

**COPY**

**NORTH WHITEHALL TOWNSHIP,  
LEHIGH COUNTY,  
PENNSYLVANIA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors  
North Whitehall Township  
Coplay, Pennsylvania

### Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of North Whitehall Township as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of North Whitehall Township, as of December 31, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Basis of Accounting**

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

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting or placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that that the budgetary comparison information on page 33, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Whitehall Township's basic financial statements. The combining and individual nonmajor fund financial statements on pages 36-37 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### *Emphasis of a Matter*

As more described in Note 11 to the financial statements, North Whitehall Township has been negatively impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020.

*Kirk, Summa + Co. LLP*

July 30, 2020  
East Stroudsburg, Pennsylvania

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
GOVERNMENT-WIDE STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
DECEMBER 31, 2019**

<u>ASSETS</u>	Governmental Activities	Business-Type Activities	Totals
<b>Current Assets:</b>			
Cash	\$ 5,649,860	\$ 281,554	\$ 5,931,414
Certificates of deposit	3,051,701	39,866	3,091,567
<b>Total Current Assets</b>	<u>8,701,561</u>	<u>321,420</u>	<u>9,022,981</u>
<b>Capital Assets:</b>			
Land and land improvements	5,120,370	-	5,120,370
Buildings and building improvements	5,061,099	-	5,061,099
Sewer system	-	101,871	101,871
Furniture and equipment	4,937,942	-	4,937,942
Infrastructure	5,444,022	-	5,444,022
	<u>20,563,433</u>	<u>101,871</u>	<u>20,665,304</u>
Less: accumulated depreciation	9,912,259	29,034	9,941,293
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>10,651,174</u>	<u>72,837</u>	<u>10,724,011</u>
<b>Total Assets</b>	<u>\$ 19,352,735</u>	<u>\$ 394,257</u>	<u>\$ 19,746,992</u>
<b><u>LIABILITIES AND NET POSITION</u></b>			
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities:</b>			
Escrow deposits	\$ 413,311	\$ -	\$ 413,311
Current portion of long-term debt	434,174	-	434,174
<b>Total Current Liabilities</b>	<u>847,485</u>	<u>-</u>	<u>847,485</u>
<b>Long-Term Debt:</b>			
Notes payable	740,570	-	740,570
Capital leases	100,004	-	100,004
<b>Total Long-Term Debt</b>	<u>840,574</u>	<u>-</u>	<u>840,574</u>
<b>Total Liabilities</b>	<u>1,688,059</u>	<u>-</u>	<u>1,688,059</u>
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	9,376,426	72,837	9,449,263
Restricted	2,018,228	-	2,018,228
Unrestricted	6,270,022	321,420	6,591,442
<b>Total Net Position</b>	<u>17,664,676</u>	<u>394,257</u>	<u>18,058,933</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 19,352,735</u>	<u>\$ 394,257</u>	<u>\$ 19,746,992</u>

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

**NORTH WHITEHALL TOWNSHIP, LEHIGH COUNTY, PENNSYLVANIA**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Program Activities	Program Revenues		Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>				
General government and administration	\$ 855,887	\$ 155,880	\$ 2,700	\$ (697,307)
Public safety and protective inspection	621,294	41,581	104,331	(475,382)
Highways	2,203,389	-	707,011	(1,496,378)
Public works	70,760	2,989	82,831	15,060
Health	7,320	20,395	-	13,075
Parks and recreation	139,841	2,431	-	(137,410)
Interest expense - unallocated	33,653	-	-	(33,653)
Insurance	93,659	-	-	(93,659)
Pension	126,488	-	81,928	(44,560)
Payroll taxes and benefits	675,752	-	-	(675,752)
Miscellaneous	1,100	308	-	(792)
Depreciation expense - unallocated	691,738	-	-	(691,738)
Total governmental activities	5,520,881	223,584	978,801	(4,318,496)
<b>Business-type activities:</b>				
Sewer fund	225,269	154,449	-	(70,820)
Total business-type activities	225,269	154,449	-	(70,820)
Total government	\$ 5,746,150	\$ 378,033	\$ 978,801	(4,389,316)
<b>General revenues:</b>				
Taxes				4,079,548
License and permits				231,215
Fines				4,660
Investment earnings and rents				111,927
Assessments				63,199
Proceeds of general fixed asset disposition				95,384
Miscellaneous				103,956
Total general revenues				4,689,889
Change in net position				371,393
Net position at beginning of year				17,293,283
Net position at end of year				\$ 17,664,676

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

**NORTH WHITEHALL TOWNSHIP**  
**LEHIGH COUNTY, PENNSYLVANIA**  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**DECEMBER 31, 2019**

	<u>General</u> Fund	<u>Highway</u> Fund	<u>Other</u> Governmental Funds	<u>Total</u> Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,678,132	\$ 1,583	\$ 2,970,145	\$ 5,649,860
Certificates of deposit	2,851,794	-	199,907	3,051,701
Due from other funds	24,000	-	-	24,000
<b>Total Assets</b>	<b>\$ 5,553,926</b>	<b>\$ 1,583</b>	<b>\$ 3,170,052</b>	<b>\$ 8,725,561</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Escrow deposits	\$ 413,311	-	-	\$ 413,311
Due to other funds	-	-	24,000	24,000
<b>Total Liabilities</b>	<b>413,311</b>	<b>-</b>	<b>24,000</b>	<b>437,311</b>
<b>FUND BALANCES</b>				
Restricted	-	1,583	2,016,645	2,018,228
Committed	-	-	1,129,407	1,129,407
Unassigned	5,140,615	-	-	5,140,615
<b>Total Fund Balances</b>	<b>5,140,615</b>	<b>1,583</b>	<b>3,146,052</b>	<b>8,288,250</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,553,926</b>	<b>\$ 1,583</b>	<b>\$ 3,170,052</b>	<b>\$ 8,725,561</b>

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



**NORTH WHITEHALL TOWNSHIP**  
**LEHIGH COUNTY, PENNSYLVANIA**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**DECEMBER 31, 2019**

Total fund balance - total governmental funds	\$	8,288,250
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets and land used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.</p>		20,563,433
<p>Accumulated depreciation from capital assets used in governmental activities are not current financial resources and therefore is not reported in the governmental funds balance sheet.</p>		(9,912,259)
<p>Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.</p>		
Due or payable within one year		(434,174)
Due or payable after one year		<u>(840,574)</u>
Total adjustments		<u>9,376,426</u>
Net position of governmental activities	\$	<u><u>17,664,676</u></u>

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

NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Highway Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 3,970,453	\$ -	\$ 109,096	\$ 4,079,549
Licenses, permits and fees	231,215	-	-	231,215
Fines, forfeitures and penalties	4,660	-	-	4,660
Investment income and rents	87,781	3,483	20,664	111,928
Intergovernmental	271,790	707,011	-	978,801
Charges for services	223,585	-	-	223,585
<b>Total Revenues</b>	<b>4,789,484</b>	<b>710,494</b>	<b>129,760</b>	<b>5,629,738</b>
<b>Other Financing Sources</b>				
Miscellaneous	6,405	-	63,199	69,604
Proceeds of general fixed asset disposition	-	-	95,384	95,384
Interfund operating transfers in	-	-	1,000,000	1,000,000
Refunds of prior year expenditures	97,549	-	-	97,549
<b>Total Revenues and Other Financing Sources</b>	<b>4,893,438</b>	<b>710,494</b>	<b>1,288,343</b>	<b>6,892,275</b>
<b>Expenditures</b>				
General government	816,387	-	39,500	855,887
Public safety and protective inspection	621,295	-	-	621,295
Health and human services	7,320	-	-	7,320
Public works - sanitation	70,760	-	-	70,760
Highways and streets	1,377,414	709,288	233,945	2,320,647
Culture and recreation	107,725	-	32,116	139,841
Debt service - principal	312,536	-	179,846	492,382
Debt service - interest	19,139	-	14,515	33,654
Insurance	676,539	-	-	676,539
Pension	151,219	-	-	151,219
Payroll taxes	93,971	-	-	93,971
Interfund operating transfers out	1,000,000	-	-	1,000,000
<b>Total Expenditures</b>	<b>5,254,305</b>	<b>709,288</b>	<b>499,922</b>	<b>6,463,515</b>

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

NORTH WHITEHALL TOWNSHIP  
 LEHIGH COUNTY, PENNSYLVANIA  
 COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS - continued  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Highway Fund	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues and other financing sources over expenditures	(360,867)	1,206	788,421	428,760
Fund Balances at Beginning of Year	5,501,482	377	2,357,631	7,859,490
Fund Balances at End of Year	\$ 5,140,615	\$ 1,583	\$ 3,146,052	\$ 8,288,250

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

**NORTH WHITEHALL TOWNSHIP**  
**LEHIGH COUNTY, PENNSYLVANIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Net change in fund balances - total governmental funds	\$ 428,760
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Government funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded or adjusted in the current period.</p>	117,256
<p>Government funds report pension expense as expenditures. However, in the government-wide statement of activities and changes in net position, the pension expense associated with accrued retirement payable is not reported as an expenditure in governmental funds.</p>	24,733
<p>Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.</p>	(691,738)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences is the treatment of long-term debt and related items:</p>	
Repayment of principal portion of long-term debt.	492,382
Total adjustments	(57,367)
Change in net position of governmental activities	\$ 371,393

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

NORTH WHITEHALL TOWNSHIP  
 LEHIGH COUNTY, PENNSYLVANIA  
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
 SEWER FUND  
 DECEMBER 31, 2019

<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 281,554	
Certificates of deposit	39,866	
Total Current Assets	<u>321,420</u>	
Capital Assets		
Sewer system	101,871	
Less: accumulated depreciation	29,034	
Total Capital Assets	<u>72,837</u>	
Total Assets	<u>\$ 394,257</u>	
 <u>LIABILITIES AND NET POSITION</u> <u>LIABILITIES</u>		
Liabilities	<u>\$ -</u>	
 <u>NET POSITION</u>		
Invested in capital assets, net of related debt	72,837	
Unrestricted	321,420	
Total Net Position	<u>394,257</u>	
Total Liabilities and Net Position	<u>\$ 394,257</u>	

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

**NORTH WHITEHALL TOWNSHIP**  
**LEHIGH COUNTY, PENNSYLVANIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS**  
**SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Operating Revenues</b>	
Sewer use charges	\$ 154,449
<b>Total Operating Revenues</b>	<u>154,449</u>
<b>Operating Expenses</b>	
Administration	14,247
Depreciation expense	2,547
Engineering	15,301
Legal and professional	3,732
Repairs and maintenance	3,710
Transmission expense	<u>185,732</u>
<b>Total Operating Expenses</b>	<u>225,269</u>
<b>Net (Loss) From Operations</b>	(70,820)
<b>Non-Operating Revenues</b>	
Interest income	<u>5,405</u>
<b>Total Non-Operating Revenues</b>	<u>5,405</u>
<b>Change in Net Position</b>	(65,415)
<b>Net Position at Beginning of Year</b>	<u>459,672</u>
<b>Net Position at End of Year</b>	<u>\$ 394,257</u>

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

**NORTH WHITEHALL TOWNSHIP**  
**LEHIGH COUNTY, PENNSYLVANIA**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**SEWER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 154,449
Cash payments for materials and services	<u>(222,722)</u>
<b>Net cash (used in) operating activities</b>	<u>(68,273)</u>
<b>Cash flows from investing activities:</b>	
Interest income	<u>4,738</u>
<b>Net cash provided by investing activities</b>	<u>4,738</u>
<b>Net (decrease) in cash</b>	(63,535)
<b>Cash at beginning of year</b>	<u>345,089</u>
<b>Cash at end of year</b>	<u><u>\$ 281,554</u></u>
<b>Reconciliation of net (loss) from operations to net cash</b>	
<b>(used in) operating activities:</b>	
Net (loss) from operations	\$ (70,820)
<b>Adjustments to reconcile net (loss) to net</b>	
<b>cash (used in) operating activities:</b>	
Depreciation	<u>2,547</u>
<b>Net cash (used in) operating activities</b>	<u><u>\$ (68,273)</u></u>

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

NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2019

	<u>Pension Trust Fund</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 125,566
Employer contribution receivable	2,395
Investments, at fair value	<u>3,591,586</u>
Total Assets	<u>\$ 3,719,547</u>
<b><u>NET POSITION</u></b>	
Held in Trust For Pension Benefits	<u>\$ 3,719,547</u>

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



**NORTH WHITEHALL TOWNSHIP**  
**LEHIGH COUNTY, PENNSYLVANIA**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Pension Trust Fund
<b>Additions</b>	
State contribution	\$ 81,928
Employer contribution	2,395
Investment income	771,432
<b>Total Additions</b>	855,755
 <b>Deductions</b>	
Benefit payments	176,315
Miscellaneous	40
<b>Total Deductions</b>	176,355
 <b>Net Change in Net Position</b>	679,400
 <b>Held in Trust for</b>	
<b>Pension Benefits:</b>	
Beginning of Year	3,040,147
End of Year	\$ 3,719,547

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

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General Statement**

North Whitehall Township was organized in 1810 and operates as a second-class township in Lehigh County, Pennsylvania. It operates using a Board of Supervisors as its governing body. The Township has approximately 14,700 residents and has approximately 29 square miles of roads and highways.

The Township has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011.

**B. Financial Reporting Entity**

The report includes all of the services provided by the Township to residents and businesses within its boundaries. Township services provided include public safety (fire and ambulance), highways and streets, planning and zoning, recreation and community services, and general administrative services. The criteria for including organizations as component units within the Township's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Township holds the corporate powers of the organization
- the Township appoints a voting majority of the organization's board
- the Township is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Township
- there is fiscal dependency by the organization on the Township

Based on the aforementioned criteria, North Whitehall Township has no component units.

**C. Basis of Presentation**

The government-wide financial statements (the statement of Net Position and the statement of activities) report information on all of the activities of the Township. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

**C. Basis of Presentation – continued**

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements:**

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following major governmental funds:

**General Fund:**

The General Fund is the main operating fund of the Township. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid through the General Fund.

**Highway Fund**

This fund is used to account for funding from the Pennsylvania Municipal Liquid Fuels Program which funds a range of projects to support municipalities' construction, reconstruction, maintenance and repair roads or streets.

**Capital Projects Fund**

This fund is used to account for financial resources held for future capital improvements, for acquisition, construction or improvements of major capital facilities, other than those financed by proprietary funds.

Proprietary Funds are accounted for using the economic resources measurement focus and the modified cash basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The Township has presented the following major proprietary funds:

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

**C. Basis of Presentation – continued**

Sewer Fund

This fund is used to account for operations of the sewer system that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Basis of Accounting**

Basis of accounting refers to the timing of when transactions are recorded regardless of the measurement focus applied.

**Government-Wide Financial Statements:**

The Statement of Net Position and Statement of Activities are presented using the modified cash basis of accounting. The basis recognizes assets, liabilities, net position, revenues and expenditures/expenses when they result from transactions. However, under this basis of accounting, expenditures for capital assets are capitalized rather than expensed and are depreciated over the capital asset's useful lives. In addition, long-term debt proceeds are recognized as liabilities and related payments on long-term debt are not expensed but rather offset against the related debt liability. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable, taxes receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements as they normally would be under generally accepted accounting principles.

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

**D. Basis of Accounting-continued**

**Fund Financial Statements:**

The fund financial statements are presented using the modified cash basis of accounting. Under the basis of accounting, revenues are recognized when the cash is received and expenses are recognized when cash is paid. This differs from generally accepted accounting principles, where revenues are recognized when measurable and available and expenditures are recognized when incurred in governmental funds. Under generally accepted accounting principles, proprietary funds utilize the accrual basis of accounting where revenues are recognized when earned and expenses when incurred.

**E. Measurement Focus**

Measurement focus is a term used to describe how transactions are recorded with the various financial statements.

**Government-Wide Financial Statements:**

The government-wide financial statements are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

**Fund Financial Statements:**

The fund financial statements use the "current financial resources" measurement focus as applied using the cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of current financial resources during a given period. These funds use fund balance as their measure available spendable financial resources at the end of the period.

**F. Budgetary Control**

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are adjusted to the actual results for this comparison.

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

**F. Budgetary Control-continued**

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. At least 30 days prior to budget adoption, the Township prepares a proposed budget for the ensuing year.
2. Notification of the proposed budget and hearings on it are held by the Township prior to adoption.
3. Prior to December 31<sup>st</sup>, the budget is legally enacted by the Township and the tax levy ordinance is adopted.
4. The Township, during the budget year, is authorized to modify the budget through either budget transfers or supplemental appropriations.
5. The budget lapses at the end of the year.

Prior to December 31<sup>st</sup>, the Township legally enacts the budget and the tax levy ordinance is adopted.

**G. Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental, Proprietary and Fiduciary Funds.

**H. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Assets capitalized have an original cost of \$2,500 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	15-30 years
Furniture and equipment	5-10 years
Infrastructure	20 years
Sewer system	40 years

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

**I. Reservations of Net Position**

Fund equity is reserved for the Pension Trust Fund because that fund is for the specific payment of the Township's retirees benefit payments and for possible future environmental remediation issues.

**J. Use of Estimates**

The preparation of 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 expenses during the reporting period. Actual results could differ from those estimates.

**K. Statement of Cash Flows**

The Township adopted GASB Statement 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". For purposes of reporting cash flows all highly liquid investments (including restricted assets) with original maturity of three months or less are considered to be cash equivalents.

**L. Fund Equity**

Beginning with fiscal year 2011, 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 a government's fund balances more transparent. The following classifications describe the relate strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the Township itself, using its highest level of decision-making authority (i.e. Township Supervisors). To be reported as committed, amounts cannot be used for any other purpose unless the Township makes the highest level action to remove or change the constraint.
- Assigned fund balance – amounts the Township intends to use for a specific purpose. Intent can be expressed by the Township Supervisors or by an official or body to which the Township Supervisors delegates the authority.

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued**

**L. Fund Equity - continued**

- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Restricted or unrestricted amounts are considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The Township's Supervisors establish (and modify or rescind) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Township Supervisors through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or other purposes).

**M. Recent Statements Issued by GASB**

The GASB has issued the following Statement which will become effective in future years as shown below:

Statement No.87 "*Leases*" is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement has no impact on the Township's financial statements.

Statement No.88 "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*" is effective for reporting periods beginning after June 15, 2018. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Township has evaluated the impact of this Statement and made all necessary changes to the financial statements.

Statement No.89 "*Accounting for Interest Cost Incurred before the End of a Construction Period*" is effective for reporting periods beginning after December 15, 2019. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement has no impact on the Township's financial statements.

Statement No.90 "*Majority Equity Interests*" is effective for reporting periods beginning after December 15, 2018. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement has no impact on the Township's financial statements.

Statement No.91 "*Conduit Debt Obligations*" is effective for reporting periods beginning after December 15, 2020. The objectives of this Statement is to better meet the information needs of financial statement users by enhancing the comparability and consistency of conduit debt obligation reporting and reporting of related transactions and other events by state and local government issuers. This Statement has no impact on the Township's financial statements.



**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 – PROPERTY TAXES**

Based upon taxable assessed valuation provided by the County (approximately \$1,491,792,500 in 2019), the Township bills and collects its own property taxes through an elected tax collector. The Township's tax rate for all purposes for 2019 was 0.6 mills (\$0.60 per \$1,000 of assessed valuations). The schedule for property taxes levied for 2019 is as follows:

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

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be recovered. The Township's policy for minimizing credit risk for bank balances exceeding the Federal Deposit Insurance Corporation's insured limits relies upon the Pennsylvania Pledge Act 72 (72 P.S. section 3836-1 et seq.). The act requires the financial institution to pool collateral for all of its government deposits in addition to having the collateral held by an approved custodian in the institution's name. As of December 31, 2019, the Township's carrying amount and bank deposit balance were \$9,022,981, and \$9,179,145, respectively. Of the bank balance \$500,000 was covered by federal depository insurance.

Investments:

State laws authorize the Township to invest with the Pennsylvania Local Government Investment Trust (PLGIT), deposits in savings accounts or time deposits of institutions that are insured by the Federal Deposit Insurance Corporation (FDIC), certificates of deposit purchased from institutions insured by the FDIC, and obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America or the Commonwealth of Pennsylvania.

The Township's investments are held entirely in its Pension Trust Fund. Investments in the pension trust fund as of December 31, 2019 consist of the following:

	<u>Fair Market Value</u>
Minnesota Life General Account	\$ 706,693
Securian AM Money Market	125,566
Metro West Total Return Bond	172,600
Columbia Contrarian Core / Wellington Disciplined US Equity / Janus Opportunistic Growth	2,534,953
Ivesco Equity and Income	179,735
Total	<u>\$ 3,719,547</u>

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 – BUDGET BASIS OF ACCOUNTING**

North Whitehall Township prepares its annual budget on a basis (budget basis), which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the Township's method (budget basis) in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund to provide a more meaningful comparison of actual results with the budget.

**NOTE 5 – CAPITAL ASSETS**

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

	Balance 01/01/19	Additions	Retirements/ Adjustments	Balance 12/31/19
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land and land improvements	\$ 5,120,370	\$ -	\$ -	\$ 5,120,370
Total non-depreciable capital assets	5,120,370	-	-	5,120,370
Capital assets, being depreciated				
Buildings and building improvements	5,061,099	-	-	5,061,099
Furniture and equipment	4,995,443	241,691	(299,192)	4,937,942
Infrastructure	5,444,022	-	-	5,444,022
Total depreciable capital assets	15,500,564	241,691	(299,192)	15,443,063
Less: accumulated depreciation	(9,519,713)	(691,738)	299,192	(9,912,259)
Total capital assets being depreciated, net	5,980,851	(450,047)	-	5,530,804
Governmental activities capital assets, net	<u>\$11,101,221</u>	<u>\$ (450,047)</u>	<u>\$ -</u>	<u>\$ 10,651,174</u>

Depreciation expense of \$691,738 in the governmental activities was charged to general government and administration area expenses because the fixed asset valuation does not breakdown the expenses into functional areas.

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 6 – LONG TERM DEBT**

During 2019 General Long-Term Debt changed as follows:

	Balance 01/01/19	Adjustments/ Additions	Payments	Balance 12/31/19	Due Within One Year
<b>Governmental-Type</b>					
General Obligation Note Series of 2009 Interest rate: 3.75% Matures April 28, 2019	\$ 59,071	\$ -	\$ 59,071	\$ -	\$ -
PA Infrastructure Bank Loan Interest rate: 1.625% Matures September 5, 2023	1,242,757	-	253,465	989,292	248,722
<b>Total Notes/Bonds Payable</b>	<u>1,301,828</u>	<u>-</u>	<u>312,536</u>	<u>989,292</u>	<u>248,722</u>
FNB Commercial Leasing Interest Rate: 3.5% Matures January 28, 2021 Secured by 2018 Case Wheel Loader	98,152	-	48,222	49,930	49,930
Mercedes Benz Financial Interest Rate: 4.5940% Matures September 26, 2021 Secured by 2019 Freightliner Truck	167,978	-	53,498	114,480	55,955
FNB Equipment Finance Interest Rate: 0.00% Matures October 10, 2021 Secured by 2019 Case Backhoe	-	124,435	41,478	82,957	41,478
Mercedes Benz Financial Interest Rate: 3.93% Matures October 20, 2020 Secured by 2018 Freightliner Truck	74,737	-	36,648	38,089	38,089
<b>Total Capital Leases</b>	<u>340,867</u>	<u>124,435</u>	<u>179,846</u>	<u>285,456</u>	<u>185,452</u>
<b>Total all Governmental Debt</b>	<u>\$ 1,642,695</u>	<u>\$ 124,435</u>	<u>\$ 492,382</u>	<u>\$ 1,274,748</u>	<u>\$ 434,174</u>

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 6 – LONG TERM DEBT – continued**

Annual requirements to retire governmental long-term note payable obligations are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 248,722	\$ 16,565	\$ 265,287
2021	252,764	12,524	265,288
2022	256,871	8,416	265,287
2023	230,935	4,242	235,177
Total	<u>\$ 989,292</u>	<u>\$ 41,747</u>	<u>\$ 1,031,039</u>

Annual requirements to retire governmental capital lease obligations are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 185,452	\$ 9,886	\$ 195,338
2021	100,004	2,689	102,693
	<u>\$ 285,456</u>	<u>\$ 12,575</u>	<u>\$ 298,031</u>

**NOTE 7 – PENSION PLANS**

**PLAN DESCRIPTION**

General

The North Whitehall Township Non-Uniformed Pension Plan is a single-employer defined contribution pension plan controlled by the provisions of resolution adopted 8/20/1986. The Plan is governed by the Board of Township Supervisors, which is responsible for the management of plan assets. The Board of Township Supervisors has delegated the authority to manage certain plan assets to Securian (Minnesota Mutual Life Insurance Company).

Plan Membership

As of December 31, 2019, the Pension Plan's membership consisted of the following:

Active members	17
Retirees & beneficiaries currently receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	<u>4</u>
Total	<u>21</u>

Benefit Provisions

The plan provides retirement benefits to plan members in the form of an Annuity or a lump sum payment.

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 7 – PENSION PLANS – continued**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions using the end of the year reconciliation figures are made in accordance with Act 205. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**Valuation of Investments**

The Plan's unallocated insurance contract held at December 31, 2019 is valued at current value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities. Funds under the contract that have been allocated and applied to purchase annuities are excluded from the Plan's assets.

**CONTRIBUTION**

The Plan is open to all Township employees upon completion of one year of service and a minimum of 1000 hours or more. Under the Plan, the Township is required to make an annual contribution of 12% of compensation for each eligible employee. The contribution is paid by state aid and Township funds. Active employees may not make voluntary contributions to the Plan. The Township's contribution and state aid to the Plan totaled \$2,395 and \$81,928 for the year ended December 31, 2019.

**CONCENTRATION**

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

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

**DEPOSITS AND INVESTMENTS**

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

**Deposits**

At December 31, 2019 the plan held no deposits.

**Investments**

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

GASB 3 requires certain plan investments to be categorized to give an indication of the level of custodial credit risk assumed by the plan at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by plan or its agent in the Plan's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer banks trust department or agent in the Plan's name. Category 3 includes uninsured and unregistered investments for which the securities are held by a counter-party or by its trust department or agent but not in the Plan's name. At December 31, 2019, the investments held by the plan were not required to be categorized per GASB 3.

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 8 – INTERFUND TRANSFERS**

The Township transfers funds between funds periodically to allocate revenues and to cover expenditures. Interfund transfers are approved at public meetings of the Supervisors. Interfund transfers during the year ended December 31, 2019, were as follows:

	<u>Transfers Out</u> General Fund
<u>Transfers In</u>	
Road Machinery	\$ 500,000
Capital Projects	500,000
Total	<u>\$ 1,000,000</u>

**NOTE 9 – ESCROW ACCOUNTS**

Escrow funds are collected for construction projects to provide security that the projects will be adequately and properly completed. A balance of \$413,311 was maintained as of December 31, 2019 of escrow funds in several bank accounts.

**NOTE 10 – FUND BALANCES**

The details of governmental fund balances as of December 31, 2019 are presented below.

General Fund

The General Fund has unassigned fund balance of \$5,140,615 as of December 31, 2019.

Highway Fund

The restricted fund balance in the liquid fuels highway aid fund of \$1,583 represents state gas taxes received from the state of Pennsylvania that is restricted to use in highway and street construction and repairs.

Capital Projects Fund

The restricted fund balance in the capital projects fund of \$1,535,559 is restricted to use in the acquisition, construction or renovation of major capital facilities or equipment.

Street Lighting Fund

The restricted fund balance in the street lighting fund of \$19,611 represents tax collections from Township residents that is restricted in use to expenditures related to the Township's street lights.

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 10 – FUND BALANCES – continued**

NWI / 309 Fund

The NWI / 309 fund has unassigned fund balance of \$-0- as of December 31, 2019. The fund balance was eliminated by future allocations from other funds.

NW Project Fund

The restricted fund balance in the NW project fund of \$461,475 is restricted to use in the acquisition, construction, or renovation of the Route 309 corridor.

Road Machinery Fund

The committed fund balance in the road machinery fund of \$702,084 represents funds committed by the Township for the purchase of highway and street construction equipment.

Emergency Services Capital Long Term Fund

The committed fund balance in the emergency services capital long term fund of \$427,323 represents funds committed by the Township for the purchase of equipment.

**NOTE 11 – SUBSEQUENT EVENTS**

In preparing these financial statements, management of North Whitehall Township has evaluated events and transactions subsequent to December 31, 2019 through July 30, 2020, the date these financial statements were available to be issued. Based on the definitions and requirements of the Subsequent Events Topics of the FASB Accounting Standards Codification, management of North Whitehall Township is aware of the following subsequent event.

The outbreak of the novel coronavirus, COVID-19, has adversely impacted global financial markets and contributed to significant volatility in financial instruments. The pandemic and related government responses are creating disruption in global supply chains and adversely impacting virtually all industries. Depending on the severity and length of the outbreak, the novel coronavirus will present material uncertainty and risk with respect to North Whitehall Township, its results of operations, cash flows, and financial condition. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net income. Given the uncertainty regarding the spread of the coronavirus, the related financial impact cannot be reasonably estimated. Other financial impacts could occur. Such impact is unknown at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**



NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 3,806,200	\$ 3,806,200	\$ 3,970,453	\$ 164,253
Licenses, permits and fees	217,500	217,500	231,215	13,715
Fines, forfeits and penalties	6,300	6,300	4,660	(1,640)
Investment income and rents	72,795	72,795	87,781	14,986
Intergovernmental	212,600	212,600	271,790	59,190
Charges for services	90,250	90,250	223,585	133,335
<b>Total Revenues</b>	<u>4,405,645</u>	<u>4,405,645</u>	<u>4,789,484</u>	<u>383,839</u>
<b>Other Financing Sources</b>				
Miscellaneous	2,600	2,600	6,405	3,805
Refunds of prior year expenditures	21,000	21,000	97,549	76,549
<b>Total Other Financing Sources</b>	<u>23,600</u>	<u>23,600</u>	<u>103,954</u>	<u>80,354</u>
<b>Total Revenues and Other Financing Sources</b>	<u>4,429,245</u>	<u>4,429,245</u>	<u>4,893,438</u>	<u>464,193</u>
<b>Expenditures</b>				
General government	985,399	985,399	816,387	169,012
Public safety and protective inspection	615,148	615,148	621,295	(6,147)
Health and human services	7,500	7,500	7,320	180
Public works - sanitation	91,850	91,850	70,760	21,090
Highways and streets	1,320,285	1,320,285	1,377,414	(57,129)
Culture and recreation	121,750	121,750	107,725	14,025
Debt service - principal	306,000	306,000	312,536	(6,536)
Debt service - interest	26,000	26,000	19,139	6,861
Insurance	833,486	833,486	676,539	156,947
Pension	138,100	138,100	151,219	(13,119)
Payroll taxes	87,600	87,600	93,971	(6,371)
Miscellaneous	300	300	-	300
	<u>4,533,418</u>	<u>4,533,418</u>	<u>4,254,305</u>	<u>279,113</u>
<b>Other Financing Uses</b>				
Interfund operating transfers out	-	-	1,000,000	(1,000,000)
<b>Total Expenditures and Other Financing Uses</b>	<u>4,533,418</u>	<u>4,533,418</u>	<u>5,254,305</u>	<u>(720,887)</u>
<b>Excess of revenues over expenditures</b>	<u>\$ (104,173)</u>	<u>\$ (104,173)</u>	<u>(360,867)</u>	<u>\$ (256,694)</u>
<b>Fund balance at beginning of year (forwarded)</b>			<u>5,501,482</u>	
<b>Fund balance at end of year</b>			<u>\$ 5,140,615</u>	

**NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2019**

**NOTE A – BUDGETARY COMPLIANCE**

The annual budget is prepared and adopted by the Township’s Supervisors. Subsequent amendments are also prepared and adopted by the Township’s Supervisors. Unexpended appropriations lapse at year end. Encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner.

The Township’s financial statements for the year ended December 31, 2019 present its legally adopted budget for the General Fund. The Township included a portion of the prior year’s fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period’s excess of revenues over expenditures. The Township approved to legally adopt the General Fund budget for the 2019 year.

The Budget has been adopted on the activity basis; expenditures at this level in excess of amounts budgeted are a violation of the Pennsylvania Second Class Township Code. Comparison of actual results of operations to the budget of the General Fund as adopted by the Township’s supervisors is included in the required supplemental information of the basic financial statements.

For the year ended December 31, 2019, expenditures exceeded appropriations at the legal level of control in the General Fund as follows:

Object Category	Expenditures Exceeding Appropriations
Public safety	\$ 6,147
Highways and streets	\$ 57,129
Debt Service - Principal	\$ 6,536
Pension	\$ 13,119
Payroll taxes	\$ 6,371

**SUPPLEMENTARY INFORMATION**

**NORTH WHITEHALL TOWNSHIP**  
**LEHIGH COUNTY, PENNSYLVANIA**  
**COMBINING BALANCE SHEETS - OTHER GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**DECEMBER 31, 2019**

	Street Lighting Fund	NW1 / 309 Fund	NW Project Fund	Road Machinery Fund	Emergency Services Capital Machinery Fund	Capital Projects Fund	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 43,611	\$ -	\$ 461,475	\$ 702,084	\$ 227,416	\$ 1,535,559	\$ 2,970,145
Certificates of deposit	-	-	-	-	199,907	-	199,907
<b>Total Assets</b>	<u>\$ 43,611</u>	<u>\$ -</u>	<u>\$ 461,475</u>	<u>\$ 702,084</u>	<u>\$ 427,323</u>	<u>\$ 1,535,559</u>	<u>\$ 3,170,052</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Due to other Funds	\$ 24,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,000
<b>Total Liabilities</b>	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,000</u>
<b>FUND BALANCES</b>							
Restricted	19,611	-	461,475	-	-	1,535,559	2,016,645
Committed	-	-	-	702,084	427,323	-	1,129,407
<b>Total Fund Balances</b>	<u>19,611</u>	<u>-</u>	<u>461,475</u>	<u>702,084</u>	<u>427,323</u>	<u>1,535,559</u>	<u>3,146,052</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 43,611</u>	<u>\$ -</u>	<u>\$ 461,475</u>	<u>\$ 702,084</u>	<u>\$ 427,323</u>	<u>\$ 1,535,559</u>	<u>\$ 3,170,052</u>

NORTH WHITEHALL TOWNSHIP  
LEHIGH COUNTY, PENNSYLVANIA  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - OTHER GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Street Lighting Fund	NWI / 309 Fund	NW Project Fund	Road Machinery Fund	Emergency Services Capital Machinery Fund	Capital Projects Fund	Totals
<b>Revenues</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 109,096	\$ -	\$ 109,096
Investment income and rents	430	-	2,170	8,558	7,417	2,089	20,664
Miscellaneous	63,199	-	-	-	-	-	63,199
Proceeds of general fixed asset disposition	-	-	-	95,384	-	-	95,384
Interfund operating transfers in	-	-	-	500,000	-	500,000	1,000,000
<b>Total Revenues</b>	<u>63,629</u>	<u>-</u>	<u>2,170</u>	<u>603,942</u>	<u>116,513</u>	<u>502,089</u>	<u>1,288,343</u>
<b>Expenditures</b>							
General government	11	-	-	-	-	39,489	39,500
Highways and streets	56,105	-	-	117,840	60,000	-	233,945
Culture and recreation	-	-	-	-	-	32,116	32,116
Debt service - principal	-	-	-	179,846	-	-	179,846
Debt service - interest	-	-	-	14,515	-	-	14,515
<b>Total Expenditures</b>	<u>56,116</u>	<u>-</u>	<u>-</u>	<u>312,201</u>	<u>60,000</u>	<u>71,605</u>	<u>499,922</u>
<b>Net Changes in Fund Balances</b>	7,513	-	2,170	291,741	56,513	430,484	788,421
<b>Fund Balances at Beginning of Year</b>	<u>12,098</u>	<u>-</u>	<u>459,305</u>	<u>410,343</u>	<u>370,810</u>	<u>1,105,075</u>	<u>2,357,631</u>
<b>Fund Balances at End of Year</b>	<u>\$ 19,611</u>	<u>\$ -</u>	<u>\$ 461,475</u>	<u>\$ 702,084</u>	<u>\$ 427,323</u>	<u>\$ 1,535,559</u>	<u>\$ 3,146,052</u>