

NORTH WHITEHALL TOWNSHIP

**Financial Statements,
Independent Auditor's Report
and Supplementary Information**

December 31, 2025

**NORTH WHITEHALL TOWNSHIP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
North Whitehall Township
Coplay, PA

Report on the Audit of the Financial Statements

Opinions

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, 2025, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2025, 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 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Whitehall 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 opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for 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 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 North Whitehall 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 North Whitehall 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.

Other Matters

Supplementary 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. Management's budgetary comparison and combining schedules on pages 32-35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison and combining schedules 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 auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison and combining schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2026 on our consideration of North Whitehall Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Whitehall Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Whitehall Township's internal control over financial reporting and compliance.

Congbell, Rappold & Yucasita LLP

June 24, 2026

NORTH WHITEHALL TOWNSHIP
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 6,183,963	\$ 843,902	\$ 7,027,865
Investments	6,089,273	-	6,089,273
Total Current Assets	12,273,236	843,902	13,117,138
Noncurrent Assets:			
Land	5,517,456	-	5,517,456
Construction in Progress	922,742	-	922,742
Building and Building Improvements	11,179,708	-	11,179,708
Infrastructure	5,444,022	-	5,444,022
Furniture and Equipment	6,810,711	-	6,810,711
Sewer System	-	101,871	101,871
Accumulated Depreciation	(13,519,984)	(44,316)	(13,564,300)
Total Noncurrent Assets	16,354,655	57,555	16,412,210
TOTAL ASSETS	28,627,891	901,457	29,529,348
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,369	-	1,369
Internal Balances	713,072	-	713,072
Current Portion of Long-Term Debt	329,548	-	329,548
Total Current Liabilities	1,043,989	-	1,043,989
Noncurrent Liabilities:			
Long-Term Debt	6,523,194	-	6,523,194
Total Noncurrent Liabilities	6,523,194	-	6,523,194
TOTAL LIABILITIES	7,567,183	-	7,567,183
NET POSITION			
Invested in Capital Assets, Net of Related Debt	9,501,913	57,555	9,559,468
Restricted for:			
Capital Projects	622,241	-	622,241
Special Revenue	2,609,654	-	2,609,654
Unrestricted	8,326,900	843,902	9,170,802
TOTAL NET POSITION	\$ 21,060,708	\$ 901,457	\$ 21,962,165

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

**NORTH WHITEHALL TOWNSHIP
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$ 1,231,946	\$ -	\$ 8,311	\$ -	\$ (1,223,635)	\$ -	\$ (1,223,635)
Public Safety	1,413,152	143,177	131,314	-	(1,138,661)	-	(1,138,661)
Public Works	3,604,137	-	651,540	135,687	(2,816,910)	-	(2,816,910)
Public Works - Sanitation	1,225	30,583	14,590	-	43,948	-	43,948
Health and Human Services	8,500	-	-	-	(8,500)	-	(8,500)
Cultural and Recreation	385,783	312,199	-	30,000	(43,584)	-	(43,584)
Community Development	54,693	-	-	-	(54,693)	-	(54,693)
Insurance	90,813	-	-	-	(90,813)	-	(90,813)
Benefits and Withholdings	1,550,795	-	146,645	-	(1,404,150)	-	(1,404,150)
Miscellaneous	300	-	-	-	(300)	-	(300)
Interest Expense	252,263	-	-	-	(252,263)	-	(252,263)
Depreciation	657,188	-	-	-	(657,188)	-	(657,188)
Total Governmental Activities	9,250,795	485,959	952,400	165,687	(7,646,749)	-	(7,646,749)
Business Type Activities:							
Sewer	161,692	186,637	10,089	-	-	35,034	35,034
Total Business-Type Activities	161,692	186,637	10,089	-	-	35,034	35,034
Total Primary Government	\$ 9,412,487	\$ 672,596	\$ 962,489	\$ 165,687	\$ (7,646,749)	\$ 35,034	\$ (7,611,715)
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes, net					\$ 1,098,660	\$ -	\$ 1,098,660
Property Taxes, levied for farmland preservation, net					158,411	-	158,411
Property Taxes, levied for emergency services, net					810,275	-	810,275
Other Taxes, levied for general purposes, net					4,065,036	-	4,065,036
Licenses and Permits					184,685	-	184,685
Fines and Forfeitures					4,453	-	4,453
Gain on Sale of Equipment					50,000	-	50,000
Miscellaneous Income					289,786	-	289,786
Interest Income					518,056	31,165	549,221
Transfers In/(Out)					-	-	-
Total General Revenues, Special Items, Extraordinary Items, and Transfers					7,179,362	31,165	7,210,527
Change in Net Position					(467,387)	66,199	(401,188)
Net Position - Beginning					21,528,095	835,258	22,363,353
Net Position - Ending					\$ 21,060,708	\$ 901,457	\$ 21,962,165

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

NORTH WHITEHALL TOWNSHIP
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES –
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Major Funds		Non-Major Funds	
	General	Capital Projects	Governmental Funds	Total
ASSETS				
Cash and Cash Equivalents	\$ 3,606,810	\$ 486,481	\$ 2,090,672	\$ 6,183,963
Investments	5,373,262	-	716,011	6,089,273
Due from Other Funds	61,269	-	-	61,269
TOTAL ASSETS	\$ 9,041,341	\$ 486,481	\$ 2,806,683	\$ 12,334,505
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 1,369	\$ -	\$ -	\$ 1,369
Due to Other Funds	713,072	21,056	40,213	774,341
TOTAL LIABILITIES	714,441	21,056	40,213	775,710
FUND BALANCES				
Restricted	-	-	2,689,689	2,689,689
Committed	-	465,425	76,781	542,206
Unassigned	8,326,900	-	-	8,326,900
TOTAL FUND BALANCES	8,326,900	465,425	2,766,470	11,558,795
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,041,341	\$ 486,481	\$ 2,806,683	\$ 12,334,505

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

**NORTH WHITEHALL TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS,
LIABILITIES AND FUND BALANCES TO THE STATEMENT OF NET POSITION –
MODIFIED CASH BASIS
DECEMBER 31, 2025**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 11,558,795
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**Amounts Reported for Governmental Activities in the
Statement of Net Position - Modified Cash Basis are Different Because:**

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$29,874,639 and the accumulated depreciation is \$13,519,984.	16,354,655
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consists of a general obligation note.	<u>(6,852,742)</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 21,060,708</u>
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The accompanying notes are an integral part of these financial statements.

NORTH WHITEHALL TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Major Funds		Non-Major Funds	
	General	Capital Projects	Governmental Funds	Total
REVENUES				
Taxes	\$ 5,105,446	\$ -	\$ 1,026,936	\$ 6,132,382
Licenses and Permits	184,685	-	-	184,685
Fines and Forfeitures	4,453	-	-	4,453
Interest and Rents	327,546	98,571	91,939	518,056
Intergovernmental Revenues	300,860	135,687	681,540	1,118,087
Charges for Services	340,236	-	145,723	485,959
Gain on Sale of Equipment	-	-	50,000	50,000
Miscellaneous	287,266	-	2,520	289,786
TOTAL REVENUES	6,550,492	234,258	1,998,658	8,783,408
EXPENDITURES				
General Government	1,225,401	4,518,751	6,547	5,750,699
Public Safety	953,622	-	459,530	1,413,152
Public Works	1,660,883	1,197,093	1,299,128	4,157,104
Public Works - Sanitation	1,225	-	-	1,225
Health and Human Services	8,500	-	-	8,500
Cultural and Recreation	311,726	-	104,057	415,783
Community Development	-	-	54,693	54,693
Insurance	90,813	-	-	90,813
Benefits and Withholdings	1,539,149	-	11,646	1,550,795
Miscellaneous	300	-	-	300
Principal	140,000	-	-	140,000
Interest Expense	252,263	-	-	252,263
TOTAL EXPENDITURES	6,183,882	5,715,844	1,935,601	13,835,327
EXCESS (DEFICIT) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID	366,610	(5,481,586)	63,057	(5,051,919)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	84,201	469,701	307,618	861,520
Operating Transfers Out	(627,885)	(25,121)	(208,514)	(861,520)
Total Other Financing Sources (Uses)	(543,684)	444,580	99,104	-
Net Change in Fund Balances	(177,074)	(5,037,006)	162,161	(5,051,919)
Fund Balances, January 1	8,503,974	5,502,431	2,604,309	16,610,714
FUND BALANCES, DECEMBER 31	\$ 8,326,900	\$ 465,425	\$ 2,766,470	\$ 11,558,795

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

**NORTH WHITEHALL TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Net Change in Fund Balances - Governmental Funds \$ (5,051,919)

**Amounts Reported for Governmental Activities in the
Statement of Activities - Modified Cash Basis are Different Because:**

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities - modified cash basis, the cost of those expenditures is not reported but treated as a capital asset on the statement of net position - modified cash basis

Capital Outlay	\$	6,024,462	
Depreciation		<u>(657,188)</u>	5,367,274

Proceeds from promissory note were reported as other financing sources of revenue in the governmental funds. The proceeds are not revenue on the statement of revenues, expenditures and changes in fund balances - modified cash basis, but rather current and long term liabilities on the statement of net position - modified cash basis. (922,742)

Repayments of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position - modified cash basis 140,000

Change in Net Position of Governmental Activities \$ (467,387)

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

NORTH WHITEHALL TOWNSHIP
STATEMENT OF NET POSITION – MODIFIED CASH BASIS – ALL PROPRIETARY FUNDS
DECEMBER 31, 2025

	<u>Sewer Fund</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 843,902
Total Current Assets	<u>843,902</u>
Noncurrent Assets:	
Fixed Assets, Less	
Accumulated Depreciation	\$ 57,555
Total Noncurrent Assets	<u>57,555</u>
TOTAL ASSETS	<u><u>\$ 901,457</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ -
Total Current Liabilities	<u>-</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Invested in Capital Assets	57,555
Unrestricted	<u>843,902</u>
Total Net Position	<u>901,457</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 901,457</u></u>

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

**NORTH WHITEHALL TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION – MODIFIED CASH BASIS – ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Sewer Fund</u>
OPERATING REVENUES:	
Charges for Services	\$ 186,637
Intergovernmental Revenue	<u>10,089</u>
Total Operating Revenues	<u>196,726</u>
OPERATING EXPENSES:	
Administration	15,546
Transmission Expense	116,119
Planning and Design	27,166
Miscellaneous	314
Depreciation	<u>2,547</u>
Total Operating Expenses	<u>161,692</u>
OPERATING PROFIT	<u>35,034</u>
NON-OPERATING REVENUES:	
Interest Revenue	<u>31,165</u>
Total Non-operating Revenues	<u>31,165</u>
Transfers In	10,000
Transfers Out	<u>(10,000)</u>
Change in Net Position	<u>66,199</u>
Total Net Position - January 1	<u>835,258</u>
TOTAL NET POSITION - December 31	<u><u>\$ 901,457</u></u>

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

**NORTH WHITEHALL TOWNSHIP
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS –
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 196,726
Cash Payment to Suppliers for Goods and Services	<u>(159,145)</u>
Net Cash Provided by Operating Activities	<u>37,581</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Received	<u>31,165</u>
Net Cash Provided by Investing Activities	<u>31,165</u>
Net Increase in Cash and Cash Equivalents	68,746
Cash and Cash Equivalents, January 1	<u>775,156</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 843,902</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 35,034
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	<u>2,547</u>
Total Adjustments	<u>2,547</u>
Net Cash Provided by Operating Activities	<u><u>\$ 37,581</u></u>

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

**NORTH WHITEHALL TOWNSHIP
STATEMENT OF NET POSITION – MODIFIED CASH BASIS –
ALL FIDUCIARY FUNDS
DECEMBER 31, 2025**

	<u>Custodial Funds</u>
ASSETS:	
Cash and Cash Equivalents	\$ -
Due from Other Funds	<u>713,072</u>
 Total Assets	 <u><u>\$ 713,072</u></u>
LIABILITIES:	
Total Liabilities	<u>\$ -</u>
NET POSITION:	
Restricted	<u>713,072</u>
 Total Liabilities and Net Position	 <u><u>\$ 713,072</u></u>

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

**NORTH WHITEHALL TOWNSHIP
STATEMENT OF CHANGES IN NET POSITION – MODIFIED CASH BASIS –
ALL FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Custodial Funds
	<u> </u>
ADDITIONS:	
Collections from Other Entities	<u>\$ 357,373</u>
Total Additions	<u> 357,373</u>
DEDUCTIONS:	
Payments to Other Entities	<u> 491,315</u>
Total Deductions	<u> 491,315</u>
NET DECREASE	(133,942)
NET POSITION:	
Net Position, January 1	<u> 847,014</u>
Net Position, December 31	<u><u> \$ 713,072</u></u>

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

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

1. Entity

North Whitehall Township (the "Township") was incorporated in 1810 under the provisions of the constitution and general statutes of the Commonwealth of Pennsylvania ("Commonwealth").

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

In evaluating the Township as a reporting entity, management has addressed all potential component units for which the Township may or may not be financially accountable, and as such, be includable within the Township's financial statements. In accordance with Statement of Governmental Accounting Standards Board (GASB) No. 14 and No. 39, the Township is financially accountable if it appoints a voting majority of the organization governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the application of these criteria, there are no component units to be included in the financial reporting entity of the Township.

2. Summary of Significant Accounting Policies

The financial statements of North Whitehall Township have been prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) and is described more fully under Basis of Accounting and Measurement Focus. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, expenditures, or expenses, and other financing sources and uses. These various funds are summarized by type in the financial statements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The Township's basic financial statements consist of government-wide statements, including a Statement of Net Position – Modified Cash Basis and a Statement of Activities – Modified Cash Basis, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements (i.e. the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis) report information on all of the non-fiduciary activities of the Township as a whole. As a general rule the effect of interfund activity has been eliminated from these statements. Governmental activities which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately in the government-wide financial statements from business-type activities which rely, to a significant extent on fees and charges for support.

The Statement of Net Position – Modified Cash Basis presents the financial condition of the governmental and business-type activity of the Township at fiscal year-end. The Statement of Activities – Modified Cash Basis presents a comparison between direct expenses and program revenues for the business-type activity of the Township and for each function of the Township's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the Township.

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 the proprietary fund's principal ongoing operations. The principal operating revenues of the Township's enterprise fund are service charges for sewer. Operating expenses for the Township's enterprise funds include transmission costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

Basis of Presentation - Fund Accounting

For financial reporting purposes, the Township's funds have been grouped by fund type and are presented in this report in the following manner:

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Fund Accounting (Continued)

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Township are financed. The acquisition, use and balances of the Township's expendable financial resources and the related liabilities are accounted for through the following governmental funds:

- **General Fund (Major Fund)** - is used to account for all financial transactions applicable to the general operations of the Township except for those required to be accounted for in another fund.
- **Special Revenue Funds** - are used to account for proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The following are special revenue fund types:

State Liquid Fuels Fund (Non-Major Fund) - is utilized to account for the financial activity of the Township's motor vehicle fuel tax allocation from the Commonwealth of Pennsylvania.

Emergency Services Fund (Non-Major Fund) - is utilized to account for the financial activity of the Township's emergency service tax revenue and its related expenditures.

Farmland Open Space Fund (Non-Major Fund) – is utilized to deposit earned income tax assessed by the Township to be used for the purchase of open space.

Recreation Fund (Non-Major Fund) – is utilized to deposit recreation fees assessed per developed lot by the Township to be used for the upkeep and maintenance related to parks and recreation activity.

Traffic Impact Fund (Non-Major Fund) – is utilized to deposit traffic impact fees assessed per building permit by the Township to be used to support the growth and development of the transportation system.

Fire Fund (Non-Major Fund) – is utilized to account for the financial activity of the Township's fire tax collection to be used for the acquisition and maintenance of fire safety related equipment, tax enacted for 2025.

- **Capital Projects Fund (Major Fund)** - is used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- **Other Governmental Funds** – The Township also reports Road Machinery fund and Street Light fund as non-major governmental type funds.

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Fund Accounting (Continued)

Proprietary Fund Types

Proprietary funds are used to account for the Township's ongoing activities that are similar to those often found in the private sector. The measurement focus is based upon the determination of net income. The Township has one type of proprietary fund - the Enterprise Fund.

- **Enterprise Fund** - is used to account for operations 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, or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income are appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Township's Enterprise Fund is described below.

Sewer Fund - is used to account for the operation and maintenance of the sanitary sewage system and is operated in a manner similar to a private business enterprise and is intended to be self-supporting.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the Township's fiduciary fund type:

- **Custodial Funds** - are used to account for funds held in escrow for other parties.

Basis of Accounting and Management Focus

Basis of Accounting

Basis of accounting refers to the timing of recognition of revenues and expenditures or expenses in the financial statements regardless of the measurement focus. The modified cash basis of accounting is followed for all governmental, proprietary and fiduciary funds of the Township. The modified cash basis differs from GAAP in that certain revenues and the related assets are recognized when received rather than when earned and certain expenditures or expenses are recognized when paid rather than when a liability is incurred. Modifications to the cash basis of accounting include fixed assets being capitalized and depreciated over their economic useful lives, the recording of capital leases, and the recording of debt. The Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis - Governmental Funds presents the results of the Township's activities; it does not purport to present the net income or loss for the period.

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Management Focus (Continued)

Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types are accounted for on a spending or “financial flow” measurement focus. This means the Township has elected to report on a modified cash basis while reporting long-term indebtedness in the General Fund. Governmental fund-type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and liabilities (whether current or non-current) associated with this activity are included on their statements of assets, liabilities, and net position. The reported fund equity is segregated into contributed capital and net position - modified cash basis. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in equity.

The Custodial Fund uses “income determination” as its measurement focus. Collections from other entities are recognized in the period in which collections are made. Payments to other entities are recognized when paid.

Budgets and Non-GAAP Budgetary Basis of Accounting

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

- In accordance with the Township Code and Township procedures, at least thirty days prior to adoption, the Township Manager submits to the Township Supervisors, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year. Departments for budgetary purposes are general government, public safety, public works and culture and recreation.
- Public hearings are conducted to obtain taxpayer comment.
- By December 31, the budget is legally enacted for all governmental funds through passage of an ordinance. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves. This is done as a level of budgetary control.
- Each month the administration prepares a detailed budget report. The report cites the past month and year-to-date activity, as well as encumbrances and unencumbered balances by account.
- All modifications, transfers and amendments must be approved by Township Supervisors.

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

2. Summary of Significant Accounting Policies (Continued)

Budgets and Non-GAAP Budgetary Basis of Accounting (Continued)

- Formal budgetary integration is employed as a management control device during the year for the General Fund, Street Light Fund, Sewer Fund, Road Machinery Fund, Emergency Services Fund, State Liquid Fuels Fund, Recreation Fund, Farmland Open Space Fund, Traffic Impact Fund, Fire Fund, and the Capital Projects Fund.
- The legally required and adopted budgets of the Township are for the General Fund, Street Light Fund, Sewer Fund, Road Machinery Fund, Emergency Services Fund, State Liquid Fuels Fund, Recreation Fund, Farmland Open Space Fund, Traffic Impact Fund, Fire Fund, and the Capital Projects Fund.
- Budgets for the General Fund, Street Light Fund, Sewer Fund, Road Machinery Fund, Emergency Services Fund, State Liquid Fuels Fund, Recreation Fund, Farmland Open Space Fund, Traffic Impact Fund, Fire Fund, and the Capital Projects Fund are adopted on a modified cash basis of accounting discussed above.
- Township Supervisors may authorize supplemental appropriations during the year. No supplemental appropriations were made during fiscal 2025. Township Supervisors must approve all over expenditures of appropriations or transfers of appropriated amounts.

The Schedules of Revenues, Expenditures and Other Financing Sources - Modified Cash Basis - Budget Comparison present comparisons of legally adopted budgets with actual data. The budget has been prepared on the modified cash basis, which is the same basis of accounting used to prepare the financial statements as described more fully in Note 2. The Township Supervisors approve by a motion the total appropriations in the budget. Fund Balance and any revisions to the budget also require approval by Township Supervisors. There were no amendments to the budget as presented in the current year.

Cash and Cash Equivalents

Cash and cash equivalents on the Statement of Net Position – Modified Cash Basis consist of cash on hand, demand deposits, certificates of deposit with original maturities of three months or less, and cash held by fiscal agents. The Township's deposits are maintained in financial institutions. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable limits. Deposits in excess of FDIC insurance are collateralized in accordance with Pennsylvania Act 72 of 1971, which permits depository institutions to pledge eligible securities on a pooled basis to secure public deposits.

Investments

The Township's investments consist of an interest in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"), an external investment pool. The Township has adopted GASB Statements No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, No. 72, *Fair value Measurement and Application* and No. 79, *Certain External Investment Pools and Pool Participants*. Because PSDLAF meets the criteria of a qualifying external investment pool and measures its investments at amortized cost, the Township's position in the pool is reported at amortized cost for financial reporting purposes.

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

2. Summary of Significant Accounting Policies (Continued)

Investments (Continued)

The Township does not categorize its position in the pool within the fair value hierarchy.

Fair value hierarchy levels, valuation techniques, and any withdrawal restrictions (if applicable) can then be handled in the separate investments/fair value note rather than in the policy.

Interfund Transactions

Certain inter-fund 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 reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Other inter-fund transactions are reported as transfers. Non-recurring or non-routine permanent transfers of net position are reported as residual transfers of net position. All other inter-fund transfers are reported as operating transfers.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets except for, land and construction in progress, are depreciated using the straight-line method over the estimated useful life of the asset ranging from 5 to 40 years.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Township's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

2. Summary of Significant Accounting Policies (Continued)

Leases

The Township reports their financial statements in accordance with the modified cash basis of accounting. As such, the Township does not report capital lease transactions or donated capital assets because the acquisition of these assets did not involve a cash inflow or outflow at the time of acquisition.

Transfers

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

Management Estimates

The preparation of financial statements prepared with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Government – Wide Fiduciary and Proprietary Fund Net Position

Net Position is divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted – consist of assets that are restricted by the Township's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

The fund balance of Governmental Fund Types and the Custodial Funds are classified in three separate categories. The categories, and their general meanings, are as follows:

- Restricted fund balance - indicates the portion of the fund balance that can only be spent for specific purposes because of constitutional provisions, legislation, or constraints that are externally imposed.
- Committed fund balance - indicates the portion of the fund balance that can only be used for specific purposes determined by formal action of the Supervisors.
- Unassigned fund balance - indicates the portion of the fund balance that is available for appropriation and expenditure, in future periods.

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

2. Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

North Whitehall Township has not recorded any deferred outflows/inflows of resources because the Township has elected to report its financial activities on the modified cash basis of accounting.

3. Deposits with Financial Institutions and Investments

General

Section 1316 of the Pennsylvania Township Code provides for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Commonwealth of Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The deposit and investment policy of the Township adheres to the statutes of the Commonwealth. Deposits of the Township are either maintained in demand deposits or are held in bank money market accounts. There were no deposit or investment transactions during the year that were in violation of either the Commonwealth's statutes or the policy of the Township.

Cash (Cash on Hand and Bank Balances)

At December 31, 2025, the carrying amount of the Township's bank deposits, including a short term certificate of deposit, at two financial institutions (including Custodial Funds) totaled \$7,027,865 and the corresponding bank balances were \$7,186,199 of which \$500,000 was insured by the Federal Deposit Insurance Corporation ("FDIC"); the uninsured bank balances of \$6,686,199 were collateralized, as described below.

Under Act No. 72 of the 1972 Session of the Pennsylvania General Assembly (the "Act of 72"), financial institutions were granted the authority to secure the deposits of public bodies by pledging a pool of assets, as defined in the Act of 72, to cover all public funds deposited in excess of FDIC limits. The uninsured bank balances of the Township in the amount of \$6,686,199 were collateralized by this pool of assets maintained by the Township's depository institutions.

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

3. Deposits with Financial Institutions and Investments (Continued)

Investments

The Township uses Pennsylvania School District Liquid Asset Fund (“PSDLAF”), as external investment pools, that were created to meet the investment needs of local governments and school districts in the Commonwealth of Pennsylvania. PSDLAF’s investment objective is to seek high current income, consistent with preservation of capital and maintenance of liquidity.

Investments in PSDLAF are similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as investments in a State Treasurer’s investment pool or mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PSDLAF investments included in these statements will not be assigned a credit risk category. These assets maintain a stable net asset value of \$1 per share.

All investments in an external investment pool that is not SEC registered are subject to oversight by the Commonwealth of Pennsylvania. PSDLAF issues a separate audited financial statement that are available to the public. Further information regarding PSDLAF and their investment strategies can be found at www.psdlaf.org.

PSDLAF GTS Series and Term Series II Fund – Investment Daily Pool shares require no minimum balance, no minimum initial investment, and have a one-day minimum investment period.

The Township had the following investments and maturities:

	December 31, 2025			
	Amortized Cost	Fair Value	Less Than 1 year	Credit Rating
<u>Investments</u>				
GTS Series	\$ -	\$ 1,726,273	\$ -	AAAm
Term Series II	-	4,363,000	-	AAAm
	<u>\$ -</u>	<u>\$ 6,089,273</u>	<u>\$ -</u>	

Measurement

Investments with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized basis.

Interest Rate Risk

The Township’s investment policy limits investment maturities to nine months, unless the preponderance of market conditions strongly warrants an investment maturity of up to eighteen months, but no longer. If the Township’s finances and market conditions warrant, the Board may, by resolution, authorize reinvestment of maturities for up to an additional six months, provided that the total term of investment and reinvestment does not exceed fifteen months.

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

3. Deposits with Financial Institutions and Investments (Continued)

Investments (Continued)

Credit Risk

The Township's investment policy states that, whereby credit risk is equal according to two (2) credit rating agencies, excess liquidity and proceeds should be invested with the account, fund, trust, or manager that offers the highest yield with the most liquidity.

Concentration of Credit Risk

The Township places no limits on the amount that may be invested in any one issuer.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a financial institution failure, the Township's deposits may not be returned to the Township. The Pennsylvania Local Government Code and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits other than the following provisions for deposits: Pennsylvania Act 72 requires that a financial institution secure deposits made by state or local government units pledging securities in an undivided collateral pool held by a depository regulated under state law.

4. Real Estate Taxes

Based upon assessed valuations provided by the County (\$1,621,064,133 in 2025), the Township bills and collects its own property taxes. The schedule for property taxes levied for 2025 is as follows:

January 1	- levy date
April 1	- billing date
April 1 - May 31	- face payment period
June 1 - July 31	- 2% discount period
August 1 - December 31	- 10% penalty period
January 1	- lien date

The Township continues to collect delinquent real estate taxes through December of the current year. At that time, all unpaid real estate taxes are turned over to the County of Lehigh Tax Claim Bureau for further collection. The 2025 municipal tax rate for all purposes was 1.20 mils (\$1.20 per \$1,000 of assessed valuation).

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

5. Inter-fund Receivables and Payables

Inter-fund receivable and payable balances as of December 31, 2025 were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u><i>Governmental Activities</i></u>		
General Fund	\$ 61,269	\$ 713,072
Recreation	-	39,415
Capital Projects	-	21,056
Farmland Open Space	-	798
 <u><i>Fiduciary Fund</i></u>		
Custodial Fund	<u>713,072</u>	<u>-</u>
	<u>\$ 774,341</u>	<u>\$ 774,341</u>

6. Inter-fund Transfers

Inter-fund transfers during 2025 were as follows:

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
<u><i>Governmental Activities</i></u>		
General Fund	\$ 84,201	\$ 627,885
Recreation	7,618	-
Fire	20,000	208,514
Road Machinery Fund	100,000	-
Emergency Services	180,000	-
Capital Projects	<u>469,701</u>	<u>25,121</u>
 <u><i>Proprietary Fund</i></u>		
Sewer Fund	<u>10,000</u>	<u>10,000</u>
	<u>\$ 861,520</u>	<u>\$ 861,520</u>

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

7. Capital Assets

Capital asset activity for the fiscal year ended December 31, 2025, was as follows:

	Balance Jan. 1, 2025	Additions	Retirements	Balance Dec. 31, 2025
Governmental Activities:				
<i>Capital Assets not Being Depreciated:</i>				
Land	\$ 5,517,456	\$ -	\$ -	\$ 5,517,456
Construction in Progress	2,032,098	922,742	(2,032,098)	922,742
	<u>7,549,554</u>	<u>922,742</u>	<u>(2,032,098)</u>	<u>6,440,198</u>
<i>Capital Assets Being Depreciated</i>				
Building and Building Improvements	5,135,333	6,044,375	-	11,179,708
Furniture and Equipment	5,899,714	1,089,443	(178,446)	6,810,711
Infrastructure	5,444,022	-	-	5,444,022
	<u>16,479,069</u>	<u>7,133,818</u>	<u>(178,446)</u>	<u>23,434,441</u>
Total at Historical Cost	16,479,069	7,133,818	(178,446)	23,434,441
Less Accumulated Depreciation	<u>(13,041,242)</u>	<u>(657,188)</u>	<u>178,446</u>	<u>(13,519,984)</u>
	<u>3,437,827</u>	<u>6,476,630</u>	<u>-</u>	<u>9,914,457</u>
Governmental Activities Capital Assets at Historical Cost	<u>\$ 10,987,381</u>	<u>\$ 7,399,372</u>	<u>\$ (2,032,098)</u>	<u>\$ 16,354,655</u>

Depreciation expense for the governmental activities was \$657,188 for 2025.

	Balance Jan. 1, 2025	Additions	Retirements	Balance Dec. 31, 2025
Business-Type Activities:				
<i>Capital Assets Being Depreciated</i>				
Sewer System	\$ 101,871	\$ -	\$ -	\$ 101,871
Total Capital Assets Being Depreciated	<u>101,871</u>	<u>-</u>	<u>-</u>	<u>101,871</u>
Less Accumulated Depreciation	<u>(41,769)</u>	<u>(2,547)</u>	<u>-</u>	<u>(44,316)</u>
Business-Type Capital Assets, Net	<u>\$ 60,102</u>	<u>\$ (2,547)</u>	<u>\$ -</u>	<u>\$ 57,555</u>

Depreciation expense for the Sewer Fund was \$2,547 for 2025.

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

8. Long-Term Debt

Changes in long-term debt obligations for the year ended December 31, 2025 are as follows:

	Balance Outstanding Jan. 1, 2025	Additions	Reductions	Balance Outstanding Dec. 31, 2025	Amounts Due Within One Year
<i>Governmental Activities:</i>					
<u>General Obligation Note</u>					
25-year term GON, 4% to 5% variable interest rate, payable in semi yearly installments, matures December 1, 2049	\$ 6,070,000	\$ -	\$ (140,000)	\$ 5,930,000	\$ 145,000
<u>Promissory Note</u>					
5-year term loan payable to Lehigh County, 0% interest rate, payable in annual installments, matures June 30, 2030. Callateralized by Equipment.	-	922,742	-	922,742	184,548
	<u>6,070,000</u>	<u>922,742</u>	<u>(140,000)</u>	<u>6,852,742</u>	<u>329,548</u>

Interest charged to operation in the governmental activities was \$252,263 for the year ended December 31, 2025.

The Township's principal and interest payments on long-term debt obligations are as follows:

	Principal	Interest
During the year ended December 31,		
2026	\$ 329,548	\$ 245,263
2027	339,548	238,013
2028	344,548	230,263
2029	354,548	222,263
2030	364,550	213,763
2031-2035	1,000,000	956,013
2036-2040	1,225,000	738,813
2041-2045	1,485,000	473,613
2046-2049	1,410,000	148,496
Totals	<u>\$ 6,852,742</u>	<u>\$ 3,466,500</u>

9. Defined Contribution Pension Plan

The North Whitehall Township Non-Uniformed Pension Plan is a single employer defined contribution pension plan controlled by the provisions of Resolution adopted August 02, 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 Nationwide. All Township employees are eligible for the plan upon completion of one year of service and a minimum of 1,000 hours. Under the plan, the Township is required to make an annual contribution of 12% of compensation for each eligible employee. The Township contributed \$229,948 for the year ended December 31, 2025.

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

10. Fund Balances

The fund balances have been categorized based on the relative strength of the spending constraints placed on the purpose for which the resources can be used, as follows:

	General Fund	Capital Projects Fund	Non-Major Funds	Totals
Unassigned	\$ 8,326,900	\$ -	\$ -	\$ 8,326,900
Restricted	-	-	2,689,689	2,689,689
Committed	-	465,425	76,781	542,206
Totals	<u>\$ 8,326,900</u>	<u>\$ 465,425</u>	<u>\$ 2,766,470</u>	<u>\$ 11,558,795</u>

11. Risk Management and Litigation

Risk Management

The Township is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are provided for through insurance from private insurance companies. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably stated. In determining claims, events that might create claims, but for which none have been reported are considered. During the year ended December 31, 2025 and the two previous fiscal years, no settlements exceeded insurance coverage.

Litigation

In the normal course of operations, the Township is involved in various civil disputes. Management and Township solicitor estimate that the amount of actual potential claims against the Township as of December 31, 2025, will not materially affect the financial condition of the Township.

12. Commitments and Contingencies

Federal and State Grants

The Township receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement by the Federal and State agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Township's management, such disallowances, if any, will not be significant to the Township's basic purpose financial statements.

**NORTH WHITEHALL TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

12. Commitments and Contingencies (Continued)

Compensated Absences

The North Whitehall Township has not accrued compensated absences because the Township has elected to report its financial activities on the modified cash basis of accounting. However, employees of the Township are entitled to paid vacation and sick days, depending on their length of service.

Insurance

The Township is exposed to various risks of loss, including workers' compensation; property, casualty and public official liability; employee benefit administration; employment practice liability; and general liability claims. During the past four calendar years, there have not been any settlements that exceeded insurance coverage. The Township is contingently liable to the extent any potential future judgment exceeds available insurance coverage.

Lease

The Township leases accounting software under a long-term lease agreement with monthly payments of \$3,171, expiring July 2027. Lease payments are recognized as expenditures when paid.

13. Subsequent Events

In preparing these financial statements, the Township has evaluated events and transactions for potential recognition or disclosure through June 24, 2026, the date the financial statements were available to be issued, and has determined that no material subsequent events exist that require recognition or disclosure.

SUPPLEMENTARY INFORMATION

NORTH WHITEHALL TOWNSHIP
GENERAL FUND - SCHEDULE OF REVENUES, EXPENDITURES AND OTHER
FINANCING SOURCES – MODIFIED CASH BASIS - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2025

	Actual	Budget	Adjusted Budget	Variance Favorable (Unfavorable)
REVENUES RECEIVED				
Taxes	\$ 5,105,446	\$ 4,959,774	\$ 5,100,774	\$ 4,672
Licenses and Permits	184,685	224,000	204,000	(19,315)
Fines and Forfeitures	4,453	4,500	19,500	(15,047)
Interest and Rents	327,546	315,140	375,140	(47,594)
Intergovernmental Revenues	300,860	319,700	301,300	(440)
Charges for Services	340,236	316,200	318,200	22,036
Miscellaneous	287,266	46,750	240,505	46,761
Total Revenues Received	6,550,492	6,186,064	6,559,419	(8,927)
EXPENDITURES PAID				
General Government	1,225,401	1,092,713	1,225,513	112
Public Safety	953,622	802,725	983,225	29,603
Public Works	1,660,883	1,614,359	1,714,859	53,976
Public Works - Sanitation	1,225	18,000	6,000	4,775
Health and Human Services	8,500	7,500	7,500	(1,000)
Culture and Recreation	311,726	290,831	325,531	13,805
Insurance	90,813	86,500	91,500	687
Interest Expense	252,263	252,263	252,263	-
Miscellaneous	300	-	-	(300)
Principal	140,000	140,000	140,000	-
Benefits and Withholdings	1,539,149	1,590,000	1,597,000	57,851
Total Expenditures Paid	6,183,882	5,894,891	6,343,391	159,509
EXCESS OF REVENUES RECEIVED OVER EXPENDITURES PAID	366,610	291,173	216,028	150,582
Other Financing Sources (Uses)				
Transfers In	84,201	-	30,000	54,201
Transfers Out	(627,885)	(1,200,000)	(1,375,000)	747,115
Total Other Financing Sources (Uses), Net	(543,684)	(1,200,000)	(1,345,000)	801,316
EXCESS (DEFICIT) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES	(177,074)	(908,827)	(1,128,972)	951,898
FUND BALANCE - JANUARY 1, 2025	8,503,974	8,503,974	8,503,974	-
FUND BALANCE - DECEMBER 31, 2025	\$ 8,326,900	\$ 7,595,147	\$ 7,375,002	\$ 951,898

See independent auditor's report on supplementary information.

**NORTH WHITEHALL TOWNSHIP
CAPITAL PROJECTS FUND - SCHEDULE OF REVENUES, EXPENDITURES AND
OTHER FINANCING SOURCES – MODIFIED CASH BASIS - BUDGET COMPARISON
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Actual</u>	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES RECEIVED				
Interest and Rents	\$ 98,571	\$ 60,000	\$ 60,000	\$ 38,571
Intergovernmental Revenues	<u>135,687</u>	<u>148,100</u>	<u>340,100</u>	<u>(204,413)</u>
Total Revenues Received	<u>234,258</u>	<u>208,100</u>	<u>400,100</u>	<u>(165,842)</u>
EXPENDITURES PAID				
General Government	4,518,751	4,000,000	4,000,000	(518,751)
Public Works	<u>1,197,093</u>	<u>1,396,000</u>	<u>1,437,223</u>	<u>240,130</u>
Total Expenditures Paid	<u>5,715,844</u>	<u>5,396,000</u>	<u>5,437,223</u>	<u>(278,621)</u>
DEFICIENCY OF REVENUES RECEIVED UNDER EXPENDITURES PAID	(5,481,586)	(5,187,900)	(5,037,123)	(444,463)
Other Financing Sources (Uses)				
Transfers In	469,701	900,000	900,000	(430,299)
Transfers Out	<u>(25,121)</u>	<u>-</u>	<u>-</u>	<u>(25,121)</u>
Total Other Financing Sources (Uses), Net	<u>444,580</u>	<u>900,000</u>	<u>900,000</u>	<u>(455,420)</u>
DEFICIENCY OF REVENUES RECEIVED AND OTHER FINANCING SOURCES UNDER EXPENDITURES PAID AND OTHER FINANCING USES	(5,037,006)	(4,287,900)	(4,137,123)	(899,883)
FUND BALANCE - JANUARY 1, 2025	<u>5,502,431</u>	<u>5,502,431</u>	<u>5,502,431</u>	<u>-</u>
FUND BALANCE - DECEMBER 31, 2025	<u>\$ 465,425</u>	<u>\$ 1,214,531</u>	<u>\$ 1,365,308</u>	<u>\$ (899,883)</u>

See independent auditor's report on supplementary information.

**NORTH WHITEHALL TOWNSHIP
COMBINING BALANCE SHEET – MODIFIED CASH BASIS –
ALL NON-MAJOR FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Other Governmental Funds		Special Revenue Funds						
	Road Machinery	Street Light	Emergency Services	Farmland Open Space	Traffic Impact	Recreation	Liquid Fuels	Fire	Total
ASSETS									
Cash and Cash Equivalents	\$ 76,781	\$ 80,035	\$ 904,849	\$ 591,942	\$ 239,380	\$ 19,640	\$ 41,304	\$ 136,741	\$ 2,090,672
Investments	-	-	-	-	-	716,011	-	-	716,011
Total Assets	<u>\$ 76,781</u>	<u>\$ 80,035</u>	<u>\$ 904,849</u>	<u>\$ 591,942</u>	<u>\$ 239,380</u>	<u>\$ 735,651</u>	<u>\$ 41,304</u>	<u>\$ 136,741</u>	<u>\$ 2,806,683</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Due to Other Funds	\$ -	\$ -	\$ -	\$ 798	\$ -	\$ 39,415	\$ -	\$ -	\$ 40,213
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>798</u>	<u>-</u>	<u>39,415</u>	<u>-</u>	<u>-</u>	<u>40,213</u>
Fund Balance									
Committed	76,781	-	-	-	-	-	-	-	76,781
Restricted	-	80,035	904,849	591,144	239,380	696,236	41,304	136,741	2,689,689
Total Fund Balance	<u>76,781</u>	<u>80,035</u>	<u>904,849</u>	<u>591,144</u>	<u>239,380</u>	<u>696,236</u>	<u>41,304</u>	<u>136,741</u>	<u>2,766,470</u>
Total Liabilities and Fund Balances	<u>\$ 76,781</u>	<u>\$ 80,035</u>	<u>\$ 904,849</u>	<u>\$ 591,942</u>	<u>\$ 239,380</u>	<u>\$ 735,651</u>	<u>\$ 41,304</u>	<u>\$ 136,741</u>	<u>\$ 2,806,683</u>

See independent auditor's report on supplementary information.

**NORTH WHITEHALL TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS –
ALL NON-MAJOR FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Other Governmental Funds		Special Revenue Funds						
	Road Machinery	Street Light	Emergency Services	Farmland Open Space	Traffic Impact	Recreation	Liquid Fuels	Fire	Total
REVENUES RECEIVED									
Taxes	\$ -	\$ 58,250	\$ 109,634	\$ 158,411	\$ -	\$ -	\$ -	\$ 700,641	\$ 1,026,936
Interest and Rents	17,173	89	26,583	21,587	9,623	16,091	322	471	91,939
Charges for Services	-	-	-	-	5,400	140,323	-	-	145,723
Miscellaneous	-	-	2,520	-	-	-	-	-	2,520
Intergovernmental Revenue	30,000	-	-	-	-	-	651,540	-	681,540
Gain on Sale of Equipment	50,000	-	-	-	-	-	-	-	50,000
Total Revenues Received	97,173	58,339	138,737	179,998	15,023	156,414	651,862	701,112	1,998,658
EXPENDITURES PAID									
General Government	-	-	-	859	-	-	-	5,688	6,547
Public Safety	-	-	100,000	-	-	-	-	359,530	459,530
Public Works	570,510	66,340	-	-	38,594	-	623,684	-	1,299,128
Culture and Recreation	30,000	-	-	-	-	74,057	-	-	104,057
Benefits and Withholdings	-	-	-	-	-	-	-	11,646	11,646
Community Development	-	-	-	54,693	-	-	-	-	54,693
Total Expenditures Paid	600,510	66,340	100,000	55,552	38,594	74,057	623,684	376,864	1,935,601
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES PAID	(503,337)	(8,001)	38,737	124,446	(23,571)	82,357	28,178	324,248	63,057
OTHER FINANCING SOURCES (USES)									
Transfers In	100,000	-	180,000	-	-	7,618	-	20,000	307,618
Transfers Out	-	-	-	-	-	-	-	(208,514)	(208,514)
Total Other Financing Sources (Uses), Net	100,000	-	180,000	-	-	7,618	-	(188,514)	99,104
EXCESS(DEFICIENCY) OF REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER FINANCING USES	(403,337)	(8,001)	218,737	124,446	(23,571)	89,975	28,178	135,734	162,161
Fund Balances - January 1, 2025	480,118	88,036	686,112	466,698	262,951	606,261	13,126	1,007	2,604,309
Fund Balances - December 31, 2025	\$ 76,781	\$ 80,035	\$ 904,849	\$ 591,144	\$ 239,380	\$ 696,236	\$ 41,304	\$ 136,741	\$ 2,766,470

See independent auditor's report on supplementary information.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Supervisors
North Whitehall Township
Coplay, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Whitehall Township, which comprise the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2025, and the related notes to the financial statements, which collectively comprise North Whitehall Township's basic financial statements, and have issued our report thereon dated June 24, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Whitehall Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Whitehall Township's internal control. Accordingly, we do not express an opinion on the effectiveness of North Whitehall Township's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify certain deficiencies in internal control that we consider to be significant deficiencies:

Preparation of Annual Financial Statements and Footnote Disclosures

The Township currently needs assistance from the Auditors to prepare complete year-end financial statements, which include the required disclosures under the modified cash basis of accounting. By definition, this condition is, in almost all cases, a control deficiency that we are required to report to the Township's management and governance under Clarified Statement on Auditing Standards AU-C 265. We do not consider this as a material weakness. Lack of complete financial statements may lead to misstatements by users of the financial statements.

Lack of Segregation of Duties

Due to the size of the Township's staff, an inadequate segregation of duties over the accounting functions exists. Lack of resources precludes the Township from having a proper segregation of duties. This inadequate segregation of duties increases the risk for misappropriation of assets. The Township should determine if it would be cost beneficial to hire additional personnel to have an adequate segregation of duties of the accounting functions. We suggest the Board of Supervisors remain closely involved with the financial operations of the Township.

Report on Compliance and Other Matters

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

North Whitehall Township's Response to Findings

Management understands the importance of internal control procedures and agrees with the recommendations mentioned above. However, the Township does not believe it would be feasible or fiscally responsible to hire an individual with the resources to complete financial statements or to achieve proper segregation of duties.

Government Auditing Standards requires the auditor to perform limited procedures on North Whitehall Township's response to the findings identified in our audit and described previously. North Whitehall Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Cory Bell, Rappold & Yamasita LLP

June 24, 2026