457)
Utilities	68,800	51,593	17,207
Capital improvements and purchase of major equipment	102,572	-	102,572
Interest	58,187	58,025	162
Depreciation and amortization	-	261,470	(261,470)
Employee benefits	140,461	129,559	10,902
Payroll taxes	60,000	91,652	(31,652)
Other costs	<u>145,365</u>	<u>101,919</u>	<u>43,446</u>
TOTAL EXPENDITURES	<u>1,833,709</u>	<u>2,186,590</u>	<u>(352,881)</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	369,612	369,612
FUND BALANCE AT BEGINNING OF YEAR	<u>2,707,001</u>	<u>2,707,001</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$2,707,001</u>	<u>\$3,076,613</u>	<u>\$369,612</u>

See accompanying notes to the budgetary comparison schedules.

**WEST NORRITON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
Year Ended December 31, 2022**

BUDGETARY INFORMATION

Commonwealth of Pennsylvania statutes require township governments to establish budgetary systems and adopt annual operating budgets. The Township's annual budget includes the General Fund, Liquid Fuels Fund, Emergency Fund, Sewer Fund and Golf Fund and is based on estimates of revenues and expenditures approved by the Township Board of Commissioners. The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

Township Budget Process

- Starting in October, the Township holds public budget hearings for the purpose of receiving oral and written comments from the public in regards to the proposed budget for the following year.
- Public meetings are conducted on the proposed budget. The proposed budget is available for public inspection for 20 days prior to final adoption.
- After the 20-day inspection period, but prior to December 31, the Township Board of Commissioners adopts the final budget by enacting an appropriate resolution.
- Formal budgetary process is employed as a planning device. Budget amounts are as originally adopted, or as amended by, the Township Board of Commissioners.

Level of Control

- The Township maintains budgetary controls at the fund level.

Management Amendment Authority

During the course of the year, department needs may change, emergencies may occur, or additional revenue may arise. As a result, funds are transferred between line items of a department's budget or additional revenue may need to be budgeted for a specific project or grant. Adjustments to the budget are made on a line item basis during the year and approved by the Township Board of Commissioners.

**WEST NORRITON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS - POLICE PENSION PLAN
Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY									
Service cost	\$831,531	\$795,724	\$739,891	\$649,677	\$632,489	\$605,253	\$707,331	\$679,025	\$649,785
Interest cost	1,599,790	1,524,639	1,421,312	1,452,755	1,355,627	1,292,732	1,319,103	1,282,593	1,197,471
Changes of assumptions	-	723,294	1,117,235	937,335	-	109,127	-	-	-
Changes of benefit terms	-	(61,188)	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(467,272)	40,545	(510,524)	-	(1,524,294)	-	(672,909)	-
Benefit payments	<u>(1,137,036)</u>	<u>(1,277,007)</u>	<u>(1,185,062)</u>	<u>(1,151,009)</u>	<u>(1,088,757)</u>	<u>(1,030,013)</u>	<u>(895,743)</u>	<u>(708,087)</u>	<u>(716,502)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	1,294,285	1,238,190	2,133,921	1,378,234	899,359	(547,195)	1,130,691	580,622	1,130,754
TOTAL PENSION LIABILITY AT BEGINNING OF YEAR	<u>24,269,106</u>	<u>23,030,916</u>	<u>20,896,995</u>	<u>19,518,761</u>	<u>18,619,402</u>	<u>19,166,597</u>	<u>18,035,906</u>	<u>17,455,284</u>	<u>16,324,530</u>
TOTAL PENSION LIABILITY AT END OF YEAR (a)	<u>\$25,563,391</u>	<u>\$24,269,106</u>	<u>\$23,030,916</u>	<u>\$20,896,995</u>	<u>\$19,518,761</u>	<u>\$18,619,402</u>	<u>\$19,166,597</u>	<u>\$18,035,906</u>	<u>\$17,455,284</u>
PLAN FIDUCIARY NET POSITION									
Contributions:									
Township and state aid	\$1,336,491	\$1,061,965	\$1,032,570	\$1,058,363	\$1,051,544	\$1,212,328	\$1,340,004	\$952,976	\$788,038
Employee	181,072	121,226	86,576	77,038	76,819	105,791	112,406	64,631	71,778
Net investment income	(3,661,217)	2,577,461	2,214,153	2,870,103	(1,043,412)	1,951,192	1,152,090	(77,735)	690,836
Benefit payments	(1,137,036)	(1,277,007)	(1,185,062)	(1,151,009)	(1,088,757)	(1,030,013)	(895,743)	(708,087)	(716,502)
Administrative expense	<u>(57,034)</u>	<u>(55,147)</u>	<u>(42,428)</u>	<u>(67,055)</u>	<u>(62,308)</u>	<u>(55,547)</u>	<u>(51,642)</u>	<u>(74,949)</u>	<u>(70,174)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(3,337,724)	2,428,498	2,105,809	2,787,440	(1,066,114)	2,183,751	1,657,115	156,836	763,976
PLAN FIDUCIARY NET POSITION AT BEGINNING OF YEAR	<u>21,003,411</u>	<u>18,574,913</u>	<u>16,469,104</u>	<u>13,681,664</u>	<u>14,747,778</u>	<u>12,564,027</u>	<u>10,906,912</u>	<u>10,750,076</u>	<u>9,986,100</u>
PLAN FIDUCIARY NET POSITION AT END OF YEAR (b)	<u>\$17,665,687</u>	<u>\$21,003,411</u>	<u>\$18,574,913</u>	<u>\$16,469,104</u>	<u>\$13,681,664</u>	<u>\$14,747,778</u>	<u>\$12,564,027</u>	<u>\$10,906,912</u>	<u>\$10,750,076</u>
NET PENSION LIABILITY AT END OF YEAR (a) - (b)	<u>\$7,897,704</u>	<u>\$3,265,695</u>	<u>\$4,456,003</u>	<u>\$4,427,891</u>	<u>\$5,837,097</u>	<u>\$3,871,624</u>	<u>\$6,602,570</u>	<u>\$7,128,994</u>	<u>\$6,705,208</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69.11%</u>	<u>86.54%</u>	<u>80.65%</u>	<u>78.81%</u>	<u>70.09%</u>	<u>79.21%</u>	<u>65.55%</u>	<u>60.47%</u>	<u>61.59%</u>
Covered employee payroll	<u>\$3,437,158</u>	<u>\$3,210,093</u>	<u>\$2,862,759</u>	<u>\$2,555,011</u>	<u>\$2,615,526</u>	<u>\$2,512,197</u>	<u>\$2,590,516</u>	<u>\$2,829,774</u>	<u>\$2,904,910</u>
Township's net pension liability as a percentage of covered payroll	<u>229.77%</u>	<u>101.73%</u>	<u>155.65%</u>	<u>173.30%</u>	<u>223.17%</u>	<u>154.11%</u>	<u>254.87%</u>	<u>251.93%</u>	<u>230.82%</u>

Notes to Schedule:

Above does not include DROP Account Balance.

Assumption Changes - In 2021, the mortality improvement scale projection was updated from 2020 to 2021.

Benefit Changes - The disability benefit was changed in 2021.

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST NORRITON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - POLICE PENSION PLAN
Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>	<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>
Actuarially determined contribution	\$1,336,491	\$1,061,965	\$1,032,570	\$1,058,363	\$1,051,544	\$1,212,328	\$1,340,004	\$952,976	\$788,038	\$768,734	\$640,507
Contributions in relation to the actuarially determined contribution	<u>1,336,491</u>	<u>1,061,965</u>	<u>1,032,570</u>	<u>1,058,363</u>	<u>1,051,544</u>	<u>1,212,328</u>	<u>1,340,004</u>	<u>952,976</u>	<u>788,038</u>	<u>768,734</u>	<u>640,507</u>
Contribution deficiency (excess)	<u>\$ -</u>										
Covered employee payroll	<u>\$3,437,158</u>	<u>\$3,210,093</u>	<u>\$2,862,759</u>	<u>\$2,555,011</u>	<u>\$2,615,526</u>	<u>\$2,512,197</u>	<u>\$2,590,516</u>	<u>\$2,829,774</u>	<u>\$2,904,910</u>	<u>\$2,733,071</u>	<u>\$2,511,607</u>
Contributions as a percentage of covered employee payroll	<u>38.88%</u>	<u>33.08%</u>	<u>36.07%</u>	<u>41.42%</u>	<u>40.20%</u>	<u>48.26%</u>	<u>51.73%</u>	<u>33.68%</u>	<u>27.13%</u>	<u>28.13%</u>	<u>25.50%</u>

Notes to schedule:

Most recent valuation date: January 1, 2021

Actuarially determined contribution rates are calculated by 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 cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	7 years
Asset valuation method	Adjusted market value
Investment rate of return	6.75%
Projected salary increases	4.50%
Includes inflation at	2.50%
Retirement age	Age 50 and 25 years of service, or at attained age plus 1 year, if later
Pre-retirement	None
Post-retirement	PUB-2010 General Amount-Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable), projected from 2010 with Mortality Improvement Scale MP-2021

Notes to Schedule:

Assumption Changes - In 2021, the mortality improvement scale projection was updated from 2020 to 2021.

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST NORRITON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS - NON-UNIFORM PENSION PLAN
Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY									
Service cost	\$183,638	\$175,730	\$142,677	\$121,266	\$125,564	\$120,157	\$128,798	\$136,028	\$130,171
Interest cost	525,281	509,835	513,445	534,018	477,524	463,206	454,552	423,906	405,276
Changes of assumptions	-	248,116	374,458	469,705	-	23,082	-	-	-
Differences between expected and actual experience	-	(629,617)	20,720	117,979	-	(153,861)	-	140,209	-
Benefit payments	<u>(437,485)</u>	<u>(475,981)</u>	<u>(427,251)</u>	<u>(453,957)</u>	<u>(421,078)</u>	<u>(363,831)</u>	<u>(310,528)</u>	<u>(272,551)</u>	<u>(301,536)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	271,434	(171,917)	624,049	789,011	182,010	88,753	272,822	427,592	233,911
TOTAL PENSION LIABILITY AT BEGINNING OF YEAR	<u>8,000,679</u>	<u>8,172,596</u>	<u>7,548,547</u>	<u>6,759,536</u>	<u>6,577,526</u>	<u>6,488,773</u>	<u>6,215,951</u>	<u>5,788,359</u>	<u>5,554,448</u>
TOTAL PENSION LIABILITY AT END OF YEAR (a)	<u>\$8,272,113</u>	<u>\$8,000,679</u>	<u>\$8,172,596</u>	<u>\$7,548,547</u>	<u>\$6,759,536</u>	<u>\$6,577,526</u>	<u>\$6,488,773</u>	<u>\$6,215,951</u>	<u>\$5,788,359</u>
PLAN FIDUCIARY NET POSITION									
Contributions:									
Township and state aid	\$534,524	\$493,157	\$498,641	\$465,570	\$469,889	\$443,158	\$443,039	\$271,970	\$232,544
Employee	9,274	8,824	6,998	6,685	7,027	5,561	6,057	5,255	3,852
Net investment income	(1,126,645)	771,845	653,906	863,819	(311,783)	560,861	325,425	(19,677)	223,729
Benefit payments	(437,485)	(475,981)	(427,251)	(453,957)	(421,078)	(363,831)	(310,528)	(272,551)	(301,536)
Administrative expense	<u>(19,299)</u>	<u>(24,554)</u>	<u>(19,229)</u>	<u>(22,455)</u>	<u>(21,985)</u>	<u>(25,016)</u>	<u>(21,943)</u>	<u>(44,310)</u>	<u>(41,497)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(1,039,631)	773,291	713,065	859,662	(277,930)	620,733	442,050	(59,313)	117,092
PLAN FIDUCIARY NET POSITION AT BEGINNING OF YEAR	<u>6,310,934</u>	<u>5,537,643</u>	<u>4,824,578</u>	<u>3,964,916</u>	<u>4,242,846</u>	<u>3,622,113</u>	<u>3,180,063</u>	<u>3,239,376</u>	<u>3,122,284</u>
PLAN FIDUCIARY NET POSITION AT END OF YEAR (b)	<u>\$5,271,303</u>	<u>\$6,310,934</u>	<u>\$5,537,643</u>	<u>\$4,824,578</u>	<u>\$3,964,916</u>	<u>\$4,242,846</u>	<u>\$3,622,113</u>	<u>\$3,180,063</u>	<u>\$3,239,376</u>
NET PENSION LIABILITY AT END OF YEAR (a) - (b)	<u>\$3,000,810</u>	<u>\$1,689,745</u>	<u>\$2,634,953</u>	<u>\$2,723,969</u>	<u>\$2,794,620</u>	<u>\$2,334,680</u>	<u>\$2,866,660</u>	<u>\$3,035,888</u>	<u>\$2,548,983</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>63.72%</u>	<u>78.88%</u>	<u>67.76%</u>	<u>63.91%</u>	<u>58.66%</u>	<u>64.51%</u>	<u>55.82%</u>	<u>51.16%</u>	<u>55.96%</u>
Covered employee payroll	<u>\$1,800,051</u>	<u>\$1,556,346</u>	<u>\$1,494,340</u>	<u>\$1,341,805</u>	<u>\$1,367,968</u>	<u>\$1,364,236</u>	<u>\$1,393,599</u>	<u>\$1,363,136</u>	<u>\$1,342,139</u>
Township's net pension liability as a percentage of covered payroll	<u>166.71%</u>	<u>108.57%</u>	<u>176.33%</u>	<u>203.01%</u>	<u>204.29%</u>	<u>171.13%</u>	<u>205.70%</u>	<u>222.71%</u>	<u>189.92%</u>

Notes to Schedule:

Above does not include DROP Account Balance.

Assumption Changes - In 2021, the mortality improvement scale projection was updated from 2020 to 2021.

Benefit Changes - None.

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST NORRITON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - NON-UNIFORM PENSION PLAN
Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>	<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>
Actuarially determined contribution	\$534,524	\$493,157	\$498,641	\$465,570	\$469,889	\$443,158	\$443,039	\$271,970	\$232,544	\$216,245	\$237,025
Contributions in relation to the actuarially determined contribution	<u>534,524</u>	<u>493,157</u>	<u>498,641</u>	<u>465,570</u>	<u>469,889</u>	<u>443,158</u>	<u>443,039</u>	<u>271,970</u>	<u>232,544</u>	<u>216,245</u>	<u>237,205</u>
Contribution deficiency (excess)	<u>\$ -</u>										
Covered employee payroll	<u>\$1,800,051</u>	<u>\$1,556,346</u>	<u>\$1,494,340</u>	<u>\$1,341,805</u>	<u>\$1,367,968</u>	<u>\$1,364,236</u>	<u>\$1,393,599</u>	<u>\$1,363,136</u>	<u>\$1,342,139</u>	<u>\$1,281,970</u>	<u>\$1,134,408</u>
Contributions as a percentage of covered employee payroll	<u>29.69%</u>	<u>31.69%</u>	<u>33.37%</u>	<u>34.70%</u>	<u>34.35%</u>	<u>32.48%</u>	<u>31.79%</u>	<u>19.95%</u>	<u>17.33%</u>	<u>16.87%</u>	<u>20.89%</u>

Notes to schedule:

Most recent valuation date: January 1, 2021

Actuarially determined contribution rates are calculated by 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 cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	7 years
Asset valuation method	Adjusted market value
Investment rate of return	6.75%
Projected salary increases	4.50%
Includes inflation at	2.50%
Retirement age	Age 50 and 25 years of service, or at attained age plus 1 year, if later
Pre-retirement	None
Post-retirement	PUB-2010 General Amount-Weighted Mortality Tables (Employee, Retiree, Contingent Survivor, and Disabled Retiree tables as applicable), projected from 2010 with Mortality Improvement Scale MP-2021

Notes to Schedule:

Assumption Changes - In 2021, the mortality improvement scale projection was updated from 2020 to 2021.

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST NORRITON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS -
POST-RETIREMENT HEALTHCARE AND SICK LEAVE BENEFITS PLAN
Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY					
Service cost	\$1,066,687	\$1,010,459	\$686,050	\$405,327	\$432,469
Interest cost	352,462	301,646	390,257	393,708	341,792
Ad Hoc Postemployment benefit changes	-	-	986,762	(2,371,037)	-
Changes of assumptions	(3,835,947)	(317,608)	2,867,577	5,205,588	(508,280)
Differences between expected and actual experience	(624,973)	-	(3,240,092)	-	-
Benefit payments	<u>(294,619)</u>	<u>(429,267)</u>	<u>(466,400)</u>	<u>(265,065)</u>	<u>(239,853)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	(3,336,390)	565,230	1,224,154	3,368,521	26,128
TOTAL OPEB LIABILITY AT BEGINNING OF YEAR	<u>15,903,928</u>	<u>15,338,698</u>	<u>14,114,544</u>	<u>10,746,023</u>	<u>10,719,895</u>
TOTAL OPEB LIABILITY AT END OF YEAR (a)	<u>\$12,567,538</u>	<u>\$15,903,928</u>	<u>\$15,338,698</u>	<u>\$14,114,544</u>	<u>\$10,746,023</u>
PLAN FIDUCIARY NET POSITION					
Contributions:					
Township	\$294,619	\$429,267	\$466,400	\$265,065	\$239,853
Employee	-	-	-	-	-
Net investment income (loss)	-	-	-	-	-
Benefit payments	(294,619)	(429,267)	(466,400)	(265,065)	(239,853)
Administrative expense	-	-	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-	-	-	-
PLAN FIDUCIARY NET POSITION AT BEGINNING OF YEAR	-	-	-	-	-
PLAN FIDUCIARY NET POSITION AT END OF YEAR (b)	<u>\$ -</u>				
NET OPEB LIABILITY AT END OF YEAR (a) - (b)	<u>\$12,567,538</u>	<u>\$15,903,928</u>	<u>\$15,338,698</u>	<u>\$14,114,544</u>	<u>\$10,746,023</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Covered employee payroll	<u>\$4,968,537</u>	<u>\$4,604,008</u>	<u>\$4,448,317</u>	<u>\$4,423,784</u>	<u>\$4,201,157</u>
Township's net OPEB liability as a percentage of covered payroll	<u>252.94%</u>	<u>345.44%</u>	<u>344.82%</u>	<u>319.06%</u>	<u>255.79%</u>

Notes to Schedule:

Above does not include DROP Account Balance.

Assumption Changes - In 2022, the mortality improvement scale projection was updated from 2021 to 2022.

Benefit Changes - None.

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST NORRITON TOWNSHIP
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS -
POST-RETIREMENT HEALTHCARE AND SICK LEAVE BENEFITS PLAN
Year Ended December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$343,065	\$783,549	\$301,519	\$701,708	\$306,553
Contributions in relation to the actuarially determined contribution	<u>294,619</u>	<u>429,267</u>	<u>466,400</u>	<u>265,065</u>	<u>239,853</u>
Contribution deficiency (excess)	<u>\$48,446</u>	<u>\$354,282</u>	<u>(\$164,881)</u>	<u>\$436,643</u>	<u>\$66,700</u>
Covered employee payroll	<u>\$4,968,537</u>	<u>\$4,604,008</u>	<u>\$4,448,317</u>	<u>\$4,423,784</u>	<u>\$4,201,157</u>
Contributions as a percentage of covered employee payroll	<u>5.93%</u>	<u>9.32%</u>	<u>10.48%</u>	<u>5.99%</u>	<u>5.71%</u>

Notes to schedule:

The above amounts represent amounts as of the most recent valuation date of January 1, 2022.

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.