

Review of Audit Results
December 31, 2022

Overview

- ▼ Introduction
- ▼ Review of Auditor's Report
- ▼ New accounting standard implementation - leases
- ▼ Financial Highlights and Trends
- ▼ Auditor Communications

This presentation is intended solely for the information and use of management and the Board of Commissioners of South Whitehall Township and is not intended to be and should not be used by anyone other than these specified parties. For more detailed information please see the financial and compliance report for the Township.

Introduction

- ▼ Our audit is conducted under Generally Accepted Auditing Standards
- ▼ Our responsibility is to:
 - ▼ Obtain reasonable assurance about whether the financial statements are free from material misstatements, whether due to fraud or error, and then render an opinion on whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.

The Reporting Entity

▼ Blended Component Unit

- ▼ South Whitehall Township Authority - included within the water and sewer funds of the Township statements

▼ Work of Specialists

- ▼ Actuarial analysis for pension liability - Conrad Siegel
- ▼ Actuarial analysis for other postemployment benefits liability - Conrad Siegel

Auditor Opinion

▼ Generally Accepted Auditing Standards - Unmodified Opinion

An unmodified opinion is a clean audit opinion from an independent auditor.

This is not an opinion on internal controls of the Township as that was not the objective of our audit.

Implementation of GASB Statement No. 87

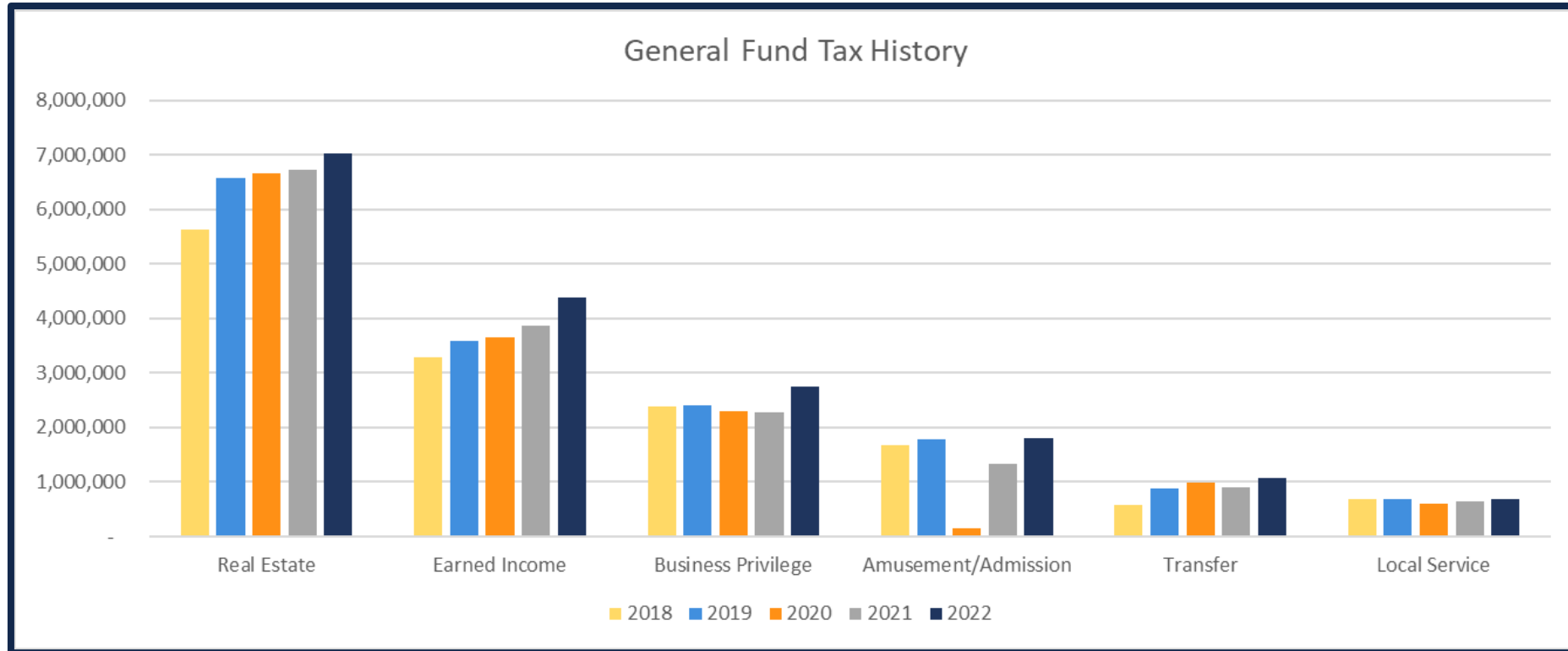
- ▼ This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contract. Under this Statement, a *lessee* is required to recognize a *lease liability* and an intangible *right-to-use lease asset*. A *lessor* is required to recognize a *lease receivable* for future payments and *deferred inflow of resources*.
- ▼ The Township's leases include copiers
- ▼ Changes to the Township's statements include:
 - ▼ Addition of right-to-use lease asset and related lease liability as of 1/1/2022 totaling \$35,033
 - ▼ Restatement to net position at 1/1/2022 of \$35,033 for obligations previously recognized as a capital lease that no longer meet the definition of lease under GASB 87

General Fund Budget to Actual

	Budget	Actual	Variance
REVENUES			
Taxes	\$ 15,216,535	\$ 17,746,714	\$ 2,530,179
Licenses, permits, and fines	545,330	492,759	(52,571)
Interest and rent	-	81,145	81,145
Intergovernmental	879,034	1,485,436	606,402
Charges for services	1,301,601	1,916,474	614,873
Other	14,000	245,861	231,861
TOTAL REVENUES	17,956,500	21,968,389	4,011,889
EXPENDITURES			
General government	7,479,486	4,777,835	2,701,651
Public safety	6,299,937	7,407,720	(1,107,783)
Public works	3,353,028	3,605,144	(252,116)
Culture and recreation	453,259	357,764	95,495
Community development	755,931	602,258	153,673
Debt service	-	10,715	(10,715)
TOTAL EXPENDITURES	18,341,641	16,761,436	1,580,205
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	20,000	99,566	79,566
Proceeds - issuance of lease	-	12,782	12,782
Transfers in (out)	-	(3,011,229)	(3,011,229)
TOTAL OTHER FINANCING SOURCES (USES)	20,000	(2,898,881)	(2,918,881)
NET CHANGE IN FUND BALANCE	\$ (365,141)	\$ 2,308,072	\$ 2,673,213

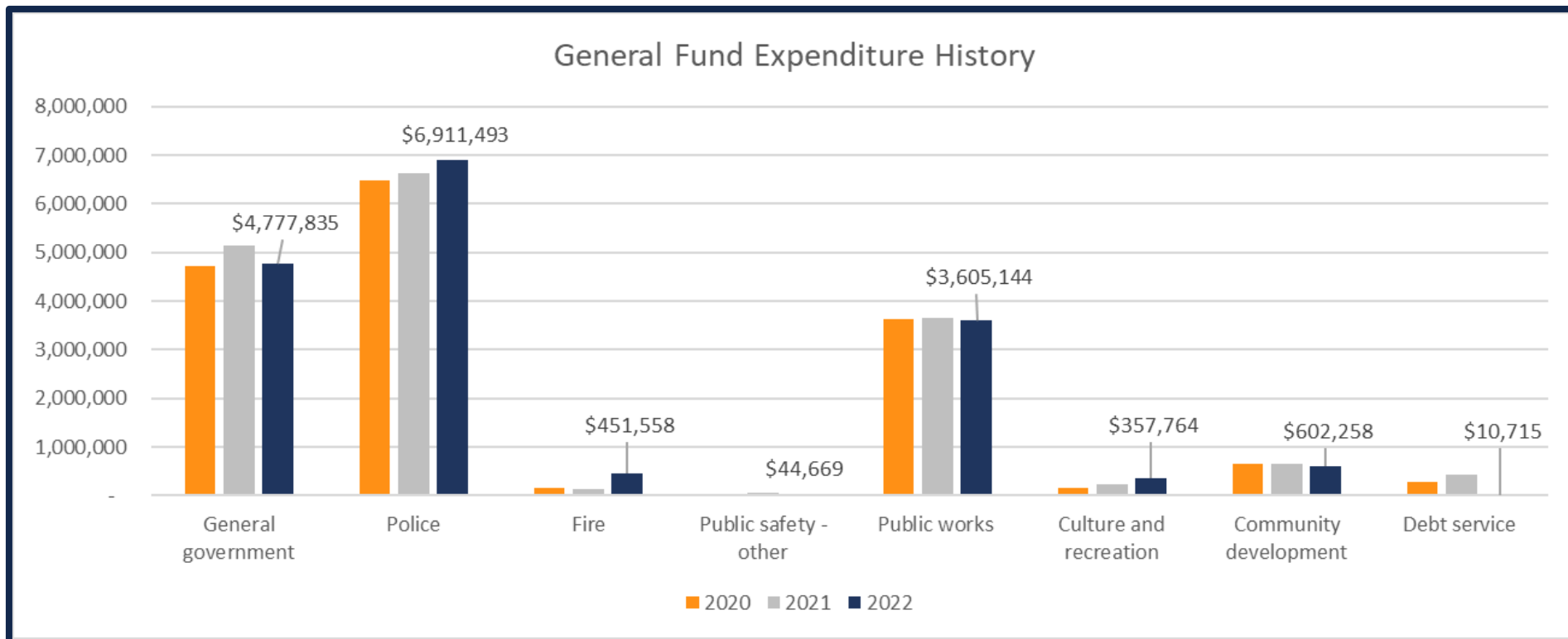
- ▼ Revenue exceeded budget by 22%
 - ▼ Delinquent real estate, earned income, transfer, amusement and business privilege taxes exceeded budget
 - ▼ Intergovernmental includes recognition of ARPA revenue (\$425k - separate fund for budgeting purposes) and fire relief state aid (\$174k - not budgeted)
 - ▼ Charges for services - additional reimbursement for police services, higher than anticipated recreation program fees
 - ▼ Other - health insurance carrier reimbursement unbudgeted
- ▼ Expenditures under budget by 8.6%
 - ▼ General government - allocation of \$1.7M in MMO payment to police and public works; savings due to open positions and delays in anticipated projects, fewer legal expenses, insurance premium budgeting
 - ▼ Public Safety - allocation of \$1.1M in MMO payment from general government, ARPA fire expenditures budgeted separate fund, fire relief exp not budgeted
 - ▼ Public works - allocation of \$644k in MMO payment from general government, savings by moving things in-house and fewer wages

General Fund Tax Revenue



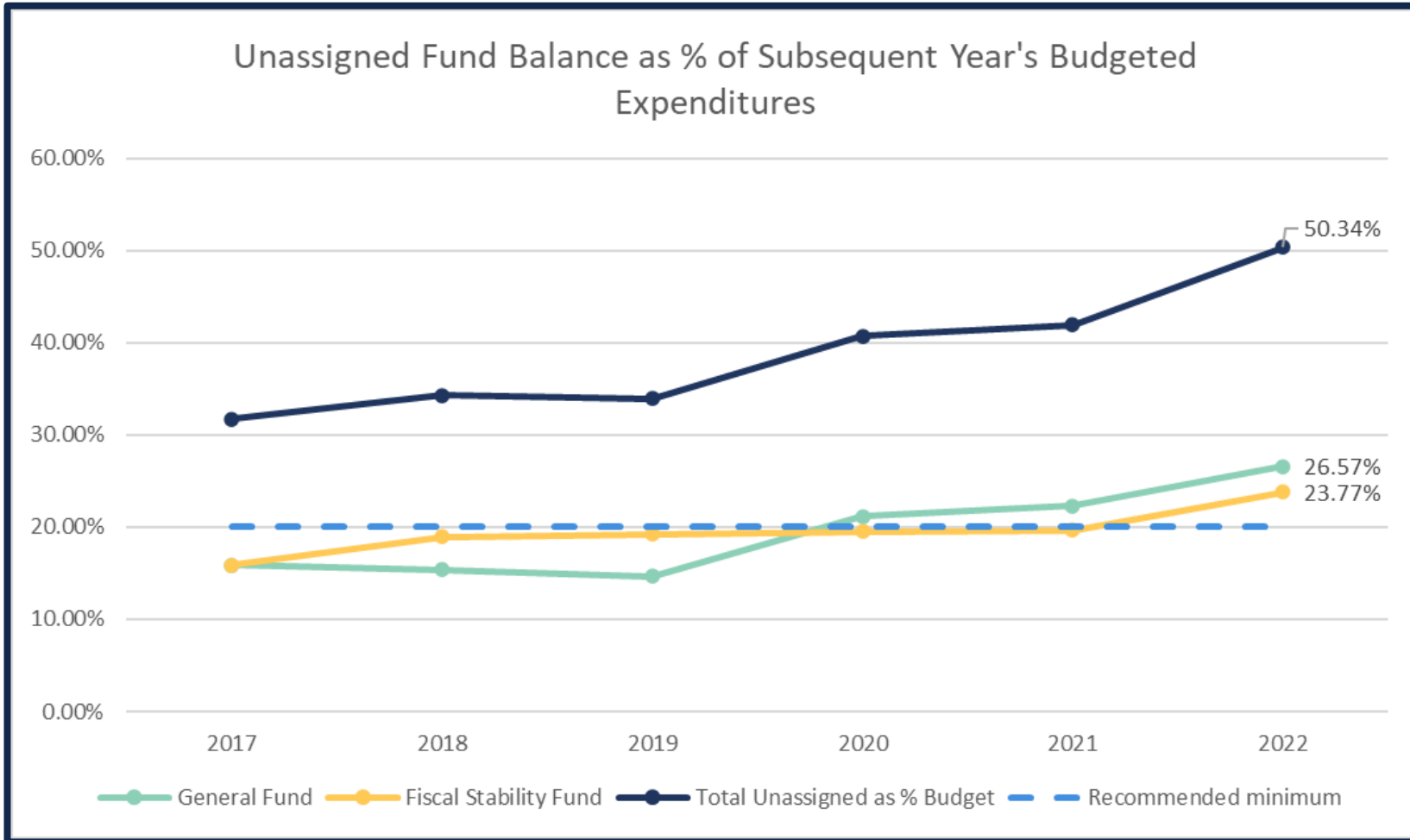
- ▼ This chart represents the different tax revenue streams of the Township over the past 5 years.

General Fund Expenditures



▼ This chart reflects the trends in general fund expenditures over the past 3 years.

General Fund - Fund Balance



- ▶ Unassigned fund balance in the Township's general fund (including the fiscal stability fund) has fluctuated from 32% to 50% of subsequent year's budgeted expenditures. Recommended minimum unassigned fund balance is 20% of subsequent year's budget.
- ▶ The Township's fund balance policy is to maintain unassigned fund balance in the general fund between 20-30% of yearly revenue. At December 31, 2022, unassigned fund balance (including fiscal stability) is 43% of current year revenue.

Special Revenue Funds

	Fire Tax	State Highway Aid	Open Space
ASSETS			
Cash	\$ 1,099,375	\$ 557,419	\$ 413,261
Taxes and accounts receivable	41,602	-	807
Prepaid expenses	2,057	-	-
TOTAL ASSETS	1,143,034	557,419	414,068
LIABILITIES			
Interfund payable	4,666	-	-
Accounts payable	80,687	37,994	-
Accrued payroll and withholdings	-	-	-
TOTAL LIABILITIES	85,353	37,994	-
DEFERRED INFLOWS OF RESOURCES	22,335	-	-
FUND BALANCE			
Nonspendable	2,057	-	-
Restricted	1,033,289	519,425	414,068
TOTAL FUND BALANCE	\$ 1,035,346	\$ 519,425	\$ 414,068

	Fire Tax	State Highway Aid	Open Space
REVENUES			
Taxes	\$ 1,162,811	\$ -	\$ -
Intergovernmental	-	705,835	-
Other - contributions	-	-	18,523
Interest and rent	1,909	177	807
TOTAL REVENUES	1,164,720	706,012	19,330
EXPENDITURES			
Public safety	1,632,751	-	-
Public works	-	514,586	-
Culture and recreation	-	-	24,183
Debt service (leases)	3,900	-	-
TOTAL EXPENDITURES	1,636,651	514,586	24,183
OTHER FINANCING SOURCES			
Sale of capital assets	9,110	-	-
Transfers in	459,408	15,639	-
TOTAL OTHER FINANCING SOURCES	468,518	15,639	-
NET CHANGE IN FUND BALANCE	\$ (3,413)	\$ 207,065	\$ (4,853)

▼ Fund balance is restricted for the purposes noted.

Capital Projects Fund

	2022	2021
ASSETS		
Cash	\$ 634,230	\$ 1,379,865
Interfund receivables	421,760	614,287
Accounts receivable	1,160	425
TOTAL ASSETS	1,057,150	1,994,577
LIABILITIES		
Interfund payables	289,625	1,126,817
Accounts payable	70,748	97,927
Unearned revenue	42,372	74,214
TOTAL LIABILITIES	402,745	1,298,958
FUND BALANCE		
Restricted	292,923	614,287
Assigned	361,482	81,332
	\$ 654,405	\$ 695,619

- ▶ This fund tracks capital expenditures of the Township, excluding those purchased through the water, sewer, and refuse funds.
- ▶ Restricted fund balance represents unspent debt proceeds restricted for capital projects. The remaining fund balance at 12/31/22 is assigned for future capital expenditures.

	2022	2021
REVENUES		
Interest and rent	\$ 1,164	\$ 4,436
Intergovernmental	34,172	42,028
Charges for services and other	-	100
TOTAL REVENUES	35,336	46,564
EXPENDITURES		
General government	37,843	1,499,249
Public safety	148,167	205,359
Public works	1,283,842	1,028,066
Culture and recreation	115,672	323,000
Community development	22,000	-
Debt service and other	-	181
TOTAL EXPENDITURES	1,607,524	3,055,855
OTHER FINANCING SOURCES (USES)		
Transfers in (out)	1,530,974	3,194,889
NET CHANGE IN FUND BALANCE	\$ (41,214)	\$ 185,598

Proprietary Funds

	Water	Sewer	Refuse
OPERATING REVENUES	\$ 4,289,166	\$ 2,799,524	\$ 2,907,025
OPERATING EXPENSES	3,365,302	3,456,506	2,943,296
NONOPERATING REVENUE (EXPENSES)	479,725	350,158	104,240
CHANGE IN NET POSITION	\$ 1,403,589	\$ (306,824)	\$ 67,969
NET POSITION			
Net investment in capital assets	\$ 7,474,888	\$ 7,931,413	\$ 6,750
Unrestricted	5,418,721	4,726,037	600,208
TOTAL NET POSITION	\$ 12,893,609	\$ 12,657,450	\$ 606,958

- Proprietary funds have charges for services meant to cover the cost of providing those services. The Township has 3 such funds. The water and sewer fund represent Authority activity as well as the allocation of the debt and pension liability in the Township's name.

Pension Fund - Summary

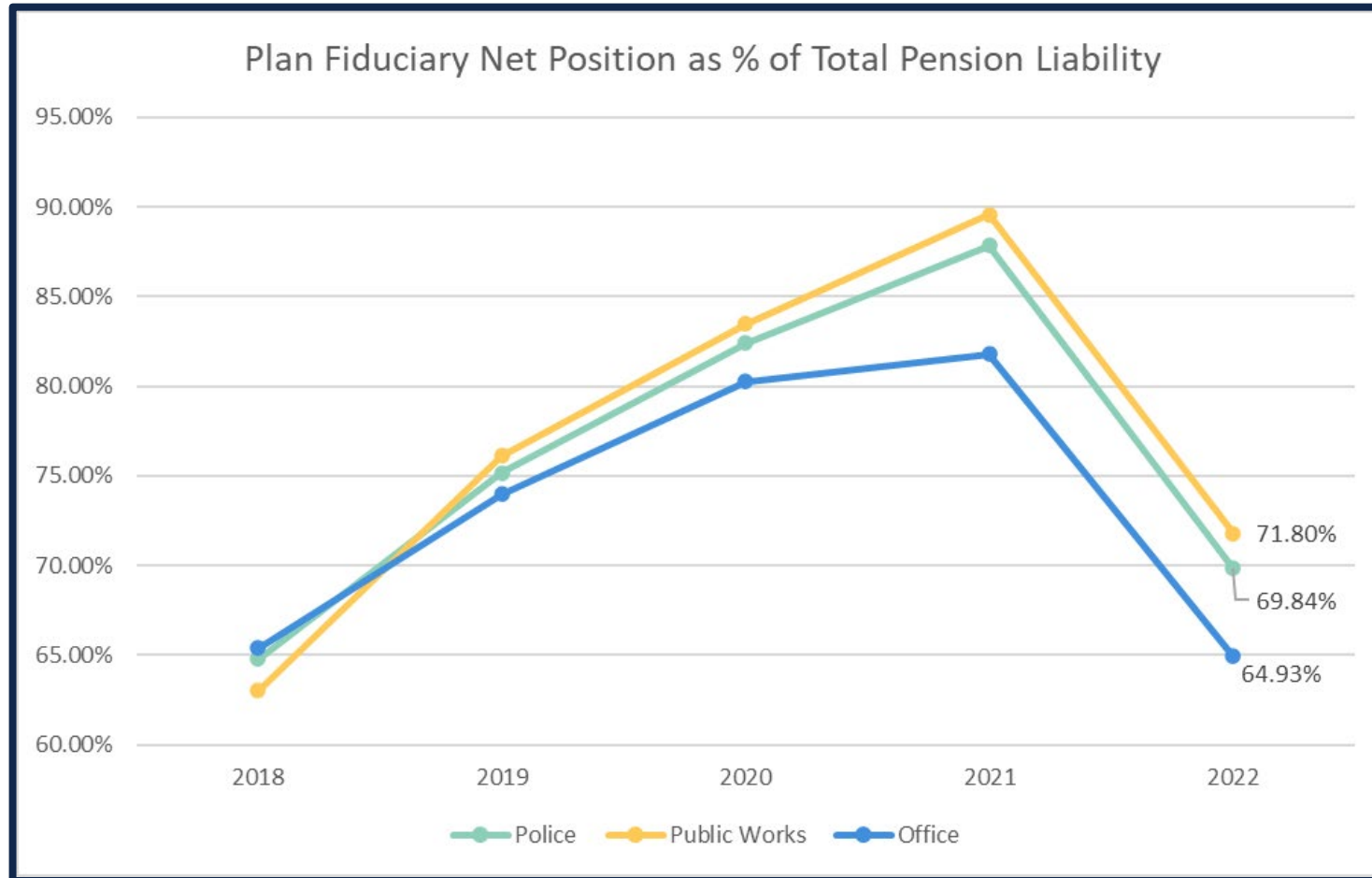
- ▼ Under GASB Statement No. 84, *Fiduciary Activities*, only the Township's defined benefit plans are included in the financial statements
 - ▼ Defined Benefit (part of reporting entity)
 - ▼ Police Pension Plan
 - ▼ Public Works Employees' Pension Plan
 - ▼ Office Personnel Pension Plan
 - ▼ Defined Contribution (not part of reporting entity)
 - ▼ Thrift Savings Plan
 - ▼ Non-Uniformed Employees' Defined Contribution Pension Plan

Pension Fund Trends



- ▶ The pension trends show the total pension liability for each defined benefit plan as well as the net pension liability.
- ▶ The pension liability was calculated under GASB 68 by an actuary.

Pension Fund Trends



Auditor Communications

Management Letter

- ▼ Much improved processes for bank reconciliations and year-end close
- ▼ Consider allocation of depreciation expense
- ▼ Start to evaluate the effects of GASB 96, *Subscription-Based Information Technology Arrangements* (December 31, 2023)

Auditor Communications

Communication Letter

- ▼ No difficulties were incurred in performing the audit
- ▼ Proposed journal entries are attached to letter
- ▼ Most sensitive estimates
 - ▼ Depreciation lives for capital assets
 - ▼ Pension Liability (performed by third party)
 - ▼ OPEB Liabilities (performed by third parties)
 - ▼ Discount rate for leases
- ▼ Adoption of GASB Statement No. 87 related to Leases
- ▼ No other reportable matters



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 Marlton, NJ
 Pittsburgh, PA
 Pottstown, PA
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 Royersford, PA
 Spring House, PA
 Philippines (Quezon City)



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Audits	380+
Reviews	145+
Compilations	115+
EBP Audits	80+
Corporate Tax Clients	2000+
Individual Tax Clients	5,000+
M&A Deals	25-30
Consulting	250+



Firm Recognition

2022 Best in Accounting Client Service - Clearly Rated
 2021 Top Accounting Firms - Philadelphia Business Journal
 2021 Top Accounting Firms - Pittsburgh Business Times
 2021 Top Accounting Firms - Lehigh Valley Business Journal
 2021 Greater Reading Top Business Awards - Greater Reading Chamber Alliance
 2021 Top U.S. Accounting Firms - Accounting Today
 2021 Best Places to Work in PA - Team PA



Team

250+ team member

Partners	36
Sr. Managers	41
Managers	33

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